

CANADA

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HOUSE OF COMMONS

Thursday, March 2, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

REQUEST GOVERNMENT APPOINT OBSERVER AT TRIAL OF ANATOLY SHCHARANSKY—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, in light of the motion concerning Mr. Anatoly Shcharansky passed unanimously by the House on February 8, and in light of new information that the trial of Mr. Shcharansky on charges of treason may start imminently, I move, seconded by the hon. member for Vancouver South (Mr. Fraser):

That the Canadian government request the Soviet government for permission to appoint an official observer at the trial of Anatoly Shcharansky on charges of treason so that the wide international community of concerned people can be assured that justice is done in this very important human rights case and, further, that the Canadian government repeat its offer to give immediate landed immigrant status to Mr. Shcharansky.

Mr. Speaker: The presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: There being unanimous consent, is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

UNEMPLOYMENT INSURANCE

SUGGESTION JOB-CREATION PROGRAMS INTENSIFIED TO REDUCE AMOUNT PAID IN BENEFITS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I hope the same spirit of agreement and wisdom will prevail on the motion which I wish to present under Standing Order 43.

Some hon. Members: No.

Mr. Broadbent: In view of the fact that Statistics Canada just two hours ago released information showing that unemployment insurance payments in 1977 were almost $4 billion, an increase of 16 per cent over the previous year, and in view of government and private forecasts showing that $4.5 billion is expected to be spent on unemployment insurance benefits this year, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House asserts that it is better to pay people to work than pay them not to work, and therefore urges the government to provide job-creation programs which would reduce the $4.5 billion the government will be paying out in unemployment insurance benefits in 1978.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE CANADIAN ECONOMY

SUGGESTED REFORM OF MONETARY SYSTEM—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to discuss a motion relating to a matter of urgent and pressing necessity.

Given the critical economic situation of the country, given the fact that that situation is primarily due to the lack of control over the social credit and also given the fact that the large financial institutions have pitifully failed to maintain and of course to improve the stable and healthy economy we had, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the Minister of Finance (Mr. Chrétien) seriously consider the possibility of reforming our monetary system, more particularly as it relates to the control over credit issuance.

Mr. Speaker: The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, this motion can be debated only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

SHIPBUILDING

CANADIAN FLEET—SUGGESTION RENOVATION CONTRACTS ADVANCED TO PROVIDE EMPLOYMENT—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, I rise under the provisions of Standing Order 43 and I ask for the unanimous consent of the House to move a motion dealing with a matter of urgent and pressing necessity. Considering that the number of workers of the Davie shipyard in Lauzon has been cut by about 200 three weeks ago and that it has dropped from 2,300 last April to 750 now; considering that the consecutive lay-offs have a disastrous effect on the economy of Lévis, Quebec City and the outskirts; considering that the Davie shipyard, which is one of the best equipped in Canada, is virtually jeopardized in its very existence if it does not obtain an important contract in the short term; considering finally that union leaders came to Ottawa last week to draw the attention of federal authorities to this alarming situation, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House urge the Treasury Board to sign two years earlier than expected the contract for the renovation of the Canadian fleet in order to ensure that no new lay-offs will increase the already high level of unemployment in this area and jeopardize the survival of an industry which plays an important part in the economy of this area in Quebec.

Mr. Speaker: Order, please. Pursuant to the provisions of Standing Order 43, the presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

ESTIMATES

DIFFERENCE BETWEEN FORECAST OF GOVERNMENT SPENDING AND ESTIMATES TABLED—MOTION UNDER S.O. 43

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, eight days ago, on February 22, the President of the Treasury Board (Mr. Andras), while tabling main estimates for fiscal year 1979, stated:

Total expenditures for the fiscal year 1977-78 were set at $44,450 million and . . . we fully expect total spending to be at or below this ceiling.

Yesterday, Supplementary Estimates B were tabled indicating total spending for fiscal year 1977-78 of $47,600 million. Even using the dubious accounting practice of deducting loan payments and doubling the estimated lapses, spending will still be higher than the ceiling the minister gave the House just one week ago. I therefore move, seconded by the hon. member for Capilano (Mr. Huntington):

[Mr. Speaker.]

That this House ask the President of the Treasury Board to make a statement on motions correcting the erroneous information given the House on February 22, 1978.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

CALL FOR RESTORATION OF 1973 PRINCIPLE RESPECTING BASIC RATE OF WAR DISABILITY PENSION—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that yesterday this House dealt with an outstanding matter respecting veterans, I urge that it is now time to deal with another matter which is even more urgent. I therefore move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House calls on the Minister of Veterans Affairs to take back to cabinet forthwith the question of restoring the basic rate of the war disability pension to the level of the take-home pay of the five categories of federal public servants so designated in 1973, it being the view of this House that good faith calls for such restoration to take place without further delay.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

BILINGUALISM

PROPOSAL SUBSIDY PROGRAM BE DISCONTINUED FOR LA FÉDÉRATION DES FRANCOPHONES HORS-QUÉBEC—MOTION UNDER S.O. 43

Mr. Jean-R. Roy (Timmins): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an important and urgent matter.

Since the release of a brief submitted to Minister Claude Morin in the province of Quebec by the Fédération des Francophones hors-Québec shows once again that this association does not faithfully reflect the aspirations and objectives of Francophone minorities throughout Canada by linking them to the deplorable separatism of the PQ government through artful plots which actually betray our minorities, I move, seconded by the hon. member for St. Catharines (Mr. Parent):

That the Secretary of State suspend immediately any grant program for the Fédération des Francophones hors-Québec so that this non-representative and

deceitful organization be not supported with taxes paid by Canadians who are the victims of its plots and its betrayal.

Mr. Speaker: Order. Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

OUTFLOW OF U.S. DOLLAR RESERVES—ACTION TO RECTIFY

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, today's published figures show that with respect to our United States dollar reserves there has been an exodus of $715 million. If we couple that with the outflow in January of $200 million, it represents an outflow of over $900 million. Another $45 million has been lost in the last two days. Over 40 per cent of our United States reserves have gone out of this country in roughly two months. Would the Minister of Finance indicate whether this is usual? Is this the ordinary type of market behaviour the minister has been talking about?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the month of February was particularly difficult; that is why we had to intervene. It is the reason we announced we will be borrowing on the United States market very soon in order to have more reserves on hand. I have nothing to add to that, Mr. Speaker.

Mr. Stevens: A supplementary question, Mr. Speaker. We recall that last week the minister said they did not intend to intervene: now he has indicated they have been intervening. There is obviously a large exodus of U.S. dollar reserves, which indicates the government has been caught with an unexpected outgo of United States funds. Would the minister indicate the nature of this outgo and why it occurred during the month of February. Has the government made any assessment of what relatively short-term calls could be made on U.S. dollar reserves in Canada in March or the coming months?

Mr. Chrétien: Mr. Speaker, I have said—and I repeat—that the governor of the Bank of Canada intervened to make sure that there is an orderly market. It was in the course of that policy that we intervened last month. As I have already indicated, we have made use of the facility that was organized last fall, to the tune of $200 million, and we plan to borrow some U.S. dollars later on. The intervention of the governor is always to make sure that the market operates in an orderly

fashion and to diminish speculation as much as possible. This is why he had to intervene last month.

Mr. Stevens: A final supplementary question, Mr. Speaker; and I thank the minister for that answer. Speaking about an orderly market, with the Canadian interest rate now at 8¼ per cent and the United States interest rate at 8 per cent, and likely to go to 9 per cent, would the minister indicate if he anticipates he will be able to hold the Canadian interest rate structure at 8¼ per cent, bearing in mind the orderly market he is referring to with respect to our foreign exchange?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the monetary policy is established by the governor of the Bank of Canada and I have no announcement to make in that regard. I would also like to point out that the interest rates set by the governor remains the same.

[*English*]

AMOUNT OF FOREIGN EXCHANGE REQUIRED TO COUNTERACT OUTFLOW OF U.S. DOLLARS

Mr. James Gillies (Don Valley): Mr. Speaker, my supplementary question is also for the Minister of Finance. Given the fact that we have lost 40 per cent of our United States reserves, could the minister tell the House the government's position with respect to the amount necessary in order to have adequate reserves in the foreign exchange stabilization account against U.S. dollars?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is not useful to speculate on that sort of thing.

Mr. Gillies: A further supplementary question, Mr. Speaker. I asked that question of the Minister of Finance because the reality of the situation is that the last time the reserves were down was 1967, when they were running about 12 per cent of the total volume of our trade. Today, our reserves are running about 4.5 per cent of the total volume of our trade. I wonder if the government has any position on what those reserves ought to be because if they go to the norm they will have to acquire something like $5 billion. What program does the government have in mind for acquiring that sort of support?

Mr. Chrétien: Mr. Speaker, I have said many times that I do not want to speculate on these things in the House of Commons. It is not useful, because we operate in a marketplace. I said what I had to say. I estabished a policy last week with the governor of the bank, and I have made that public to the House of Commons. I do not intend to elaborate on these items.

Mr. Gillies: A final supplementary question, Mr. Speaker. May I ask the minister why he believes that not giving very specific answers to questions such as we have put forth today eliminates speculation? I would suggest that by being so

vague, by not putting forth the policies, by not suggesting what the governments' program is he contributes to speculations.

Some hon. Members: Hear, hear!

Mr. Gillies: I would ask the minister again in order to avoid speculation and eliminate uncertainty, if he would not tell the people of Canada and the people involved in foreign exchange transactions what reserve position the government of Canada believes appropriate, given the volume of trade we have and the sort of activity that is going on. That would eliminate speculation. It increases speculation when the minister does not answer these questions.

[*Translation*]

Mr. Chrétien: Mr. Speaker, the Canadian dollar is floating on the market at present and it would be useless for me to make further comments. If we proceed with further operations on the market, we will advise the market by making a public statement. In addition I do not want to speculate on the matter because the reserves of all countries vary from month to month and such is the situation of Canada.

* * *

● (1422)

[*English*]

INDUSTRY

INVESTMENT IN AUTOMOBILE PLANTS IN CANADA—CANADA-U.S. AUTO PACT

Mr. Edward Broadbent (Oshawa-Whitby): We now have it officially on the record that the Minister of Finance has no intention of discussing economics either in the House or outside. I am not sure it is assuring, Mr. Speaker.

I would like to ask the Minister of Industry, Trade and Commerce a question. It was announced in the press today that the Chrysler corporation has announced a lay-off of another 5,000 employees. This is the fifth lay-off in about the same number of weeks by that corporation. It highlights the unfair pattern of investment and job losses that we have experienced in Canada in this industry.

Considering that the minister's own department, in a report to the first ministers' conference, pointed out that the auto trade deficit would reach an annual average of $2.5 billion by 1985 if the present trend continues, I would like to ask if the minister has been able to obtain from the leaders in this industry specific and important investment commitments in Canada.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in Canada the auto industry has enjoyed something like four very good years. From time to time production does get ahead of demand and there have to be some cutbacks in order to allow the market to absorb that which has been produced. We have three or four prospective plants in the negotiating stage. We are competing, and we have to compete very vigorously with lucrative offers from some of the southern states in the United States for these auto plants. That is the problem and that is what we are up against.

Mr. Broadbent: Mr. Speaker, I assume that by now the minister has had a chance to look at the Canada-U.S. automotive agreement. If he has, he will have seen that the first clause of that agreement states that both countries are to share, on a fair and equitable basis, in future growth in the industry. That is what both countries are committed to. The reality is that we have lost, according to the Canadian Automotive Parts Association and the UAW, on any reasonable standard of comparison, some 20,000 jobs since that pact came into being.

I would like to ask the minister, since the president of Ford of Canada said not long ago that he anticipates $58 billion of new investment in the industry between now and 1985, since that announcement was made has he been able to obtain commitments from the industry for us to get at least our share of the industry—not more, not less, but at least our share, which will come to about $750 million a year?

Mr. Horner: Mr. Speaker, I think the hon. member should stick to philosophy: he may be a lot better on it than he is on figures.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: That is what you said about Trudeau.

Mr. Horner: We have a net gain in vehicle manufacturers in Canada. The manufacture of vehicles is more work-intensive than the manufacture of parts, so one must do some subtraction in order to arrive at the total job loss. As I have said in this House, we are losing approximately 5,000 jobs a year because of the deficit in the manufacture of parts. We are striving and working very hard with Ford on two or three new automotive parts plants in Canada, but we have to compete with some lucrative offers being made by the southern states.

We have submitted bids to Ford, to Chrysler and to General Motors. The ball is in their court, and we are pressuring them as much as possible in order to obtain a decision as soon as possible. Nothing would give me more pleasure, Mr. Speaker, than to stand in this House in the next week and announce that three or four plants will be built in Canada. That is what I am aiming for.

Mr. Broadbent: Mr. Speaker, virtually every one of the Minister's predecessors has made the same kind of general statement of great expectations and hopes about the future. But the reality is that we still do not have what both Canada and the United States committed themselves to in the auto pact more than ten years ago when they signed it. When the auto agreement was brought into being in 1965, the then minister obtained a written commitment from the head of each of the Big Four companies in Canada about their investment plans. Why is he unable to get the same kind of commitment now, when there is such a massive deficit?

• (1427)

Mr. Horner: Mr. Speaker, I am at a loss to understand the hon. member. Is he suggesting to this House and to me that we should break the auto pact? If that is what he is suggesting, I would like to know.

* * *

[*Translation*]

THE CANADIAN ECONOMY

INTEREST RATES PAID ON FOREIGN BORROWINGS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I wish to direct a question to the Minister of Finance.

In view of the fact that the Minister of Finance has announced that he has secured a loan of $200 million from Canadian banks, and that he is about to seek from foreign sources a loan of equal or greater magnitude, if he has not already done so, could the minister clearly indicate to the House what the interest rate on both these domestic and these foreign loans will be, and how much these loans to support the Canadian dollar will cost?

Hon. Jean Chrétien (Minister of Finance): The interest rate in the case of the loan secured following the agreement signed last fall with a number of Canadian banks will be three-eighths of 1 per cent above the inter-bank rate in London.

Mr. Laprise: Mr. Speaker, I should like to ask the minister a supplementary question.

The minister's answer is somewhat vague. In view of the fact that we lend money to foreign countries, mostly without charging interest, and that Britain itself has with Canada an account of nearly $1 billion at 2 per cent interest dating back to 1951, and in view of the fact that Canada is now experiencing great financial difficulties, can the minister tell the House if he has made arrangements to borrow on as good terms as Canada gives to foreign countries whenever it can?

Mr. Chrétien: Mr. Speaker, I must say that we do not borrow from Britain. I indicated the interest rate which applies for inter-bank deposits in London, and I do not think I can make myself any clearer.

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

Mr. Speaker: I ask hon. members to join with me in recognizing the presence in our gallery of a very distinguished visitor in the person of a former Prime Minister of Denmark and now United Nations High Commissioner for Refugees, Mr. Poul Hartling.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

ESTIMATES

FORECAST OF GOVERNMENT SPENDING FOR 1977-78

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is for the President of the Treasury Board. On February 16, 1977, the President of the Treasury Board indicated that for fiscal year 1977-78 the total appropriations for government spending, including a reserve for future supplementals, would be $46 billion. With the tabling of Supplementary Estimates B yesterday, we find that the total figure is $47,600 million. What transpired in the last year that precluded the President of the Treasury Board giving the House and the people of Canada an accurate, or at least a close approximation of government spending plans for fiscal year 1977-78?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the total spending of the federal government for fiscal year 1977-78 will be at or below $44,450 million. In saying that, I can point to the record of the previous year, 1976-77, when we announced that expenditures would be $42,150 million and came in finally at $41,078 million. For 1977-78 we will be at or below the figure which was announced, which was not $46 billion but $44,450 million.

Mr. Andre: Mr. Speaker, that is flimflam arrived at by doing dubious things with Crown corporation borrowings. Last year the President of the Treasury Board predicted future supplemental spending of $1,850 million, which turned out to be $3 billion, almost twice as much. What guarantee will the minister give the House and the people of Canada that this year's prediction of future supplementals of $1,550 million is not more flimflam of the type we got last year?

Mr. Andras: Mr. Speaker, it was not flimflam; I have given the accurate figures. We committed to $42,150 million in spending last year; the actual figure came in at $41 billion, $1 billion less than we committed. I say now that when the

amounts are all tallied in about July or August, the hon. member will see for sure, as he did last year, that our expenditures will be within the public commitment we made.

Mr. Andre: Mr. Speaker, the minister did not answer the question I raised about the difference between his prediction and the actual fact of the supplementals. He also predicted that spending for the fiscal year just ending would show an increase of 7.7 per cent, though a glance at the figures will indicate that the real figure is 9.4 per cent or, actually, closer to 12 per cent or 13 per cent.

● (1432)

My question to the President of the Treasury Board is this: In order to clear up this question, would the hon. gentleman ask for an immediate reference to be made to the public accounts committee so that guidelines may be established to provide that in future, when spending estimates are presented, they will give a true and accurate picture and not the type of flimflam we have been getting in the past.

An hon. Member: Hooray!

Mr. Andras: I think the needle has stuck on that broken record somewhere.

Some hon. Members: Oh, oh!

Mr. Nielsen: The broken record is on that side of the House.

Mr. Andras: The commitments and the figures which are given, and which are repeated today, will be met. I would be very glad to show the hon. member in the most simple form possible exactly what the record has been, using a little piece of paper and a pencil, before the public accounts committee, privately or in any other way which would make it clear to him what is already clear to so many other people.

* * *

TRADE

MINISTER'S STATEMENT ON BALANCING TOURISM BUDGET

Mr. John C. Crosbie (St. John's West): My question is for the Minister of Industry, Trade and Commerce, Mr. Speaker. Before asking it, I want to remind him that in the last nine years we have experienced a deficit on the travel account ranging from $202 million in 1971 to $1,700 million last year. In the light of this situation, and remembering that we are not as gullible as the Liberal convention delegates, what did the minister mean when he said last Saturday that Canada should come "awfully close" to balancing the tourism budget this year? Did the minister, by that statement, mean that we were going to eliminate the balance of payments deficit on the tourism account? Are we going to be within $1 billion of doing so, or $1.5 billion? What did he mean by "awfully close"? What does he mean by that revelation?

[Mr. Andras.]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): If one person stands beside another, he is awfully close, but when he is as far away as the hon. member is from me, he is a long way away—and he will continue to be a long way away unless he can interpret the figures a lot better than he has.

Mr. Crosbie: Obviously, the hon. gentleman thinks he is at an accountability session at the Liberal convention. Might I try another question? The minister has announced a $1 million promotion deal to advertise in Canadian magazines to encourage Canadians to stay at home, specifically *Maclean's* magazine in which the minister was featured recently. In connection with this effort by the government to encourage Canadians to holiday at home, has the hon. gentleman received a pledge from the Prime Minister and from his other cabinet colleagues that they will spend their vacations at home, or do they intend to continue scuba diving in the Bahamas, skiing in Colorado, vacationing in Cuba—

Mr. Speaker: Order.

* * *

EXTERNAL AFFAIRS

SUGGESTION CABINET MEMBERS HEAR REPRESENTATIONS OF MRS. SHCHARANSKY ON BEHALF OF HER HUSBAND

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. I have given the right hon. gentleman notice of its general nature. Earlier today, I had the opportunity to meet personally with the wife of Anatoly Shcharansky and to discuss directly with her and with some of her representatives the very serious situation of her husband. I understand that Mrs. Shcharansky has for some time now been seeking a direct personal meeting with the Secretary of State for External Affairs. Can the Prime Minister tell us whether the Secretary of State for External Affairs, or he himself, would be prepared to arrange a personal meeting immediately with Mrs. Shcharansky?

Right Hon. P. E. Trudeau (Prime Minister): Just five minutes ago I received notice from the Leader of the Opposition that he would ask this question. I had time to communicate with the Parliamentary Secretary to the Secretary of State for External Affairs, who might have the answer.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, as the hon. gentleman knows, the motion put forward by the hon. member for Edmonton-Strathcona was given unanimous consent. We hope this will prove to be significant.

Mr. Clark: I appreciate that fact, and I think it speaks well of the House that the motion put forward by one of the members on the opposition side should have received the unanimous support of this chamber. I think this is particularly important because it indicates the commitment of hon. members to stand up and defend human rights. That is why I asked

my question directly, whether the Prime Minister or the Secretary of State for External Affairs personally would be prepared to underline that commitment to the case and cause of Mr. Shcharansky by arranging a personal meeting. Perhaps that matter could be taken as notice and answered later.

I should now like to address a question to the Prime Minister in relation to the motion which was moved by my hon. friend from Edmonton-Strathcona, in which the House of Commons indicated its view that the government should request from the Soviet government permission to appoint an official observer at the trial of Mr. Shcharansky. Since reports indicate that the trial is imminent—indeed, that it could start this week—can the Prime Minister tell us when the government of Canada intends to act on the instruction from the House of Commons and make that application to ensure as far as possible that there is a Canadian lawyer or Canadian presence involved in the trial, without any delay?

Mr. Trudeau: The Leader of the Opposition must understand that the case of Mr. Shcharansky has been dealt with by Mrs. Shcharansky, by other relatives of that gentleman and by the minister responsible for multiculturalism in discussion with other ministers. There have been meetings on the matter. Frankly, I do not recall that there has been a request for a meeting with me. I do not know whether there has been a meeting with the Secretary of State for External Affairs. On this side, ministers who meet on behalf of the government are all equal.

I would want Mrs. Shcharansky to understand that the meetings she sought with members of the government and with members of the Liberal caucus have been effective in ensuring that the government takes whatever action it considers best to ensure the eventual safe future of Mr. Shcharansky. The details would be much better given by the Secretary of State for External Affairs or by the Minister of State for Multiculturalism. I shall, of course, take the hon. gentleman's question as an indication of further interest by the opposition in this case and make sure that the government continues to deal with the matter expeditiously.

Mr. Clark: So that the Prime Minister might understand the urgency of this matter—

Some hon. Members: Oh, oh!

Mr. Clark: —may I point out that it is entirely likely that at the trial of Mr. Shcharansky, as nearly as we can determine, his only lawyer will be one appointed by the KGB, and that the trial could begin today. This adds an element of real urgency to the motion which was endorsed so enthusiastically today by the House of Commons. The point is this: there has been a request for a meeting with the Secretary of State for External Affairs. There was a meeting, apparently, between that minister and the Soviet ambassador on December 12. Mrs. Shcharansky and her advisers have heard nothing from the government in the interim. Can the Prime Minister, or some other government spokesman, tell the House what did transpire at the meeting on December 12 between the Secretary of State for External Affairs and the Soviet ambassador, what action will ensue, and specifically what has been the response of the Soviet authorities to the offer of the Canadian government of landed immigrant status in Canada for Mr. Shcharansky?

Mr. Trudeau: The Leader of the Opposition indicates by his question that he knows of the effort which has already been made by the Canadian government in its acceptance, in advance, of Mr. Shcharansky. He also knows, as his question indicates, that meetings have taken place between the Secretary of State for External Affairs and the Soviet ambassador. If he wishes to know anything further about this matter, the Secretary of State for External Affairs, his parliamentary secretary or the minister for multiculturalism would be prepared to deal further with the matter.

I doubt whether Mrs. Shcharansky is interested in getting anything more than results from this process. I doubt whether it is necessarily productive of results that the Leader of the Opposition should ask the question in this way at this time. If that is his opinion, or if that is the opinion of Mrs. Shcharansky, they are of course perfectly free to follow it. But she knows, and the Leader of the Opposition knows, that ministers of the government have been acting as quickly as they can in this matter to get results for the benefit of Mr. Shcharansky; and this continues to be our course.

An hon. Member: Nobody has heard anything.

Mr. Clark: I very much regret that the Prime Minister would treat a very serious question of human rights in this way. The fact is that the family has not been advised of the result of that meeting between the Secretary of State for External Affairs and the Soviet ambassador.

● (1442)

If there is a minister in the House—and I am looking at the Minister of State for Multiculturalism who is pointing to himself—who has some information on that question, I hope he will take this opportunity to convey to the House of Commons and to Mr. Shcharansky the concrete results of the meeting between the minister and the Soviet ambassador, and make specific reference to the response of the offer by Canada to extend landed immigrant status.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I indicated to the hon. Leader of the Opposition that Mrs. Avital Shcharansky, long before today and this question being raised in the House, was quite aware of the actions which were taken by myself, by other members of the government and the caucus.

Some hon. Members: Hear, hear!

Mr. Cafik: I have met with Mr. Shcharansky and I have met with members of the Shcharansky family. It was at our initiative that the offer of landed immigrant status was made for Anatoly Shcharansky to come to Canada. They have been kept posted on all developments which I have considered to be

relevant. I have been prepared to meet with Mrs. Shcharansky, the Shcharansky family or any of the Jewish federations who wanted to meet with me or talk with me at any time. So no information has been withheld. In relation to the specific response from the Soviet Union to the offer of landed immigrant status, to my knowledge at this point in time there has not been an official response.

* * *

[*Translation*]

SHIPBUILDING

REQUEST FOR FUNDS FOR RENOVATION AND CONVERSION OF SHIPS—GOVERNMENT POSITION

Mr. Raynald Guay (Lévis): Mr. Speaker, the first part of my question is directed to the right hon. Prime Minister and the second part to the Minister of Industry, Trade and Commerce.

In view of the alarming situation that has existed in the Lauzon shipyards since, about a year ago now, 2,000 workers were laid off, and in view of the many representations made to the caucus by the union, municipal councils, chambers of commerce and other organizations of the riding of Lévis, does the government intend soon to meet the requests for new credits to be earmarked for new programs for repairing and renovating the ships of the Canadian navy, as previously announced by the Department of National Defence?

I should also like the Minister of Industry, Trade and Commerce to tell us why the decision is being delayed—

Mr. Speaker: Order.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I thank the hon. member for Lévis for having brought up the matter yesterday at the caucus and having so allowed the government, as early as today—

Some hon. Members: Oh, oh!

Mr. Trudeau: I know this matter does not interest the Progressive Conservative Party in the least, but I can give the hon. member the answer he seeks.

* * *

[*English*]

EXTERNAL AFFAIRS

REPRESENTATIONS ON BEHALF OF SOVIET NATIONALS WISHING TO EMIGRATE FROM U.S.S.R.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Prime Minister. Some time ago representations were made to the Prime Minister and the Secretary of State for External Affairs by representatives of various ethnic groups, including Ukrainian, Polish, Latvian, Estonian and Jewish groups, urging the government to make representations to the government of the Soviet Union to permit immigration of Soviet citizens who have committed no crime and wish to leave that country, especially citizens of the Soviet Union who have relatives in Canada.

Since whatever representations were made on this matter at the Belgrade conference have failed, would the Prime Minister now make public representations to the Soviet president, Mr. Brezhnev, urging him to facilitate the movement of such Soviet citizens to Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am surprised that the hon. member asks the question in this way. He knows the government has made many representations to Soviet authorities to this effect. I have reported to the House that I have raised the question twice, personally, in meetings with the prime minister of the Soviet Union and again with the ambassador. I believe it is a matter of record that there has been substantial improvement in the movement of Jewish Soviet citizens out of the Soviet Union. Indeed, in the area of reunification of families, there has been substantial progress. I do not have the statistics at hand. I am surprised the hon. member implies by his question that we have not obtained results. We have, and so have other western countries.

Mr. Orlikow: Mr. Speaker, my supplementary question is directed to the Prime Minister. No one questions that there has been some progress. At the same time, there are still many Jewish dissidents who have not been permitted to leave. The Ukrainian Immigrant Aid Society of Toronto has a list of some 400 families who are still attempting to get relatives out of the Soviet Union. Despite the progress which has been made, they are the ones who would like the Prime Minister to make another public appeal, and not just the usual diplomatic appeal; they feel that is not enough and what is required is an open, public appeal to the president of the Soviet Union. Will the Prime Minister give consideration to making the type of public appeal which these groups are requesting?

Mr. Trudeau: Mr. Speaker, I understand that a public appeal is all they can get out of the opposition parties. Out of the government, they have got results—which is preferable.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

ENERGY

INTENTIONS OF AECL RESPECTING EISENBERG CONTRACT

Mr. Ron Huntington (Capilano): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources: it concerns the statement of the chairman of Atomic Energy of Canada, Ltd. to the effect that there is no binding commitment that Mr. Eisenberg's firm would be used again. In view

of the fact that there is a memorandum of understanding between AECL and the Eisenberg-UDI group, signed by Mr. Campbell and approved by the minister, which clearly states that such a commitment exists, will the minister tell the House whether he approves the statement of Mr. Campbell which, in effect, is notice that AECL intends to break a written contract?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, obviously the chairman was expressing a personal opinion and perhaps providing a legal opinion in respect to the matter about which the hon. member has asked a question.

Mr. Huntington: Mr. Speaker, will the minister tell the House whether the chairman's statement still stands? If it does not, will he tell the House that he takes full responsibility for implementing the terms of the March 4, 1976, agreement which the minister authorized and the Standing Committee on Public Accounts condemned because it will raise the cost of getting Mr. Eisenberg's group off backs of Canadian taxpayers beyond the $20 million originally negotiated by Mr. Gray?

Mr. Gillespie: Mr. Speaker, I can assure the hon. member that the recommendations of the committee, which have been incorporated in a document placed before the House recently, are being considered very seriously. I welcome the report. I think the hon. member should also welcome the fact that we have been able to move very substantially on almost all the recommendations of that report.

RECOVERY OF MONEYS PAID UNDER EISENBERG CONTRACT

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. I should like to refer to an answer he gave yesterday in response to a question posed by the hon. member for Egmont. Perhaps inadvertence or ignorance may have caused him to mislead the House on the $2 million advance payment to Mr. Eisenberg. In his answer, the minister said:

> —no payment has been made on the post-services contract. I do not know how many times I will have to repeat that for his benefit. If he likes, I will repeat it once more: the post-services contract could be as much as $5 million. No payment was made; the invoice was rejected.

● (1452)

It is clear from the Auditor General's report that the agreement provides for an advance payment of $2 million, which was paid to Mr. Eisenberg in April of 1976. Would the minister agree now that $2 million has been paid, and if no services are to be provided—as Mr. Campbell, the chairman, stated recently—what steps will the government take to recover the $2 million already paid?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, it is quite clear from the documentation which I placed before the committee on December 14, 1976, I think, that part of one payment—that is to say, of $15.3 million—or some $2 million of that payment was an advance on post-contract services. There is no question about that; it is on the record. But the hon. member should reflect that the kinds of questions that have been put forward—and, indeed, this was one of the recommendations of the Standing Committee on Public Accounts—invited the interpetation that payments had been made subsequent to that one payment. I think that a careful reading of the recommendations of the public accounts committee could bring about that interpretation, because there is a suggestion that further payments should be suspended.

It was also made quite clear yesterday in the question of the hon. member for Egmont that he acknowledged that the first invoice had been rejected. He then went on to refer to further payments of $2 million. I am reading from page 3340 of *Hansard*. I was trying to make clear to the House, as I have in the past, that no payments were made to the agent subsequent to that one payment which was made early in 1976, some time before the public accounts committee was even seized of the question and before the committee started to hold its hearings.

Mr. Clarke: Mr. Speaker, I am glad we have that clarified. I agree with the minister that no quarterly payments have been made. On Tuesday, the minister had not had a chance to consider the report of the public accounts committee. I would like to ask him now whether he has had a chance to see the report tabled on Monday, and does he disagree with the unanimous opinion of the committee that the chairman failed to negotiate a better deal with Eisenberg?

Mr. Gillespie: That is a matter of opinion. I would draw to the attention of the hon. member that the renegotiated agreement made by the chairman has saved, until now, Canadian taxpayers something in the order of $3 million. That seems to me to be the kind of comparison that should be made when weighing the advantages of the first contract, which was a legal contract, and those of the second one. The hon. member holds the view that it was not to the advantage of Canadians. I think most Canadians would believe that a $3 million saving is an advantage.

ELDORADO URANIUM DUMP AND REFINERY—GOVERNMENT INTENTIONS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources of which I gave him notice yesterday morning. On Tuesday morning, an environmental assessment panel under the jurisdiction of the Minister of State for the Environment published a recommendation that the Eldorado uranium dump and refinery proposal for Port Granby not be proceeded with. Even though that panel reports to the Minister of the Environment—this is the first time such a panel has come out with a negative recommendation respecting an important matter such as this—the licensing agency is under the jurisdiction of the Minister of Energy, Mines and Resources. As a matter of fact, the Crown agency of Eldorado Nuclear falls under his jurisdiction.

My question is: What factor will this play in the decision by the minister and the government on whether or not to proceed with that refinery and dump project at Port Granby? Is this a binding recommendation on the government, or is it not? What is going to happen now to Eldorado's application to proceed?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): I think the hon. member has noted that the recommendation to which he referred was provided in the form of a press release, not a report, so I think it would be premature for me or anybody on this side to speculate about that particular report until it has been received. The hon. member asks whether or not it is binding. I think he knows that the environmental review process is one involving a recommendation on the part of the particular committee. I see the hon. member is making a recommendation that the government should overrule one of the significant recommendations of the environmental review panel.

Mr. Lawrence: No, sir, in no way is the hon. member for Northumberland-Durham making that recommendation. I think the minister should read his mail again. The Minister of State for the Environment previously gave the people of Port Hope and the surrounding area to understand that any recommendation coming from that panel would be considered by him to be binding. That is a statement of general governmental policy, and I think it is a very important one because this is the first time such a panel has come out with a negative recommendation.

What is the sense of having these hearings and having panels do that type of work unless the government is going to pay strict attention to them? Is it a matter of government policy, and is this the major factor in the government's decision on whether to proceed, or is it not? That is a simple enough question.

Mr. Gillespie: The hon. member for Northumberland-Durham issued a press release yesterday, dated March 1, in which he specifically recommended, if I understand him correctly from reading the press release, that the refinery should be built at Port Granby.

Mr. Lawrence: No, in the Port Hope area. There is a difference.

Mr. Gillespie: The environmental review process and the panel, as I understand it, have rejected that.

Mr. Lawrence: Mr. Speaker, I am seriously misinterpreted. There is a difference between Port Granby and Port Hope. There is an existing agency in Port Hope which belongs to the minister's department. It is quite different from Port Granby. I hate to interpret the minister's own agencies to him, but the minister's panel was referring to Port Granby. It is a matter of government policy whether or not these matters are going to be decided. Can the minister tell us whether it is government policy, when these environmental panels make recommendations, to consider them seriously?

[Mr. Lawrence.]

Mr. Gillespie: That has been made very clear in the past by colleagues who are responsible for this area. But I would bring to the hon. member's attention and to the attention of the House that the only application before the environmental review panel was with respect to Port Granby. I have to acknowledge that that is in the Port Hope area, but there is no other application for the Port Hope area. So the hon. member is obviously playing with words when he says to me that he is prepared to go along with it, but he wants it right beside the place specified in the application.

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[*Translation*]

BILINGUALISM

SUGGESTION GOVERNMENT CEASE SUBSIDIZING LA FÉDÉRATION DES FRANCOPHONES HORS-QUÉBEC

Mr. Jean-R. Roy (Timmins): Mr. Speaker, following the publication of the report dated October 20 and submitted to Quebec Minister Claude Morin by the Fédération des Francophones hors-Québec to invite the government of that province to take part in the underhand arrangement concerning the French-speaking minority groups of Canada, is the minister prepared to cut immediately all subsidies to this non-representative organization and, if not, what steps does he intend to take to protect the French-speaking minorities of Canada against the misleading proposals of the FFHQ that we, as the majority among these minorities, denounce and will keep denouncing?

Hon. John Roberts (Secretary of State): No, Mr. Speaker. I am always ready to co-operate with every representative of French-speaking groups outside Quebec. We are open to co-operation and I sincerely hope that the Fédération des Francophones will try to join us to discuss all possible ways to reach our common objectives. I understand the concern of the hon. member but if there are French-speaking people outside Quebec who do not agree with the strategy of the Fédération, it is the responsibility of the members of the association themselves to settle this dispute in a democratic way in front of the Francophone federation.

* * *

● (1502)

[*English*]

ADMINISTRATION OF JUSTICE

BUGGING OF MPs OFFICES—GOVERNMENT KNOWLEDGE OF WARREN HART CASE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General, but since he is with the Prime Minister I will direct it to the Prime Minister. Can the Prime Minister tell the House how many members of parliament, in addition to a former solicitor general and the hon. member for

Nickel Belt, have been subjected to electronic surveillance accidentally, coincidentally, intentionally, unintentionally or in any other way? If he does not know, will he be able to give us that information in the near future?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, unfortunately I was not in my seat and did not hear the full purport of the hon. gentleman's question.

Mr. MacKay: Is the Solicitor General, or is the Prime Minister, now in a position to say how many more members of parliament besides a former solicitor general and the hon. member for Nickel Belt have been subjected to electronic surveillance either accidentally, coincidentally or otherwise?

Mr. Blais: Mr. Speaker, on that point, I had intended to rise on the question of privilege raised by the hon. member for Nickel Belt yesterday. I have indicated outside the House that not even incidentally do we have any record of the hon. member for Nickel Belt being subjected to taping or to any other surveillance. With reference to any other members of parliament, I would like to check the record and advise the hon. gentleman. Perhaps I can provide him with that information.

Mr. MacKay: Steps are being taken in the United States to ascertain information concerning the background of Mr. Warren Hart's activities and details of his recruitment from the FBI. We were advised—I think last February—by the Prime Minister that there was no reason to suggest that the RCMP conducted itself like the FBI. We now have evidence that, in fact, the RCMP recruited someone from the FBI. Can the Solicitor General say whether this incident, if it is an isolated one, took place with the knowledge of the cabinet committee on security, the secretary of state for external affairs of the day, or at what level was this unusual arrangement allowed?

Mr. Blais: I would like to look at two aspects of the question; first, the nature of the investigations that are being conducted vis-à-vis the FBI and, second, I wish to indicate to the hon. gentleman that as I understand it Mr. Hart was not a member of the FBI. But I would like to provide the hon. member with information relating to that aspect of his question.

* * *

PRIVILEGE

MR. COSSITT—NATIONAL SECURITY—VISIT OF SOLICITOR GENERAL AND HEAD OF SECURITY SERVICE TO HON. MEMBER'S OFFICE

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a question of privilege. I believe this is one of the most serious questions of privilege a member could ever raise in the House of Commons. If hon. members on the government side will permit me to outline this question, I will do so as briefly, concisely, and accurately as possible.

About noon today—I cannot state the time positively—I was visited by General Dare, head of the security service of the RCMP, and the Solicitor General (Mr. Blais), in my office.

It took some time, due to subsequent events, for me to realize that this is a question of privilege; otherwise, I would have given the required notice to the Chair.

General Dare and the Solicitor General discussed with me the fact that I have been raising in the House certain matters pertaining to national security. Hon. members are familiar with the matters I have been raising. The Solicitor General and General Dare asked me if I would turn over to them copies of any documents I have in my possession which came from the security service.

I was then shown a document which I was told was compiled by the RCMP, pertaining to myself. That document recommended various options the government had to deal with me if I did not comply with the request that I turn over copies of documents to the RCMP.

I remember three of four of those recommendations, which I will mention. One was that a search warrant be issued so that my office in the House of Commons could be searched. Another was that a search warrant could be issued with regard to my home and other premises. Another was that a warrant for my arrest could be issued by the Solicitor General. Presumably that would mean confinement in jail at some point. Another option was that the Leader of the Opposition (Mr. Clark) might be prevailed upon to exert some pressure on me to give up these documents. Another option—and I am paraphrasing—was that perhaps the RCMP or the Solicitor General could prevail upon me as a good Canadian to surrender copies of such documents. I was asked to surrender them.

I told the Solicitor General that I have never had any intention to interfere with the national security of this country. I told him I would stick to that principle. The Solicitor General told me this morning that he felt that in some ways some of the things I have done perhaps interfered with such national security. Frankly, in the interest of national security I do not wish to repeat the points he raised, unless he wants me to do so. Nevertheless, I said to him that I would like time to consult counsel, to consider what I should do, and also to discuss this with the leader of my party. I said that as any Canadian I had the right to consult my lawyer, which I do. When someone is told he might be arrested or that his premises might be searched, he has the right to consult counsel.

The document I was shown had two columns. The column on the left contained what I have said in the House of Commons. The column on the right contained the actual facts according to the RCMP. I might say that in each case the facts, and what I have said, corresponded. General Dare and the Solicitor General therefore deduced that I had in my possession copies of two specific RCMP or security service documents.

I must mention another thing. I do not like to do this, but I think it is necessary. In that document there was included a

statement by Superintendent Bentham of the RCMP in which he summarized a conversation he had with me a few days ago. It is quite true that I had a conversation with him. The statement was accurate with the exception of one point. I think this is a very serious interference with the privileges of members of parliament. I am paraphrasing again. Superintendent Bentham reported to the Solicitor General and his superiors that I asked him whether he was recording or bugging our conversation, and that he replied yes. I must tell the House that that is an absolute falsehood. I did ask him whether he was bugging or recording our conversation, and he replied "no". He said, "If you mean am I making notes of what you are saying, yes I am. Do you mind?" I said, "No, of course not".

However, the report he handed to his superiors—which I saw with my own eyes because it was handed to me by the Solicitor General—said that Superintendent Bentham had said that my telephone call and the words I was using were being recorded, presumably by some form of recording device. I questioned General Dare about this, and he said it was a matter of terminology. I think it is much more than just a matter of terminology.

The main point I am trying to bring out is that I feel that any Canadian has the right to legal advice. I am saying that in effect this was denied to me. General Dare and the Solicitor General said they would retire to the corridor for a few moments, consult, and return, which they did.

We discussed what would happen to these documents. I said I would undertake absolutely not to show them to anyone between now and Monday, not to discuss them further, nor to raise them in the House of Commons. I told them that on Monday we could meet after I had time to think it over, to consult my solicitor and to consult the leader of my party. I said that I could then give an answer. When they left my office I was left with the distinct impression that that request was being granted. They more or less departed not saying absolutely "yes", but certainly not telling me that anything would be done to me.

● (1512)

At 1:15 p.m. in the dining room of the House of Commons today I was telephoned by the Solicitor General and advised in a very friendly way—but I am not sure just how friendly the motive of the person behind him was—that I had until four o'clock this afternoon and that he was sorry but it had to be four o'clock this afternoon, or he would have to exercise one of his options. I asked him which option he was going to exercise, and he said he would not go any further at that time. I had seen the options, of course, so I knew it had to be one of the three or four or five that I had seen.

Shortly before the House met at two o'clock I had an opportunity to discuss this matter with the Leader of the Progressive Conservative party. After I had outlined to him what had happened, he advised me that he had been telephoned or contacted, I am not sure which, by the Prime Minister (Mr. Trudeau) this morning and asked if he would come to the Prime Minister's office. The Prime Minister in effect told him roughly what was going to happen which, of course, subsequently did happen.

I do not choose to go into further details of what the Prime Minister said to the Leader of the Opposition or what the Leader of the Opposition said to the Prime Minister. That perhaps has no bearing on my question of privilege, other than to say that the Prime Minister, in my opinion, was using his office as Prime Minister to put pressure on the Solicitor General to take care of me and deny my rights in this House.

I think that is a fundamental breach of the privileges of any member of the House of Commons, Mr. Speaker. I am frankly surprised, very surprised, that the Prime Minister of this country should be so vindictive with a member of the opposition that he would go as far as contacting the leader of this party on a matter of this nature and, when that did not work, go to the Solicitor General and tell him to do what he did subsequently, namely, deny me the right to consult counsel.

Mr. Speaker, how could I, between the time I left the parliamentary dining room and came to this House at two o'clock, have any chance to contact my solicitor, who does not live in the city of Ottawa, have legal advice given to me, and then discuss the matter further with the Solicitor General at four o'clock this afternoon? How could I possibly do it?

So, Mr. Speaker, I ask you, as protector of the rights of members of this House, if I do not have the right to be given the time to consult my solicitor about what should be done in this case? Are my privileges being interfered with or denied by what this government has done?

I say to the Prime Minister of this country, who is probably far more responsible for what has happened today than the Solicitor General, that he has seen a chance, so he thinks, to "get" the member for Leeds. Believe me, sir, he will not get that chance because every person in this country has a right to counsel—me, yourself, sir, the Prime Minister, or anyone walking the streets of this country. Any government that tries to deny those rights, that tries to deny the privileges of a citizen of this country to consult his lawyer, I think is far more guilty than anyone who might be charged with anything. I think it is a very, very serious matter.

There is little I can add, Mr. Speaker. I think I have made it clear that the document shown to me proved beyond the shadow of a doubt that everything I have said in this House is true, because it said so. It also has proved as a result that the Prime Minister has attempted to use his position to put the—what would I call it—the muzzle on me as a member of parliament, through one of his cabinet ministers. It interferes with my privileges. I think it is one of the most serious things that could have occurred, and I ask that I be allowed to reserve the right to move a motion at some subsequent point to have this matter dealt with further.

Some hon. Members: Hear, hear!

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first of all I would indicate to the hon. gentleman and the House that

I did attend the meeting to which the hon. gentleman has referred and that, in all material particulars, the information he has provided is accurate. What he has not said is that on three occasions questions were raised in this House based upon information that evidently had been obtained from a source that dealt with top secret documents.

The hon. gentleman does not deny the fact that he had within his possession, and has had within his possession since at least the time when he commenced questioning in the House, documents that were deemed to be top secret documents and confidential documents.

As Solicitor General that was of great concern to me. I indicated to the hon. gentleman, on a number of occasions, that instead of making public declarations relative to documents of that nature, he ought to communicate with me and deal with the nature of those documents and provide me with such information as would enhance the security of the nation. Until I saw the hon. gentleman in his office this morning at close to twelve o'clock, I had received no communication from him.

I had been advised by the security service that the document could be in his possession. I had no indication that it was in his possession. There was an indication that those documents were detrimental, that the information within those documents, the release of which could be made by the hon. gentleman, was detrimental to the security of the state. Therefore—

An hon. Member: That is your opinion.

Mr. Blais: Mr. Speaker, surely as the chief enforcement officer of the national security of this state I have to exercise my opinion on a number of occasions.

In this instance even the hon. member for Leeds (Mr. Cossitt) recognizes the sensitivity of the information that he was releasing. He knew of the sensitivity of the information that document contained. The document itself was not only essential in terms of its content but also essential in terms of the source of that particular document

The nature of the document brought into play the provisions of the Official Secrets Act with which, I am sure, the hon. member is familiar. If he is not, then he is derelict because he ought to have become familiar with them. He was dealing with a document which was strictly indicated as being top secret. He knew that the release of any information within that document had to be contrary to the Official Secrets Act. Undoubtedly he has certain privileges in this House, Mr. Speaker, but surely not to the detriment of the national security of this state.

Some hon. Members: Hear, hear!

Mr. Blais: Therefore, Mr. Speaker, in order to take every precaution, I advised the Prime Minister, as I am obliged to do, of the nature of the information that presumably was in the hands of the hon. member for Leeds. I described to the hon. gentleman the options that were made available to the government in terms of what could happen.

The document that I showed the hon. member for Leeds in complete confidentiality in order to solicit his co-operation, was a document prepared for me in terms of the options that could be taken. There was evidence indicating that there could very well be a breach of the Official Secrets Act, and it stated the remedies there were available in the event that the facts were proved. I did not choose to use any of those measures, Mr. Speaker, because I felt the hon. gentleman was a member of parliament, and my responsibility had to be to secure return of that document and to ascertain the source of the leak, if we might call if that, within the security service.

Some hon. Members: Hear, hear!

Mr. Blais: In order to achieve that purpose, with the least publicity and the least inconvenience to any party, I approached the hon. member for Leeds after having asked the Prime Minister (Mr. Trudeau) to solicit the concurrence of the Leader of the Opposition (Mr. Clark) to encourage the hon. member for Leeds to provide me with that information for the purpose I have described. I was not successful. On three occasions when speaking to the hon. member for Leeds, I indicated to him that I was soliciting his co-operation. The information I was conveying to him was complete with the revelation of the information that had been made available for me in the hope that the hon. gentleman would see the folly of the resistance that he is engaging in that, to my mind, is detrimental to the operation and maintenance of the sovereignty of this country.

When I called the hon. gentleman from his office in the centre block, when I went there in order to confer with him further, I suggested to his secretary that she should locate him. She found him in the parliamentary restaurant. I would have preferred to have spoken to him in person because it was simply an extension of our previous conversation. The reason why I asked for a reply by four o'clock was because of the sensitivity of the information that was there and because of the initial reluctance which the hon. gentleman had indicated to me to return the document which he had received, so that I could ascertain the sources of the leak of that particular information.

I was preoccupied, Mr. Speaker, with the second purpose that I described, namely, to ascertain the nature of the leak and the origin of that leak. Surely the hon. gentleman recognizes that the source of that information is an essential ingredient of the corrective action that this government has to take in order to preserve our national security.

● (1522)

Some hon. Members: Hear, hear!

Mr. Blais: I am fully aware of the preoccupation of the hon. gentleman. He asked me whether he could be put in jail. I said to him that there was no consideration of that. I assured him of that. There were alternatives described in the paper, for my purposes, in terms of information from legal sources. They were not, Mr. Speaker, meant for the hon. gentleman except

indirectly as a result of my willingness to offer to him all of the information that had been made available to me.

Mr. Fraser: Don't be so naïve.

Mr. Blais: Mr. Speaker, there was no intention to intimidate the hon. gentleman at all. As a matter of fact, if indicating to an hon. gentleman his obligation under the law is intimidation, then I feel that the hon. gentleman is being misguided in that particular opinion.

Evidently the hon. gentleman is very perturbed by that, and I regret it. I regret that he has interpreted my actions as being motivated in any other way but to discharge my responsibilities, taking into account fully his sensitivities as well, his security as a member of parliament. I said to him quite openly, as he indicated to me, that I was speaking to him as one member of parliament to another and as one who has a great deal of respect for this House and all its members, and as one who would never take an action, Mr. Speaker, in order to deprive any member of this House of his liberty without the full process of the protections that are available to him.

Mr. Erik Nielsen (Yukon): Mr. Speaker, I speak as one who has been through this process before, and I have some experience in the circumstance giving rise to the question raised by the hon. member for Leeds (Mr. Cossitt). What the Solicitor General's (Mr. Blais) rhetoric cannot avoid is the time frame within which he has denied the hon. member for Leeds the fundamental right to the rules of natural justice, the right to consult and obtain advice from counsel. It is all very well for him to use phrases such as "presumably", "perhaps"—those were his words—that there were security documents in the possession of the hon. member for Leeds, and then leave the member's office with the clear impression that he would have that opportunity and the time to consult with counsel until Monday. But then he discovered the hon. member an hour and 15 minutes later in the parliamentary restaurant and issued an ultimatum to him that he, the Solicitor General, had to have a reply by four o'clock otherwise he would exercise his options, which were explained by the hon. member for Leeds. Those options concerned a search warrant of his offices, his home and other premises and perhaps a suggestion of jail. It has been denied by the Solicitor General that that term was used, but the hon. member for Leeds has used it.

It is not up to the minister to instruct the hon. member for Leeds that there has been an alleged offence committed under the Official Secrets Act. It is not up to any other member of the government either to interfere to that extent with the right of a member of parliament without the concurrent right of that member to seek legal advice and have the time to do so. That is inexcusable. That was the pressure put on the hon. member for Leeds. It was not only being done by the Solicitor General but it was apparently being done with at least the knowledge of the Prime Minister (Mr. Trudeau).

I prefer to believe that the Prime Minister made that call to the Leader of the Opposition (Mr. Clark) as a courtesy. I prefer to believe it did not go beyond that. But for the Solicitor General attending as he did with the director of his security services, the RCMP, at the office of the member for Leeds, or to attend on any other member of this parliament in that fashion and under those circumstances, and as well to compress the time frame to a point where he is denied access to and advice from counsel, is completely repugnant to my understanding of the rules of natural justice which are followed under our system.

He based his case on the fact that he was advised by his security services that documents and, I use his words, "could be" in the possession of the member for Leeds. If that was his position then he has his recourse and that recourse is not to bring the pressures that he brought to bear with respect to the circumstances as he has outlined. What he did in effect to the hon. member for Leeds, and I have experienced this myself, was to give him an ultimatum at 1.15, when he spoke to him in the parliamentary restaurant. That ultimatum was that at four o'clock this afternoon he either had to come up with an answer that he would be willing to produce whatever he "perhaps" or "presumably", to use the Solicitor General's words, had in his possession, or he would be confronted with a search warrant for his home or his office, or with whatever other alternatives were described by the hon. member for Leeds as being available.

To my mind that is the grossest form—I will not use the term blackmail—of intimidation. If that is not interfering with the rights and privileges of a member of this House, I do not know what is.

There have been over the course of weeks in this House, sir, various revelations made not only by the hon. member for Leeds but by the hon. member for Central Nova (Mr. MacKay). I have been involved in those questions myself in the past and currently. We have a right to expose those questions. I agree on the one hand that that right has to be exercised with discretion. But when we are confronted with an announcement by the Secretary of State for External Affairs (Mr. Jamieson) of the extent to which subversion is extant by the expulsion of 13 subversives, then surely it is incumbent upon the opposition to be even more vigilant to expose these matters. That is exactly what the member for Leeds was doing when he was bringing these matters up. All we have had is non-answers, evasion, ducking or weaving from the government, and no voluntary conduct on the part of the Solicitor General to visit the hon. member for Leeds to head this off. It is only when they think they have the goods on him, that they confront him in his office in the presence of one of the highest officers of the RCMP, the assistant commissioner.

If I heard the minister correctly, and I cannot with the sound system which exists here now—I could have in the past—I take it that he is saying the hon. member for Leeds never came to him. Surely the Solicitor General has the obligation when these questions are raised by the member for Leeds, or by my friend from Central Nova, or myself, to contact us.

Surely that obligation exists. It happened in the past with me and I co-operated with members of the force when I was

visited. However, that option was not exercised. It is only when they thought they had the goods on the hon. member for Leeds that they decided to screw the screws, to put the old screw-boot on and muzzle him. That is wrong. That is a deep interference with the rights and privileges of the members of this House.

● (1532)

Members have a responsibility to be discreet when they raise these matters. We all have that responsibility. I think we have exercised it. However, for the Solicitor General to have brought in this matter in the fashion in which he has, is completely repugnant to everything I understand about the rules of natural justice in this country.

The ultimatum is unforgivable. To give the hon. member for Leeds between 1:16 and four o'clock to seek counsel about the options with which he is confronted, is unforgivable.

The options are all very serious because, from the remarks of the Solicitor General, they obviously involve the possibility of charges being laid under the Official Secrets Act against the hon. member for Leeds. Surely he has the right to expect an adequate time to consult with and obtain advice from counsel.

I do not think this is within your jurisdiction, Mr. Speaker, but the events, and the solution to the problem that has been caused by these events, are within the jurisdiction of the Solicitor General or the Prime Minister. I would like to gain the Prime Minister's attention because I want him to hear my suggestion. I see he has been consulting with the Solicitor General.

The least the Prime Minister can do is allow the hon. member for Leeds an adequate, reasonable time within which he will be able to afford the opportunity to consult with and obtain the advice of counsel before he succumbs to any intimidation brought upon him this afternoon.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I rise to comment on the extraordinary things which have been said about the breach of privilege and the lack of either courtesy or of honouring a privilege in relation to the right to counsel. Surely what we are involved in here is an extending of unusual courtesy to the hon. member for Leeds (Mr. Cossitt) which would not have been extended to an ordinary citizen.

Some hon. Members: Hear, hear!

Mr. Lang: We are not involved here in a question of the whims of the government but of the rule of law of this land as enacted by parliament, the Official Secrets Act. It is to protect the security of this country. In most circles it is seen as being as important to the preservation of the state as any branch of law. In any case, it is the law of the land as enacted by this parliament. Accompanying the law of this land often go rights to lay charges and perform searches in order to obtain evidence without any notice, because the very point of the action taken is that it may be necessary to have that evidence obtained.

Some hon. Members: Hear, hear!

Mr. Lang: Of course there is no doubt about the right of such a citizen, in our law, to obtain advice of counsel. However, for an ordinary citizen that often comes after the time the charge has been laid and the search has been performed.

Some hon. Members: Hear, hear!

Mr. Lang: The Solicitor General (Mr. Blais), as I understood his remarks, indicated that he had first personally asked the hon. member for the evidence and the material which are at the root of this offence against the law, which is alleged. Indeed, he was counting on the co-operation of the hon. member of which, however, the hon. member's past conduct has not given much evidence.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Lang: Notwithstanding that and with presumably, as the Solicitor General has indicated, legal advice about courses of action which were possible, he thought it appropriate, because of the traditions of members of parliament, traditions which I hope all members here, including the hon. member for Leeds, will honour, in the circumstances to allow him to come forward with the information requested in order that the law of this land not continue to be flouted.

The giving of notice about the possible courses of action is now cited as a breach of the privileges of a member, when in fact it is evidence of the extension by the Solicitor General of significant privileges to this member which would not be extended in relation to such a case to any other citizen in this land.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I would like to pick up the debate on this very important question of privilege precisely where the Minister of Justice left off.

An hon. Member: Minister of Transport.

Mr. Broadbent: Excuse me, the Minister of Transport (Mr. Lang), trying to act as the Minister of Justice.

Some hon. Members: Oh, oh!

Mr. Broadbent: The matter is serious. I am not trying to be facetious about it. The Minister of Transport just said that what was involved in the logic of the hon. member for Leeds (Mr. Cossitt) indicates that he was calling for something that would not be granted to any other ordinary citizen of Canada. With respect, Mr. Speaker, in terms of being a privilege of a member of parliament, that is precisely what privilege is all about.

Some hon. Members: Hear, hear!

Mr. Broadbent: Once a citizen becomes a member of parliament, the supreme legislative body of this land, he or she

acquires certain privileges by virtue of being a member of this assembly.

An hon. Member: And responsibilities!

Mr. Broadbent: And certain responsibilities. I agree entirely with the hon. member. What we are talking about cannot be reduced, either in morality or law, to something that is equivalent to the notice of moral or legal rights of other citizens of Canada. It is a comparison of apples and oranges. It is not the same situation.

I wish to deal very briefly with the substance of what I see to be at stake here. As the Solicitor General (Mr. Blais) has indicated, it is very important if a security document which is labelled "top secret" finds its way into the hands of a member of parliament or any other citizen who is not authorized to have such a document. That is a serious situation. I think all members will fully agree with the Solicitor General that it is not something one can simply laugh off. The Solicitor General and the Prime Minister (Mr. Trudeau) have to be concerned about it.

What I understand, both from what the hon. member for Leeds and the Solicitor General have said today, is the following. There is good reason to believe that documents of this kind are in the hands of the hon. member for Leeds. There are good grounds for that belief. However, from what the Solicitor General has said, there have been three or four earlier discussions in the House about these documents. This is not something that just came to the attention of the Solicitor General this morning. These documents have remained in the hands of the hon. member for Leeds for some time, presumably, if they are the alleged documents we are talking about.

Earlier in the conversation before noon today, there was discussion about certain courses of action that would be open to the hon. member for Leeds. In one sense that is an entirely reasonable set of proposals for the Solicitor General to present to an hon. member of this House, whether on this side or the other side.

In the presentation of those choices, I do not necessarily see intimidation. It depends in part what use is made after that of those options as to whether you can reach a conclusion of intimidation having taken place, or other inappropriate action. It seems there is an infringement here of the rights of a member in one sense of that term, namely, that there has to be basic trust and acceptance of the honesty and integrity of members of this House. That is why we cannot say that members on either side deliberately mislead the House.

● (1542)

What seems to be disturbing about what has been outlined today is this: the Solicitor General has had a conversation with the hon. member for Leeds, and among the options which he himself proposed was a situation in which consultation with the hon. member's lawyer would play a crucial role, and whether he would go for that option—

[Mr. Broadbent.]

An hon. Member: No.

Mr. Broadbent: The Solicitor General is shaking his head. But it seems to me if you are talking about the possibility of arrest to a member you are raising the appropriate option of consultation with a lawyer, among other options. This was presented to the hon. member for Leeds around noon hour, and the hon. member for Leeds gave his word as a member of the House—I forget the precise wording, but this was certainly the sense of his comments—that he would not destroy the documents, that he would not take any other course of action between now and Monday, but that he just wanted time between now and Monday to think about the situation.

I am not attributing blame. I am appealing for a reasonable and amicable solution. If there was a sense of trust—the Solicitor General says he has had three or four conversations in the past with the hon. member for Leeds—

Mr. Blais: In the House. I answered questions. He has never talked to me and I have never talked to him.

Mr. Broadbent: Well, the point I want to make, Mr. Speaker, is that the Solicitor General has had reason to believe for a number of days that these documents were with the hon. member for Leeds. Then he presented him with a set of options. I agree that at some point, as Solicitor General, he should act in terms of exercising his responsibility. The hon. member for Leeds has said "Give me until Monday morning". If a sense of trust and integrity is to be maintained, it seems to me the appropriate course of action would have been for the Solicitor General to have said, "Yes, let us wait until Monday morning." Instead, he has closed off the options. This is so, because one of the options discussed was the possibility of legal action involving consultation with a lawyer. He has foreclosed the hon. member's opportunity to consult with a lawyer.

This is an important matter of privilege, Mr. Speaker, because we all get documents. They come to us involuntarily, sometimes in little brown envelopes or in other ways; people recognize that we are members of parliament and they send these documents. The future is at stake here. I appeal to you, Mr. Speaker, or through you to the Prime Minister perhaps, to extricate us from this unpleasantness by undertaking to give the hon. member for Leeds until Monday morning to reach his decision.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, it had not been my intention to enter into this debate and I do not intend to discuss the matter now at any great length. I will say, though, that the subject under discussion seems to have changed its nature as the debate has proceeded.

As was stated by the hon. member for Leeds (Mr. Cossitt) and the hon. member for Yukon (Mr. Nielsen), I did receive a call from the Prime Minister's office and had a brief conversation with him in his office at his request. I should make it very clear that at that time I very much had the idea that the invitation from the Prime Minister (Mr. Trudeau) was extended to me as a matter of courtesy by him to notify me of events

which related, or might relate, to a member of parliament sitting with the Progressive Conservative opposition.

Naturally, I do not intend to disclose the nature of the conversation between the right hon. gentleman and myself except to say that I did not contact the hon. member for Leeds in relation to that conversation. This was for two reasons. One was that I did not wish to appear to be interfering in any way with appropriate legal procedures which might be brought into play, and to which allusion has been made, and, second, because I did not want to appear to be placing any pressure upon the hon. member for Leeds to take action which might limit his right and privilege to act as he believes he ought to act here on the floor of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: What has changed, as I became aware when the hon. member for Leeds spoke to me briefly before the beginning of this day's sitting, is that the hon. member for Leeds indicated to me that the Solicitor General (Mr. Blais) and General Dare presented to the hon. member a range of different actions which might be taken in relation to the hon. member for Leeds. I do not propose to go further into that argument, one which has already been made in the House, except to say that I think the spelling out, the deliberate communication to a member of parliament of those alternatives, which might have involved the laying of a criminal charge, coupled with the compression of time, a requirement that a member of parliament reply to the Solicitor General within a matter of four hours, are circumstances which reek of intimidation.

Some hon. Members: Hear, hear!

Mr. Clark: There is one other matter to which I must refer. There is a reason why members of the House of Commons enjoy special protection relative to access of information. We are, after all, the elected representatives of the people of Canada. Though this is too often forgotten, perhaps, in some corners of this chamber, we are collectively the body to which the government is responsible for all its activities. It is therefore highly important that members of parliament retain intact their ability to use information which relates to the national business and which might come into their possession. This is a most important principle.

None of us should be intimidated in relation to the use, in what is seen to be in the national interest, of information which comes to us. Such information might very well affect the conduct of the government or the protection of the Canadian national interest. We have a right in this House to use that kind of information responsibly and we have the right to be free from any odour of intimidation with respect to its use.

It seems to me there has been evidence here of action which the hon. member for Leeds can only interpret as an attempt to intimidate, an attempt to force him to do something he might not otherwise have chosen to do. What underlined and emphasized that action was the very narrow time frame imposed by telephone by the Solicitor General when he, in effect, declined to extend to the hon. member for Leeds the opportunity to carry out the fullest possible consultation whether with his counsel, which is one important right available to the hon. member as a private citizen, or with others who might be able to advise him fully as to the parliamentary implications. This would include the opportunity to discuss the matter with Your Honour and with other members of the House of Commons.

That being the case, I believe the actions which were taken by the Solicitor General in going to a member of parliament, taking with him the chief security officer of the country and setting forth a range of alternatives which might be followed if the hon. member did not do as the Solicitor General wanted him to do, and then imposing a time frame within which the hon. member for Leeds was expected to react, constituted a major threat to the privileges of members of parliament. I hope it will be possible for the hon. member for Leeds to consider this matter without a threat of any kind directed toward him, in order that he might assess his position under the law and in relation to his rights and privileges as a member of the House of Commons.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I think it is obvious that a great deal of this difficulty comes down in the final analysis to what is, or what is not, a question of national security. It is odd that this matter has not received more attention from the government in the past.

At this very time when the McDonald Commission is looking into this whole subject, it has been necessary for the Commission to appoint counsel in Toronto to provide a definition of what really constitutes national security. This is the logical culmination of events which have been building up for a long time. It is simply this: in matters of police and security affairs, members of parliament and members of the government have not been given true and accurate information. The present Solicitor General (Mr. Blais) was as surprised as anyone else when he found out mail was being opened, or so he said. I could mention many matters which have come out in the last few months and have caused the government, and those responsible for national security, to modify or change their positions.

• (1552)

This particular situation has caused members of parliament to be very nervous and to seek the truth. The fact that they are doing this, and obviously are being assisted sometimes by persons in security roles, is a very good reason for the government to take a hard look at what it has allowed to develop over the years. That is simply this: our security is out of control and operating without the knowledge of those responsible by law or by statute for its direction.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as the hon. member for Leeds (Mr. Cossitt) said, this is perhaps one of the most important questions which have been raised in a little while. I hope the House will bear with me if I speak for a few minutes on it.

In a matter of national security, I hope neither this side, nor the other side, would have to act in a spirit of political contention. After all, when the security of the country is at stake, we are first and foremost Canadians. We should try to see our duty and discharge that duty. That has been the inspiration of the government's motives, and I am willing to believe that it is also the inspiration for the responses we have heard.

In this particular instance, it is so important for parliament and the country to understand what is implied here that I feel I must go into some detail on the nature and the consequences of the particular document which is in the hands of the hon. member for Leeds.

I understand he showed the document to the press. The press reported that he had a top secret document marked, "For Canadian Eyes Only". Also I understand he told the Solicitor General (Mr. Blais) that he had that document, or two documents, in a conversation which took place this morning. Thus, the fact that he has a top secret "For Canadian Eyes Only" document has been established and is recognized. At any rate, the analysis of the Royal Canadian Mounted Police is that there is sufficient and probable grounds to believe that he has such a document.

Last night after the House had adjourned, the RCMP through the Solicitor General, informed me of this. Also they informed me that they had a document from the law officers of the Crown, the Crown Attorney, the Department of Justice, to the effect that, in their opinion, what the hon. member for Leeds has done provides reasonable grounds to justify the issue of a search warrant under the Official Secrets Act. That is the information the Solicitor General and I received from the RCMP and from the Department of Justice.

Two courses would have been possible. The first was to say "let the police do their duty, let us not interfere, let them lay an information and have a search warrant issued, and let them make a search." That course might have raised the same kind of opposition from the Tory party as we heard today, that courtesies were not extended; that we should have considered he is a member of parliament; that he should have been asked to hand over the document, rather than seek a search warrant; and so on. The Solicitor General and I made the decision, in effect, that in this case we would not have the search warrant issued immediately, at the risk of being accused by other people of interfering in the normal course of justice and preventing the police from searching. We decided not to do that. We decided to follow the course which hon. members seem to agree was the right one, that is, to try to do it by agreement; to let the hon. member for Leeds know the grave consequences of his acts; to permit him to hand over the document; and hopefully help the police as to the source of that document and how such a secret document could come to him.

I believe the Minister of Transport (Mr. Lang) has dealt with the legal aspect. It has been claimed by several hon. members of the opposition, and indeed by the hon. Leader of the New Democratic Party (Mr. Broadbent), that he should have until Monday morning to think it over. It seems to me the Minister of Transport gave the basic legal reality of this. If anything, we were in default in not letting the police do their duty last night or this morning.

Some hon. Members: Oh, oh!

Mr. Trudeau: I wish hon. members of the opposition would listen. I have a great deal to say.

Some hon. Members: Hear, hear!

Mr. Trudeau: There have been other instances in recent months of members of parliament having been objects of search warrants. The opposition knows that two members of my party were searched under a search warrant. I was told in advance, as I let the hon. Leader of the Official Opposition (Mr. Clark) know in advance when it concerned a member of his party, that there would be a search conducted against some members of my party. I shied away, and I said, "Do your duty. I don't want to interfere in any way". It was not a different type of situation, but the act under which they were acting was not the same.

Mr. Baker (Grenville-Carleton): Was it not the Criminal Code?

Mr. Trudeau: One reaction was to tell the police to do their duty, and not interfere. That is what I have done when it concerned members of my party. When it concerned members of the opposition, we did them the courtesy, as is demanded by the opposition and by the hon. Leader of the New Democratic Party, of saying, "Please co-operate. You may not know the seriousness of the crime. You may not have understood the consequences of making public this document. Please co-operate". We do not like to have search warrants issued against members of parliament. We sought for co-operation.

As I understand it, the reproach is for not having given the hon. member until Monday morning to think it over. When someone is in possession of a stolen document—and I do not say the hon. member stole it; but it is a stolen document, it belongs to the security services of this country—he is not told by the police, "We are going to search you tomorrow or perhaps Monday morning. If we find it on you, then we may lay some charge". He is not given that kind of advance notice. As the Minister of Transport correctly said, if reasonable and probable cause exists, and if an affidavit is made, the person who is suspected is searched, and he is given no courtesies. In this particular case we did give warning, and we did seek co-operation.

I believe the Solicitor General and the police, in due course, will be able to argue more thoroughly why time is of the essence here. It is because more damage can be done if more aspects of that document are leaked. Already enough damage has been done. The member of parliament could either hand over the document and settle the matter, or he could have it seized and then consult his lawyers as to what his rights are.

When I spoke to the Leader of the Official Opposition this monrning I realized I was putting a dilemma before him: should he ask his member to co-operate, or should he stand off and say, "Let the police do their duty"? Somehow this has been turned against me.

• (1602)

The hon. member for Leeds said I told the Leader of the Opposition what was going to happen. I did not, Mr. Speaker, I informed him of the information I had received from the police. I asked him to accept his responsibilities. I am aware of the difficult problem I placed before him, but quite honestly I thought that the correct course would have been for the leader of a party to go to one of his members and to say to him; "Look, I know from the Prime Minister that the law officers of the Crown are advising the issuance of a search warrant. For God's sake, why don't you hand this over to the police and we will not hear about it any more".

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, I think members of the House would perhaps be enlightened if I spoke a little about the nature of the document in the hands of the hon. member for Leeds. I think it is very important to know—and I think it was obvious from what the hon. member said to the press—that that document pertains to the activities of foreign agents in Canada. I do not think that the handling of that document and what the hon. member has said up to now has added substantially to the debate which is going on in Canada regarding national security. I do not think it has permitted us to seek a more enlightened course of action in the future when some subversive agents are detected in Canada. But I do know that it greatly undermines the efforts of the Canadian security service to protect Canada's national security, and I will tell the House why.

Any foreign security service is interested in knowing how our security service operates—that is the first thing they try to do. To a certain extent that was what occurred a couple of weeks ago in this country. A foreign security service will pay a lot of money to break Canada's security service so that the system of operation of our security service becomes known to the enemy, to the opponents of this country. They bribe, they pay large sums of money, they attempt to penetrate our operations, they try to suborn Canadians, they use all kinds of techniques, and we had the evidence of that a couple of weeks ago. By courtesy of the hon. member for Leeds, they can get this now for free. They know from this document that our security service operates in certain ways, and they get this through the courtesy of the hon. member for Leeds—perhaps with no ill intention on his part—but it is the type of thing that unfriendly intelligent services want.

That is not the end of the damage. What is perhaps more important is that if loyal Canadians who have information on possible subversives in Canada see it as their duty to talk to the RCMP and give them the information they have, they are not guaranteed now that their names will be withheld. Perhaps their names will come out in headlines, courtesy of someone in the opposition or of someone else.

In Canada we do not have a system of forcing Canadians to co-operate with the police; we rely on their sense of patriotism, we count on Canadians to come forward and give police the information they have about subversives. Are they likely to be encouraged in this? If they now find out that they have a leaky security service, that entire documents on unfriendly operations against Canada will become known in some way and that the member of parliament who has them, when apprised of the seriousness of his knowledge, refuses to hand them back, will they be likely to give the police the information they have?

The hon. member wants to ask advice on whether a stolen document should be given back to the Government of Canada. I do not think we should have to wait until Monday morning to find the answer to that. Let me say once again: the consequences are too severe.

There is yet a third consequence, that much of the information in the document which is in the hands of the hon. member for Leeds came to us through the intelligence services of friendly countries, members of NATO and other countries which co-operate with Canada in giving us information about subversives operating against us.

We do not have the capacity in this country to gather all the information nor do we have security services in many foreign countries. We rely on information received from our allies. The document which the hon. member has in his possession contains much of that information, and the more he leaks it, and the more he has leaked it, the less willing will foreign countries be to co-operate with Canada, and the more in danger will be Canada's national security.

Some hon. Members: Hear, hear!

Mr. Clark: That is why the dollar has gone down. You always find someone else to blame.

Mr. Trudeau: We hear jokes from the Leader of the Opposition about the dollar going down. Let me say I think his stock has gone down pretty badly.

Some hon. Members: Hear, hear!

Mr. Trudeau: I will not continue in that vein any longer.

Mr. Clark: Because you have gone as far as you can go.

An hon. Member: Just watch him.

Mr. Trudeau: I think it is a sorry day when a top secret document in the possession of the security services in this country is in the possession of a member of the opposition—

An hon. Member: Prove it.

Mr. Trudeau: —and when that member of the opposition does not want to co-operate with the police and return that document but wants to think it over until Monday morning, and when his leader does not have the sense of responsibility to

talk to this member, not to put pressure on him but to look at this problem with him and say, "Is this not a case where we should co-operate with the police, or is this a case where we want to continue to play games with the government?"

Mr. Clark: I acted as you acted with Rooney.

Mr. Trudeau: I am told by the Leader of the Opposition that he acted as I had acted with a member of my party. I said at the beginning of my statement that in the case of a member of my party against whom it was alleged that he had committed a criminal act, I did not tell him he would be searched by the police, nor did I tell him to hand over all his files to the police. I was not asking the Leader of the Opposition to do that. I was not asking him to help one of his members defend himself against a charge of criminal action.

Here is a case of national security. Here is a case of the Leader of the Opposition himself complaining that perhaps he should be kept better informed on national security issues. Here is a case where he had a chance to show, in a non-partisan way perhaps, that he could solve this problem without making a great fuss in parliament by simply handing over the document, and I think it would have been to his credit and to that of the hon. member for Leeds. But they chose not to take that course.

Mr. Clark: I chose to act as you acted.

An hon. Member: *Ce n'est pas la même chose.*

Mr. Clark: *C'est la même chose.*

Mr. Trudeau: I rely on the people of Canada to make the distinction the Leader of the Opposition has not made.

Some hon. Members: Hear, hear!

● (1612)

Mr. Trudeau: Not only are the subject matters extremely different, as I just pointed out, but I fail to see how every speaker from the party led by the Leader of the Opposition can stand up and say that, as a matter of courtesy, we should let the hon. member know and that he should be given until Monday morning. We heard the same tune from the Leader of the New Democratic Party—he should be given due notice. Now the Leader of the Opposition is somehow reproaching me for having gone this route. Somehow he is saying that he himself did the right thing in not consulting a member of his party when on this side everyone says we were obliged to go the courteous route.

The Leader of the Opposition is the only one in this House who has dispensed with showing courtesy to his own member and telling him something was amiss. I find some logical difficulty in the position of the Leader of the Opposition.

I think I have made a case as to the very great danger which results from breaking our security services in this manner. I too will reserve the right to move a motion if this matter cannot be otherwise resolved. I still appeal to the opposition to think this over and not to make it an opposition-government debate. I hope hon. members oposite will ask themselves how, in this particular case, the security of this country and the efficiency of our security services can be best served. I hope they will answer that question as the rest of the country would.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I think the record should be made completely clear on a couple of items. It should be made clear, in fairness to the hon. member for Leeds (Mr. Cossitt), to the whole House and, indeed, to the people of Canada.

There has not been a refusal by the hon. member for Leeds to hand over documents. It must also be made clear that there is now only an allegation—not a finding—that the documents were stolen. Despite the rhetoric of the Prime Minister (Mr. Trudeau), I think it is extremely important that that point be made. Whether documents were stolen and whether the hon. member for Leeds is in possession of stolen documents will not be decided in this tribunal, and I would like to say to the Prime Minister that the rights of the hon. member for Leeds ought not to be prejudiced by the Prime Minister in this tribunal.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): The Prime Minister has made a statement about the difficulties of the security service as a result of this information. The allegation—and that is all it is—out of the mouth of the Prime Minister does not make that true. As I listened to the Prime Minister I began to worry somewhat about what state the Prime Minister's mind might be in—

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): —with respect not only to the right of a member of parliament to carry out his duties but also the rights of a citizen in a free society not to have his case or the cases of other citizens judged or prejudged in the House of Commons. I hope it has not been lost by any member of this House that under the Official Secrets Act any person, whether he be a member of parliament, the Prime Minister or otherwise, is innocent under the law until he is proved guilty by a duly constituted court.

The problem is that the hon. member for Leeds raised in this House a matter, not which affects him as a litigant before a court—he will have to live with that if a charge is laid—but as a member of this House who believed, whether we agree with him or not, that he was exercising his duty as a member of parliament to bring to the attention of parliament, and hopefully the government, a matter which he, in a free parliament, considers of some importance to a society which we sometimes say is free and open. This Chamber is supposed to be the epitome of that freedom and openness, but unfortunately it has not been that.

I want to deal with something else the Prime Minister said. The Prime Minister alluded to a meeting he had with the Leader of the Opposition (Mr. Clark). It was entirely appro-

priate for the Prime Minister to call the Leader of the Opposition. I really wonder whether we would be dealing with matters of security in this House at all if heretofore there had been this kind of discussion between the Prime Minister and the Leader of the Opposition. However, that is speculation for another place.

In any event, the Prime Minister did the proper thing today in calling the Leader of the Opposition to his office. The Leader of the Opposition answered the summons of the Prime Minister and discussed the matter with him. To any person not legally trained, and even to one who is, that would be an indication that there was something very serious afoot, at least in the mind of the Prime Minister, involving a member of this party.

The Prime Minister calls into question the judgment and, indeed, the integrity of the Leader of the Opposition in not going to the hon. member for Leeds and informing him of this conversation. However, I submit that if the Leader of the Opposition had gone to the hon. member for Leeds with this matter—and if there was something wrong afoot—that would have given the hon. member for Leeds the opportunity to obliterate that wrong or at least to muddy it. I think the Leader of the Opposition did something which was quite important. He kept the confidence of the Prime Minister. He ought not to be chastised for that. He kept the confidence of the Prime Minister so that the Solicitor General (Mr. Blais), General Dare, General Bourne and others would be free and unfettered to chat with the hon. member for Leeds.

That was the act of an honourable man, and I commend the Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): What happened, however, in the course of that chat is now quite important because we all know—and I hope hon. members opposite will allow me to finish; I know they have always disagreed with the hon. member for Leeds, but he is still a member of this House, and he is entitled to the courtesy of every hon. member—

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): He will not be judged as to what is right or wrong here but in another place, if the government chooses to move.

The hon. member for Leeds has stated categorically in this House what happened. He was intimidated.

Given the greatest licence with either of the official languages, given the compression of time from one o'clock and over the week end to consult counsel to "you must do something by four o'clock or something is going to happen," and given the alternatives, no one could argue honestly or reasonably that any person faced with that situation and with the people the hon. member was facing—the top security people in the country, not the RCMP—could fail to feel that there would be intimidation. I think the hon. member could be held not to have hold of his senses if he said that.

● (1622)

The other side of the question is whether a member of parliament, a person who is supposed to have special privileges over the public and has them by the traditions of this House, should thereby be denied the right of counsel, is a proper thing—and that seemed to be what the Prime Minister was saying. If that is the argument, then the Prime Minister has suggested that the rights of a member of parliament are to be denied.

All the hon. member for Leeds has is a statement by the Solicitor General made in the presence of two security officers of the Crown, followed by a compression of time and a change of ground rules which led the hon. member to the conclusion that he was being intimidated. The issue before this parliament is whether the privileges of that hon. member have been contravened.

There is another aspect, Mr. Speaker, and that is the question of the bugging of the telephone. That is a very important aspect because there has been an undertaking given by the Prime Minister to the Leader of the New Democratic Party (Mr. Broadbent) and the leader of this party that during his tenure as Prime Minister no telephones of members of parliament have been bugged. I hate to say it, and perhaps the Prime Minister has been misled, but that evidence now is contravened.

Mr. Trudeau: By whom?

Mr. Speaker: Order, please. I want to be clear on this point. I understood the hon. member for Leeds (Mr. Cossitt) to say he had an indication that a telephone conversation was being recorded at the other end, which is a separate thing from a wire tap on a telephone. I do not necessarily regard it as any less serious. I simply say it is a different thing. I think we should be fair.

Mr. Baker (Grenville-Carleton): I am glad you regard it that way, sir, because I regard it the same way in terms of the kind of investigation that is being carried on of a member of parliament. If this is being done to members of parliament, then one wonders about matters elsewhere. But that is a side issue.

Mr. Trudeau: It sure is!

Mr. Baker (Grenville-Carleton): The issue is whether or not it is appropriate in the circumstances for any citizen who is told, in terms that a person with half an ear could understand, that he faces criminal charges or charges under the Official Secrets Act, to be allowed to consult his counsel, and faced with the compression of time that does not allow it to happen, as the hon. member for Leeds has said, whether his privileges as a member of this House have been breached. That is the issue for you, sir, as Speaker. The question of whether there has been a breach of the Official Secrets Act is not going to be decided here. It will be decided in some other place. It is on that narrow and important ground of the privileges of a member of parliament that I ask you to decide the issue.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I was not in the House when this matter arose originally. I came in when the Leader of the New Democratic Party (Mr. Broadbent) was speaking and, of course, I listened with interest to what the Prime Minister (Mr. Trudeau) had to say.

I have been here a long time, Mr. Speaker, but I have never heard a more hypocritical statement made by anyone than when the Prime Minister this afternoon wrapped himself in the garments of purity and spoke as though it were the Sermon on the Mount that this House was to receive.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Do I hear an interruption?

Mr. Trudeau: No, no.

Mr. Diefenbaker: I would be very glad to have assistance at any time when I say this—the whole situation goes back several weeks. No one has caused the government more worry and concern than the hon. member for Leeds (Mr. Cossitt). He has revealed things that have caused them difficulties, so he must be obliterated, it seems. That was apparent today in the speech of the Prime Minister. To think that any member of parliament dared speak out against this government impressed him as dangerous to the safety of the state. I said it was hypocritical—it is Machiavellian as well.

His whole attitude this afternoon—and I admire a good debate and he explained himself and revealed himself with unusual clarity—was "we must get rid of the hon. member for Leeds because he dares to speak out." Only in the last few days the Prime Minister was reported as having said, "I never speak to him". I heard him say it. If the Prime Minister were to stand up when he interrupts I would be only too glad. The Prime Minister said that he would have nothing to do with the hon. member for Leeds. He said, "I just do not acknowledge his presence."

Today was the culmination of events. What a wonderful opportunity for the government to get rid of this person who has proved to them that he does things they do not like. The Prime Minister spoke of patriotism in quivering terms. I could deal with that, going back to the days of war.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Diefenbaker: The right hon. gentleman has full appreciation of what I have in mind. He speaks of the terrible risk to security in this document. I do not know what it contains. Does the Prime Minister know? He does. That convinces me it must be very bad. After all, in the last couple of weeks when revelations were made concerning the operations of the USSR in Ottawa the Prime Minister said, "I did not pay much attention to that—after all, we all spy."

Above everything else in this House a measure of respect must be shown, whether by the government or by the opposition, without which this House would not operate.

[Mr. Baker (Grenville-Carleton).]

I go further and say that, in my opinion, under the law a search cannot be made of the office of a member of parliament in this House of Commons without the permission of parliament.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: You cannot do that. It has never been done. It cannot be done without the permission of this House. Are members of parliament going to vote to permit an act of that kind? I remember well when a member of this House, Mr. Rose, was ultimately charged with a variety of treason. He had all the rights of parliament. Mackenzie King was the Prime Minister and he insisted that parliament, above everything else, was important in the preservation of the rights of individuals represented here.

• (1632)

What is behind all this? The government is afraid of the hon. member for Leeds. It is frightened of the revelations he can make. It decides to intimidate him, and every other member of this House, by a pretence that a search can be made. All that is asked for is a reasonable course of action—"Give me an opportunity. Monday I will be available and whatever orders have been determined I shall submit to."

The Prime Minister admitted a moment ago that he knows the contents of this document. Well, if he does, why the rush? He knows what the document is. It cannot be hidden between now and Monday because he knows what is in it. I did not expect that admission from him. But that clarifies the situation for me that what is happening here, Mr. Speaker, is something similar to what happened in the United Kingdom in the 1630's to 1640's when members were intimidated. He knows what the contents are. There is going to be no revelation by this search. If the member for Leeds were to hide it, the Prime Minister could produce the copy he has because he knows the particular document.

Surely it becomes more apparent than ever that what he has in mind is vindictive in every sense of the word. How dare anybody criticize him in any way or do anything that might be revealing of something he does not want seen or heard. That is the position. It is as simple as that. I suggest to the Prime Minister, while he made a very valuable and very effective speech, because I always admire that type of debating, that he give his conscience an opportunity at this moment and say, "I will give him four days. I am not going to suffer, the Government of Canada is not going to suffer, and security is not going to suffer." On the other hand, if he does not agree to that, what he is endeavouring to do is close the mouths of the members of the House of Commons because criticism has become quite general of this government today.

I remember the days when I was Prime Minister and we had a deficit of $750,000, how they howled over there. This year it is $10,000 million. They want to cover up, they want to conceal, they want to delude. Mr. Speaker, if you permit the Prime Minister and the Minister of Transport (Mr. Lang) to dictate to this House of Commons the right of search without

a decision of this House, then our rights as parliamentarians will cease.

I do not say we are above the law; we are not. This institution is based on the independence of the individual; the right to speak; the right to say what one will even though it may be wrong; the right to be free from the laws of libel and slander, not the right to commit offences. But before proceedings can take place against a member of parliament such as is threatened by the Prime Minister, then have a vote. I know how the vote will go because they will line up like so many sheep on the government side.

I make this appeal, to you, sir. Never have you had a problem more significant to the preservation of the independence of this institution, and it now rests upon you. I ask you to preserve that independence. To that end I ask you to accept the suggestion of the Leader of the Opposition (Mr. Clark) who, in a particularly telling speech, dealt with the situation objectively, thoroughly, fairly, and effectively. Grant the right of the hon. member for Leeds to have a few days grace during which time he determines, on the basis of legal opinion, what course he shall follow.

This question has been fought out in the United Kingdom. I cannot think of the name of the son-in-law of Winston Churchill—

An hon. Member: Soames.

Mr. Diefenbaker: It was 1938 or 1939. He was before the House for revealing information that would be beneficial to the enemy. It is an interesting case. But there parliament acted. It did not have behind it, in the determination that was made, the vindictiveness that was shown this afternoon by the Prime Minister and by the Minister of Transport—at least until the hon. Minister of Industry, Trade and Commerce (Mr. Horner) came in the House.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Provide three or four days. Nothing can be lost. He cannot conceal. The Prime Minister knows the contents; the government has the document. Why then not allow, not the quality of mercy, but the quality of preserving for this House and its membership protection against threats based in large measure on political vindictiveness?

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise for just a few minutes because there is one point of detail that concerns me in this whole situation. It is because the detail I have in mind is an important one that I take the time of the House to raise it.

A few weeks ago the Royal Canadian Mounted Police wanted to search the office of a member of this House who was suspected of having violated the Criminal Code of Canada. The police officers in that case were a few levels below the Solicitor General (Mr. Blais), and General Dare, but they approached Your Honour first. It so happened that Your Honour called some of us in to your chamber to discuss the matter with you. You made it clear that it was your decision whether the matter at issue outweighed the privilege of the member and whether permission should be granted to the police to execute such a warrant. In that particular case you had asked the police to be more particular, to have a more solid case than they seemed to have at first. When they did finally get a search warrant from a judge, they came to you again. You had to make the decision. I speak of that matter as one concerning which I have some knowledge because, as one of the House leaders, I was called in to your office on those two occasions.

You told us, sir, on one of those occasions, that when a search warrant was executed against Senator Giguère in the other place, in that instance the consent of the Speaker of the Senate had to be obtained before it was executed. To me this is very important. I am not revealing any secrets when I say that I admitted in the meetings in your office that our privileges did not give us the right to break the law and get away with it. On the other hand, our privileges have to be considered. It was our view then, as it has been my view for a long time, that in a case like this it is the Speaker, as the protector of the members of this House, who has to weigh the evidence and decide whether the privileges of the member entitle him not to have a search warrant issued, or whether the right to execute that warrant should be granted.

• (1642)

What bothers me in this case, unless Your Honour interrupts me and tells me that you were informed, is that that course seems not to have been followed. In the case of the hon. member for the other side, the police officers dealing with it were up the ladder, but they were not as high as General Dare and the Solicitor General. These two seem to have taken it unto themselves to inform the hon. member for Leeds (Mr. Cossitt) that under certain circumstances a warrant would be issued.

Mr. Speaker: In fairness, I have to interrupt the hon. member. I thank him for his references to the other experiences. I have to indicate that I was advised sometime this morning, at about the time mentioned, of the risk that in some circumstances a warrant would be applied for. There was nothing more than the advice of that. I took it as courteous advance notice that some points on these matters may be raised. There was no indication of any position. It did not go that far. It was simply courteous advice in advance that the matter might come up later.

Mr. Knowles (Winnipeg North Centre): I thank Your Honour for that interruption and for filling in that part of the information. Your Honour has underlined the point that I am making. You were advised, but you were not consulted.

Mr. Trudeau: Come on, Stanley. There was no writ issued.

Mr. Knowles (Winnipeg North Centre): The Prime Minister (Mr. Trudeau) says, "Come on Stanley." Well, Stanley is here

and he is concerned. He is concerned about the rights and privileges of members of parliament. I made it very clear that I do not think those rights give us unlimited licence to do anything, to break the law and get away with it.

Not only have we information that the Solicitor General and General Dare in a sense intimidated the hon. member for Leeds, but the Prime Minister in his speech this afternoon said that the government considered last night and this morning the various choices open to it. One of those choices was telling the police to go ahead and get a search warrant against the hon. member for Leeds.

Apart from the fact it seemed to me to be an element of intimidation, in the way the Prime Minister spoke this afternoon, I am concerned about the rights of parliament. I do not think we have unlimited licence. I do not think we can expect never to have search warrants or warrants for arrest issued, but surely it is a well established principle that before that takes place, Mr. Speaker has to be brought into the picture, not just in terms of being courteously advised but being given the opportunity to weigh the evidence and to make the decision.

In the two cases to which I referred, the case of a member of this House who was suspected of violating the Criminal Code and the case of Senator Giguère, in both cases Mr. Speaker consented. I suspect in this case, if Your Honour had been asked and you had called in the House leaders, that consent probably would have been given. However, for a government to ride roughshod over that tradition and for it, just because it is the government—

Mr. Speaker: Order, please. In fairness, I do not think I can divulge anything more, but I must say that is not really a fair interpretation of what took place. It seems to me that the tone and the content of the advance notice this morning were an acknowledgement, in the very terms of the notice that it was my authority that would have to be invoked if a search warrant was going to be executed in these premises.

Mr. Knowles (Winnipeg North Centre): I am glad Your Honour has interpreted it that way and that if the government is going to ask for a search warrant Your Honour will be consulted. However, added to all of this is the suggestion of intimidation. The Prime Minister and his colleagues seem to think because they have responsibility, and I recognize that they have it, they also have the control of the police and they can do what they want. This should be resisted. The privileges and rights of parliament should be maintained.

[*Translation*]

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I think the number of interventions in the debate this afternoon gives an indication of the seriousness of both the matter and the documents involved. Many interventions were made, and the Minister of Transport (Mr. Lang) as well as the right hon. Prime Minister (Mr. Trudeau) indicated very clearly what the legal position is, in this regard, and what the position is from the national security point of view, which is clearly involved in the matter.

What the Minister of Transport indicated very clearly is that when the police get a search warrant, they do not usually consult ahead of time the person whose place is going to be searched, nor do they say to him: Please, would you be so kind as to give us the documents or objects you have in your possession, because otherwise we will have to get a search warrant and will get hold of them forcibly?

On the contrary, generally speaking, one goes to the trouble of getting a search warrant to make sure that the objects or documents wanted by the police are not destroyed, even though the courts may subsequently be asked to decide who their rightful owner is. In this instance, the Solicitor General (Mr. Blais) took extraordinary steps to accommodate the hon. member for Leeds (Mr. Cossitt) by asking him to kindly hand over voluntarily the documents in his possession, which he recognizes do not belong to him, and which he recognizes bear the mention "Top Secret" and which documents pertain to national security.

No other citizen is entitled to comparable treatment and, once again, there was no question of making any accusation against the hon. member at that point. The only matter at hand, at that time, was that he was asked to hand over the documents which obviously were stolen documents. As the Prime Minister pointed out, no one says the hon. member for Leeds stole them, but the very fact that they are in his possession proves very clearly that they were stolen from the security service.

[*English*]

I am glad the hon. member for Winnipeg North Centre (Mr. Knowles) has raised the point in opposition to the right hon. member for Prince Albert (Mr. Diefenbaker) that before a search warrant is issued and put into operation in the House of Commons, Your Honour has authority, and your consent is required. In the present case, when Your Honour was approached today it was not to ask for authorization to serve a search warrant but simply to apprise you of the situation and the potential difficulties that may arise and that eventually a search warrant may be issued. At that time Your Honour would have been approached formally and the appropriate steps would be taken by Your Honour in whichever way you may want to achieve it.

I find some difficulty with the argument put forward by the hon. member for Grenville-Carleton (Mr. Baker). He argued that his leader was correct in not informing the hon. member for Leeds (Mr. Cossitt), and I think I quote him correctly, in order to prevent the possibility of the document being tampered with or destroyed. How can the hon. member argue that his leader is right to act in that way, and then turn around and ask the government to give the hon. member for Leeds four days to think about what he is going to do with the document? The situation is very clear.

• (1652)

The hon. member has in his possession documents of a top secret nature relating to the security of the state, affecting our relations with other countries, and he has already used those documents inside the House and outside the House. And the only thing which has been asked of him as a responsible member and as a good Canadian is to hand over those documents to the people to whom they belong, that is, to the RCMP.

Mr. Stevens: Because they are embarrassing to you.

Mr. Lalonde: I will not comment upon the rather lightheartedly way in which the right hon. member for Prince Albert (Mr. Diefenbaker) dealt with this issue except to say this: as the hon. member for Winnipeg North Centre has indicated, what is required is not the consent of parliament, as such, but the consent of the Speaker before a search warrant can be enforced here. Since the right hon. gentleman was wrong on that point, I suspect the rest of his argument falls into the same category.

Some hon. Members: Oh, oh!

Mr. Lalonde: I will give the right hon. gentleman one assurance, however. He says we want to get rid of the hon. member for Leeds. I can tell the right hon. gentleman that we do not need to try to get rid of the hon. member for Leeds or to try to get rid of any of the hon. members in the opposition. They seem to be doing very well themselves.

Some hon. Members: Hear, hear!

Mr. Lalonde: This is a very serious issue indeed, and we on this side take it very seriously. It seems to me that since the hon. member claims he needs time to consult with a legal adviser, and since he claims that the time limit which has been given to him is too close in that respect, I would suggest for your consideration, Mr. Speaker, that the House might give thought to the following possibility—what is of concern, here, is the security of Canada—

Mr. Crosbie: Nonsense! The security of the government!

Mr. Lalonde: Some members across the way do not even seem to realize that those documents are extremely relevant to the security of Canada. If they do not see that—

Mr. Clark: We just have your word for that.

Mr. Lalonde: —they don't know what is relevant to the interests of this country. What are involved here are extremely important documents having to do with the security of the state. It is important that there be no destruction, no tampering, and no revelation of those documents to anyone not authorized to have access to them.

Mr. Clark: You have that guarantee from the hon. member for Leeds (Mr. Cossitt). You had it earlier.

Mr. Lalonde: I suggest that, while reserving our right to move a motion on this important issue, we should ask the hon. member for Leeds to hand over immediately to you, sir, as a guardian of the rights of this House, all the documents relating to this question that he has in his possession.

Mr. Dick: If he has any.

Mr. Lalonde: He said himself he had documents. The hon. member who sits next to the hon. member for Leeds does not seem to realize what the hon. member himself has said. I suggest he give those documents to you, sir, with a commitment that no copies are to be made and that the contents will not be revealed to anybody until the House has disposed of this issue.

Some hon. Members: Hear, hear!

Mr. Speaker: I must say I had myself intended to interpose just a few moments ago to make a similar suggestion. We are now approaching a practical solution to an interesting problem. I would remind the House we might very well find ourselves talking the subject through until Monday morning in which case the problem would be resolved after a fashion—I do not make this comment in an entirely facetious way.

I am disposed to try to find a solution. We have now reached a point at which five or six questions, each of them important from a parliamentary point of view, have been raised, and a great deal of study will be required before I can resolve any of those questions. It will certainly be difficult to do so by tomorrow at noon. It might very well take until Monday to come up with answers to some of the problems which have been raised. I do not want to gainsay the argument, but I believe the minister has put forward a proposal which meets the difficulty.

I assume, as did the minister, that there is an admission that some documents are in the hon. member's possession; I do not know whether that is in dispute. What I am saying is that I would prefer to have until Monday to consider these matters and reach conclusions about them. In the circumstances perhaps the hon. member for Leeds (Mr. Cossitt) might consider that he was well served and that the House was well served if I were to keep any documents he might have in his posssession, over the week end. We might as well find out now whether that is the situation and, if it is, we can stop this discussion now and get on with the opposition motion. That would give me an opportunity to examine those questions which have been raised.

I might also say that while the arguments put forward are very interesting and complex, the position of the Speaker has not yet been fully tested in a way which would allow me to come down with a definitive decision. The hon. member for Leeds has been advised that certain steps might be taken. If they were taken, that would raise certain very interesting questions which have been dealt with in the past as questions of privilege. However, the fact that certains steps my be taken is not enough to consitutute a basis for a ruling. The more serious question is: what happens if and when the moment

arises? At that point some decision has to be made. It would be helpful if some solution were reached which could enable the matter to stand until Monday and we ought to find out whether that can be done.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, you have raised a very important issue, but in the light of the statements which have been made, and knowing this government, what may we expect unless Your Honour is able to give the House some advice in case we have to deal with a repetition of these events?

We are not looking at one simple event. We are looking at a government which has shown its willingness to continue practices of this kind. We have heard an inflammatory speech by the Prime Minister (Mr. Trudeau), which is bound to prejudice any trial which might take place at some time in the future if a decision is made to lay a charge. The hon. member for Leeds (Mr. Cossitt) has been prejudiced deliberately by the Prime Minister in his speech today.

• (1702)

Some hon. Members: Hear, hear!

Mr. Baldwin: "Upon what meat doth this our Caesar feed, that he is grown so great" to be able to make speeches like that?

I listened to the hon. minister with interest when he spoke about search warrants. He is a member of a government which has made a careful study of dispensing search warrants. However, I forgo dealing with that matter at this time. The Minister of Transport (Mr. Lang) and the Prime Minister are members of a government which, on a question of a breach of law, deliberately broke the law and kept breaking it for several months. The Prime Minister was aware of that, as was the Minister of Transport. They are experts at that as well.

There are two issues before the House. One is not really an issue with which we can deal. That is the question of whether there has been a breach of the Official Secrets Act, whether the hon. member for Leeds and/or some other people are in breach of that act. Abominable an act as it is in some respects, it is still the law of this land. Perhaps that is something which will have to be dealt with. Pushing that off to one side, the question is: what are the rights of hon. members of the House?

The Solicitor General (Mr. Blais) indicated that he went to see the hon. member for Leeds in a friendly and amiable spirit to discuss this just as another member of the House. If that is the case, why did he take the chief of security with him? If the Solicitor General went there in a spirit of reason, why was he accompanied by the chief of security? I see the Prime Minister is laughing.

Mr. Lalonde: He is not.

Mr. Baldwin: If it was not the Prime Minister, then it was one of his followers who were expecting him to laugh.

Some hon. Members: Oh, oh!

[Mr. Speaker.]

Mr. Baldwin: The Solicitor General has known about this for some time. He was asked questions in the House which indicated beyond any doubt that he realized or suspected that the hon. member for Leeds had a certain document in his possession. Whether the possession of that document, and the continued possession of it, constitutes an offence against the Official Secrets Act is not for the House to decide. I think we are all agreed on that. Under those conditions, the Solicitor General went there with a law officer. There is no question that he went there with more on his mind than merely to make a reasonable suggestion to turn the document back. That is the question Your Honour has to consider. That is the basis upon which we approach this whole question of privilege.

As the hon. member for Grenville-Carleton (Mr. Baker) indicated, the fact that the Solicitor General was accompanied by an officer of the law can be construed only as a method of intimidation. If Your Honour read the section of the Criminal Code which deals with intimidation you would realize there is no doubt that what the Solicitor General did was an offence against that section. There is no question about that. Why did he not go there privately as another member of parliament and say to the hon. member for Leeds, "I am here to discuss this with you privately and in a personal way"?

Mr. Blais: That is exactly what I did.

Mr. Baldwin: Why was the Solicitor General accompanied by an officer of the law? The Solicitor General should know something about law. So far in his capacity as the Solicitor General he has not displayed that he does. If he knew anything about law, he would have known that he should have given the hon. member for Leeds a warning before going there with a law officer. Anything said without a warning is not—

Some hon. Members: Oh, oh!

Mr. Baldwin: The Solicitor General wants it both ways. He wants to be able to stand up in the House and say, "I went there without any intention of laying a charge. I went there as a friend and as a fellow member". But he took with him the chief law enforcement officer of the—

Some hon. Members: No, no!

Mr. Baldwin: That is exactly what happened. That is a completely new and unique situation about which we have to worry. I know the hon. member for Leeds. He has taken into account what has been suggested. He has no intention or desire to do any damage to the security of this country. As I understand the situation, it was because the government was refusing to act, or not prepared to act, with regard to security matters that the hon. member for Leeds, with courage, rose in the House and asked those questions.

Some hon. Members: Hear, hear!

Mr. Stevens: That is the truth.

Mr. Baldwin: They stand convicted by their own words of very improper and indecorous conduct. Irrespective of what

happens on the issue regarding the Official Secrets Act, we cannot leave uncontested and unchallenged the conduct of the Solicitor General and his minion whom he took with him in an attempt to intimidate and coerce the hon. member for Leeds into making statements and confessions, under the pretence and guise of being his friend. That is conduct which cannot be forgiven.

Some hon. Members: Hear, hear!

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I will attempt to be as brief as I can. I should like to make two points arising out of the contribution of the Prime Minister (Mr. Trudeau) to this very important question of privilege, one of which I believe was important and well taken; the second of which I believe is specious and offensive. I will deal with the first one in a moment. The second one concerns the right hon. Prime Minister sitting in judgment on the patriotism of his colleagues in the House of Commons. That is completely offensive to any hon. member. I do not want to attribute to him any qualities of judgment which might put him in that exalted position.

The history giving rise to this debate started at least 10 or 11 days ago, I believe on February 21. If the assurances given to us today are true—and I doubt that—a vigilant and diligent Solicitor General (Mr. Blais) would have been warned that a very important document had apparently left the control of the security services at that time. The questions which were put in the House by the hon. member for Leeds (Mr. Cossitt) over a period of days and weeks were not such as to embarrass the government because of a leaked document. They were such as to embarrass the government because, in the opinion of the hon. member for Leeds—and that opinion is shared by many—it was not diligent enough in enforcing security matters in this country.

Some hon. Members: Hear, hear!

Mr. Jarvis: There was no suggestion that the hon. member for Leeds, or any other member who was asking questions at that time, was embarrassing the government because there was a leak in the security services. The thrust of the questions was: get with it and do something, because assurances have been given in the House since last November, which the government has had to back up on time and time again.

When the minister responsible for inter-governmental affairs asks us to accept his assurance of the importance of this document, I will not accept it, because we have received assurances since last November which the government has backed down on.

Some hon. Members: Hear, hear!

Mr. Lalonde: Don't you believe the RCMP?

Mr. Jarvis: I am not going to deal with the hon. minister any more. He is not worth it.

Some hon. Members: Oh, oh!

Some hon. Members: Right on!

Mr. Jarvis: The Prime Minister indicated quite well the choices that were available to the government. One choice was search and seizure or arrest. If anyone reads the act, he will see that choice was open to the government. The Prime Minister laid out that choice very well, and I accept that. The other choice was to solicit the co-operation of a member of the House. The Prime Minister's telephone call to the hon. Leader of the Official Opposition (Mr. Clark) was well taken. It was incumbent upon him to do that, and I compliment him for it. With respect to the role of the hon. Leader of the Official Opposition having received that call, the Prime Minister pointed out the alternative. I believe the hon. leader of my party operated honourably in terms of discharging that responsibility.

I thought there was an alternative of going to Mr. Speaker and saying, "This is the problem. Will you act as arbitrator?". That was alluded to by the hon. member for Winnipeg North Centre (Mr. Knowles). That can be forgotten, and we can return to the other two alternatives: search and seizure or arrest on one hand, co-operation on the other. Where I quarrel with the Prime Minister is that he did not do either. He embarked on a fumbling, stupid expedition to the member's office, heavy handed, bullying intimidation.

• (1712)

Some hon. Members: Hear, hear!

Mr. Jarvis: It was completely incompetent. Clearly he should have followed either of two choices. It may have given rise to a question of privilege, but not of the seriousness of the matter with which we are dealing today, nothing compared with it. A search warrant, of which Mr. Speaker may have been apprised, could have given rise to a question of privilege, and an effort to enlist co-operation in the ordinary manner could have—although it is not likely—given rise to a question of privilege. But that is not what happened, as the hon. member for Peace River (Mr. Baldwin) pointed out.

Into the hon. member's office came, first, the Solicitor General, second, the chief security officer of the Crown, and third, a document was brought showing what would happen in terms of choices available to the government if the hon. member did not co-operate. I use the word co-operate very loosely because that is not co-operation but, as was pointed out by the hon. member for Yukon (Mr. Neilsen), it was intimidation of the clearest form. When the Minister of Transport (Mr. Lang) starts talking about the law, let me tell you that he now knows less about the law than he knows about transport, and that is rather remarkable because he knows nothing about transport.

Surely the Prime Minister must acknowledge, with respect to those two clear alternatives, that the mess in which we are now—and it is a serious one—is because he took neither choice. He did not take advantage of the right under the Official Secrets Act for search and seizure, nor did he solicit in

any ordinary, acceptable way, the co-operation of a member of the House, and he has to pay the price for it.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. Much has been said this afternoon about the position of the Chair in respect of search warrants. The hon. member for Winnipeg North Centre (Mr. Knowles) made some reference to the practice that had taken place in an earlier case. That was a situation in which the circumstances were somewhat different from this, and I want to outline to the House the procedure that I followed on that occasion.

In that situation we were dealing with an investigation that had been ordered by me into allegations of misconduct on the part of a member. It was evident that, certainly if the Chair was not about to take action in that respect in the face of public allegations of misconduct, the matter would have been raised in the House in some way and some resolution or decision of the House would have been sought to take the same step. Therefore the action was seen to be one that was warranted on behalf of the House in the circumstances. In the face of public allegations of that sort an investigation was immediately ordered. Therefore, when the conclusion of that investigation was that a search of a member's office seemed to be in full keeping with the proper course of the investigation, and since it was at our request that the investigation had been made, it seemed to me to be rather untoward to suggest that the investigation should be thorough to that point only but should not be thorough enough to complete the search, if that was sought.

However, as the hon. member for Winnipeg North Centre indicated, I did require, if it was the intention to proceed with a formal charge, that a formal charge be laid and that, in conjunction with that charge, a search warrant be obtained and that I then be presented with those two things as a *fait accompli*. Having done that, after the first request I consulted the House leaders to advise them that the request had been made and of the step I had taken in telling the investigators to complete their work, and if they felt a search was necessary in the circumstances, to come back. They completed their work and came back with the information, and a search warrant accompanied the sworn information or the charge. Again I called the House leaders into consultation and asked them. "We are faced with this as a *fait accompli*, what do we do now?" I think I am being fair in saying there was a consensus that it would be improper to prevent in any way the execution of that search in the given circumstances. I say that as an indication that in a situation in which an investigation was ordered by the Chair, that was the attitude I took.

I would certainly think that my attitude, in attempting to safeguard the rights of members in the same way, would at least be the same, in the face of the situation where a warrant was being sought under circumstances in which it was contested, or in a controversial situation. May I therefore say for the benefit of the House that the procedure I would follow, if the option is pursued, would be precisely the same.

It is not for the Chair to decide, as has been suggested, nor indeed for the House to decide, if matters of national security are at issue, because we have no mechanism for making that decision, and it is not for the Chair to decide if an offence is suspected or being committed. It is not a decision that the Chair can make. However, if I am advised by the Prime Minister (Mr. Trudeau), upon his best advice, that a matter of security is at issue and that, in conjunction with that matter of security, an offence of some sort is suspected, and also that a search of premises in these buildings is indicated, I would certainly immediately call the House leaders together to indicate to them that I have been advised by the Prime Minister of the circumstances and that, unless somebody could persuade me otherwise, it would be very difficult for me to indicate that the matter should be turned back.

However, we are in a hypothesis because the step has not been taken. Having taken that step and followed that course in the past, I would insist on that kind of assurance in the first place before I called the House leaders together. What would happen then remains to be seen. This is for the guidance of the House, and it is by no means a definitive decision or a precedent by way of laying down practice for other Speakers. It is the way I would proceed in the circumstances.

As I indicated earlier, many of these questions remain unresolved. They will have to be researched further to determine whether or not there is authority for any of the several other propositions that were advanced here today or whether in fact I am acting properly if I follow those steps. Precedents tells me that I have acted properly in the last instance. I would want to be quite sure, because of the controversial nature of this matter, that I am acting according to precedents, were I to follow the same course. Certainly that course would be the minimum that I would want to follow in endeavouring to safeguard the long-standing right that no member's premises are subject to search in this building without the permission of the Speaker. Whether or not an order of the House is required is a new proposition which will have to be investigated. However, it will take some research and some time.

On the arguments that have been put forward by both sides today, obviously the Chair will have to take some time to come to a resolution. Again I come back to the fact that, so far as the Chair is concerned, we are in a hypothetical situation. However, the hon. member for Leeds (Mr. Cossitt) raised a question today and said he was visited by the Solicitor General (Mr. Blais) in his office. I suppose that theoretically it is possible to suggest that an uninvited visit by anybody, including another member of the House of Commons, might be a matter of privilege. I do not know that; I suppose that argument can be put forward. There is no motion attached to the hon. member's question of privilege at this time and no matter is before me at this time for a definitive decision.

What the hon. member for Leeds asked today was for permission to raise the matter, which indeed has been well contributed to on all sides of the House, and the reservation of his right, which of course is unquestioned, to carry the matter further depending on what circumstances take place. There-

fore, in that sense the matter remains in a hypothetical state as well. I would only hope, because of the contributions that have been made, that between now and when the House resumes tomorrow at eleven o'clock some enlightened wisdom will visit both sides which may lead to some resolution which will prevent a confrontation. If there continues to be a state of confrontation tomorrow, the argument will have to be finalized in some way so that the Chair can deal with it.

Mr. Cossitt: Mr. Speaker, I was absent from the House for a few moments, but I understand that the suggestion was made that I consider turning over anything I have to Mr. Speaker. I feel that your suggestion may have some merit. I do not mean to be critical of the Chair, and perhaps that is the wrong phrase to use, but I would like time to consider the matter.

I regret to report to the House, Mr. Speaker, that I have evidence that since the House met at two o'clock this afternoon my office was entered by persons unknown. I do not know who they are, but my office was entered. I would like to ask if permission was received from Your Honour, the Sergeant-at-Arms or any person responsible for giving such permission.

● (1722)

Mr. Speaker: Order, please. The hon. member has been able to watch me since two o'clock this afternoon, so I think the answer to the question about permission from the Chair is clear.

However, I have indicated that the matter remains in a state of reservation at least until tomorrow when the House sits at eleven o'clock. I think the matter ought to stay under reservation to see if it resolves itself. If it is still a matter of contention at eleven o'clock tomorrow, at twelve o'clock after the question period I hope the matter will be put into some form so that the Chair can deal with it in a definitive way.

Mr. Nielsen: One further point, Mr. Speaker—

Mr. Speaker: Order, please. I do not know under what authority the hon. member for Yukon (Mr. Nielsen) is seeking the floor at this time. The discussion on the question of privilege has been contributed to by him. There cannot be further discussion by him on the same question. Does the hon. member have a separate matter to raise now?

Mr. Nielsen: Mr. Speaker, if need be, it will be a separate matter because it is far too important to let lie. This matter arises out of Your Honour's remarks with respect to the suggestion that if the hon. member for Leeds (Mr. Cossitt) had any documents, he might leave them in Your Honour's possession over the week end.

An hon. Member: That is not separate.

Mr. Nielsen: Yes, it is separate. There are two points which lead me to suggest that the suggestion is ill-conceived. In the first instance, in my view it would compromise the Chair, if there are such documents in existence, to place them in Your Honour's possession. Second, it would certainly compromise any possible future charges which might be laid, if that be the intention of the government, with respect to the hon. member for Leeds. With the greatest of respect I say that Your Honour should not be requesting any disclosures by the hon. member for Leeds at this stage. Those are two very sound positions.

Mr. Speaker: I do not understand the suggestion to be that any disclosure be made about the nature of documents. There was a suggestion made only in the sense that the Chair might be asked to reserve for some time or the hon. member might want some time to seek advice. The possible suggestion was that one way to facilitate matters or to eliminate any risk of security, if one exists, would be to follow a course of that kind. However, the idea was certainly not perfected, and it would have to be worthy of serious consideration in great detail before it could be perfected because it is fraught with difficulties.

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I would like to raise a matter on the same point. In the research that might be done on behalf of the Chair over the next little while, I suggest that two further points are very important and that they should be considered. The first is whether this is within Your Honour's jurisdiction.

I fully appreciate that what Your Honour may possibly be doing is extending something far beyond the Criminal Code in relation to permission for the execution of a search warrant in this building. I do not think there is any question that the precedents, both in this country and in the Mother of Parliaments, are such that they permit the Chair to do just exactly that in relation to the Criminal Code. I emphasize that in this matter we are not dealing with the Criminal Code.

Under the criminal law of this jurisdiction there are very specific instances—hoary with tradition and age—which deal with the integrity of people, the morality of people, and physical violence. Those matters are specifically included in the Criminal Code. The Official Secrets Act of this country is not by any stretch of the imagination part of the Criminal Code. It cannot be, simply because there are no standards laid down.

Under the Official Secrets Act the Attorney General of Canada has to consent before any prosecution can take place. The statutory enactments contained in the Criminal Code are not contained in the Official Secrets Act. I suggest that it is possible that there are people within govenment who believe quite sincerely that the interests of the government are tantamount to the interests of the state. That may not be the case, and I suggest that we may well be treading on very dangerous ground as far as the basic security of freedom of speech is concerned, not only in this country but even more important—because we are the symbols of freedom of speech—in parliament. There has never yet been a Speaker under the British parliamentary system who has extended those rights which are normally in the Criminal Code to a statute the type of which we have in Canada in the Official Secrets Act. This is an extremely important matter.

The second point I would like to make is with regard to research and the reporting of it to the House. I may not have understood Your Honour's words in this regard, but it seems to me that Your Honour is saying that because you have not been informed that any prosecution has been started, or that the Attorney General has given his approval for a prosecution, or that a writ of search and seizure under the Official Secrets Act has even been issued, therefore this is all hypothetical and may not even be a question of privilege. I would like to suggest that Your Honour's research should include the very basic question that a threat to a member of this House, in this building and in his office—not necessarily an act but the threat of an act—does not constitute a breach of the privileges of a member of this House and does not fall within Your Honour's jurisdiction. Sir, I think—

Mr. Speaker: Order, please. The latter point raised by the hon. member relates to my last remarks. At the moment the matter has not perfected itself as to form in terms of a question of privilege, so I do not have before me the ingredients of a question of privilege in a definite form which enables me to deal with it. If that is what is included in any motion which is ultimately put by the hon. member for Leeds (Mr. Cossitt), that is what we will research.

* * *

POINT OF ORDER

MR. STEVENS—ANSWER BY MINISTER OF FINANCE DURING QUESTION PERIOD

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a point of order. In the question period the hon. member for Abitibi (Mr. Laprise) put a question to the Minister of Finance (Mr. Chrétien) concerning the rate of interest payable on the $200 million which will be taken down pursuant to the $1.5 billion line of credit. The English translation—and I checked this with the French side of *Hansard*—heard the minister state that it was three eighths of 1 per cent over the LIBOR rate in London. I believe that was an incorrect representation. I believe the figure should be five eighths of 1 per cent over the LIBOR rate, and I would like the minister, if he so wishes, to correct the record.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, on the same point of order, I sent Your Honour a note during the question period telling you that I meant to say five eighths. I said three eighths; my staff verifies that. I have seen the blue. I was so sure that I said five eighths that I checked the blue, but in fact I did say three eighths. The rate is five eighths above the London rate for the first three years and, to be more precise, three quarters after three years.

[Mr. Lawrence.]

OFFICIAL REPORT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I would like to have a correction made in *Hansard* for Tuesday, February 28, at page 3331. I was speaking in the late night adjournment debate. I have written to the *Hansard* office about this. I compared what is recorded in *Hansard* against the television recording, and there are a great many differences. Lines have been left out, there are gaps, sentences have been changed around and sentences have been left out. I realize that *Hansard* has a very difficult job and that I do not speak from a text. I speak quickly. I have great sympathy for the *Hansard* reporters, and I recognize the great job they do, but I must make a complaint about this.

I would like to correct the third paragraph on page 3331. It now states:

> On February 15 during a television program the Secretary of State for External Affairs (Mr. Jamieson) pretended the Gull Island program is now going ahead just because there is an election coming.

I did not say that in relation on the Secretary of State for External Affairs. I referred to the first ministers conference and said it was televised and that on February 15 the Minister of Energy, Mines and Resources (Mr. Gillespie) pretended the Gull Island program was now going ahead, not the Secretary of State for External Affairs. Further down in the same paragraph the report reads:

> ● (1732)
>
> This was the most dishonest television program ever seen in the history of television. The Secretary of State for External Affairs should have been given an enema award instead of an Emmy award.

I meant to say that the Minister of Energy, Mines and Resources should have been given an enema award instead of an Emmy award. I should like to have that corrected because I want to make sure the right minister is identified as getting that award.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, because of the matters that took place earlier and as you are aware by looking at the clock, the allotted day which was designated for the New Democratic Party has virtually been used up. There has been some discussion among House leaders about the way in which the right to use the day by an opposition party might be protected. That discussion has led all of us to the conclusion that perhaps if this day was designated as an opposition day or an allotted day, it ought to be now undesignated and we ought to use the balance of this day for government business. That would be on the understanding that an allotted day would be reserved to the New Democratic Party at a time we might discuss. To be fair it would have to be a long day.

The other side of this question and the *quid pro quo*, not unreasonable in the circumstances, is that we would deal with the bill affectionately known as COLURA and the CNR

financing bill through the balance of the day to complete the stage at which those bills are now, that is, second reading in both cases, by the time the House rises on Friday. I have consulted with my colleagues and we are prepared to go ahead on that basis. I think that would be the most fair way to deal with the matter, preserving the allotted day and giving the balance of time to the government.

As well, in the event that a vote was called with respect to either of those matters of government business, those votes would be deferred until a time to be discussed by house leaders. I think that is a reasonable way to settle the use of the balance of the day.

Mr. Cafik: Mr. Speaker, the proposition put forward is one that has been negotiated among the house leaders. If I could restate it, our condition would be that there be a house order that all questions relative to Bill C-17 and Bill C-7 would be disposed of by the time the House has completed its normal sitting tomorrow, and in the event of a vote, the vote would be deferred to a time determined by House leaders.

If that is agreed by all members we could proceed with Bill C-17, starting now, which is the CNR recapitalization bill, and then move on to COLURA.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the House leader for the official opposition and the deputy House leader for the government have correctly stated the agreements we reached during the last hour or so. If I might just restate the matter as we understand it, it is that today, which was to have been our allotted day, will be undesignated and another day given to us, the exact date to be determined after consultation. It is understood that just as we had the right to a vote on the motion at the end of today we will have that vote—it may be one day next week—on the same subject matter.

The other part of the arrangement is that we will deal with government business for the rest of today and tomorrow. We are prepared to agree to a House order that the second reading stages of Bill C-7 and Bill C-17 be concluded by four o'clock tomorrow.

As a contribution toward making that possible, and because Bill C-7 is so technical that it ought to be dealt with in committee, we are prepared to let that bill have second reading without debate. So far as we are concerned any time available could go to Bill C-17. We are not asking others to give up the right to debate Bill C-7 but we think this arrangement can be carried through.

Mr. Speaker: Order, please. The House would then require, by unanimous consent, an order that, by motion of the deputy House leader, seconded by the Minister of Transport, today's designation as an allotted day be annulled with the preservation of the right to the New Democratic Party to enjoy a same day to be designated which will lead to a vote as it would have done today; and that the House will then revert to government business upon orders of the day later this day and proceed to deal with Bill C-7 and Bill C-17; and that it is understood that both matters will finalize second reading by the ordinary hour of adjournment tomorrow. If any vote is necessary at second reading, that vote will be deferred until a time to be specified.

The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

Mr. Baker (Grenville-Carleton): I think it was understood by the hon. member for Winnipeg North Centre (Mr. Knowles) that the very important subject of the status of women would be the subject on that full opposition day when it occurs.

Mr. Knowles (Winnipeg North Centre): It will be the same motion moved by the hon. member for Oshawa-Whitby (Mr. Broadbent) put down under Standing Order 58(9), which means there will be a vote.

Mr. Baker (Grenville-Carleton): Mr. Speaker, with respect to the business of the House, and since we have disposed of business for the balance of the week, I wonder if the acting government House leader could confirm government business for next week. There is the question of designation of certain other allotted days. Would he rather designate now or wait until there is full discussion?

Mr. Cafik: Mr. Speaker, in so far as business for next week is concerned, it had been agreed by House leaders that next Tuesday, March 7, would be designated as an opposition day; I do not mean that as being the replacement day in the motion we have just dealt with. Next week we will also be dealing with the bill appointing the comptroller general, Bill C-12, and Bill C-26, an act to amend the Criminal Code, the Crown Liability Act and the Post Office Act.

In light of the events that have taken place today there may be need for further adjustment in the orders I have laid down, and as the House leader is not here I should like the opportunity to discuss this matter. There may be some flexibility in the points I have made today.

While I am on my feet, Mr. Speaker, I wonder whether I properly detected a feeling that Bill C-7, COLURA, could be disposed of without debate. If that is the case we could call it in advance of the CNR bill; but if that is not the case we would proceed with the CNR bill and then go to COLURA later this day or tomorrow.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I think we had better proceed with the CNR financing. I do not believe debate on COLURA will be long but I do not think I could say there would be no debate at all.

Order Paper Questions

ROUTINE PROCEEDINGS

● (1742)

[*Translation*]

MISCELLANEOUS PRIVATE BILLS AND STANDING ORDERS

TABLING OF FIRST AND SECOND REPORTS

Mr. Gérard Loiselle (Saint-Henri): Mr. Speaker, I have the honour to table, in both official languages, the First and Second Reports of the Standing Committee on Miscellaneous Private Bills and Standing Orders.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 147, 721, 761, 783, 789, 1,094, 1,168, 1,217, 1,220, 1,248, 1,249, 1,252, 1,253 and 1,255.

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

[*Text*]

TRANSPORTATION FOR MINISTER OF STATE FOR FITNESS AND AMATEUR SPORT

Question No. 147—**Mr. McKinnon:**

1. With reference to the answer to Question Nos. 2,538 and 2,881 of the Second Session of the 30th Parliament, was the cost for the trip of the Minister of State for Fitness and Amateur Sport while in Europe, calculated on a 24 hour per day basis for a total of $378,504 and, if not, what calculations were used?

2. What was the total cost to the public of Falcon flight 3013, which left Canada, Uplands Airport on April 20, 1977, until the time when the Minister of State for Fitness and Amateur Sport finished using the plane and returned to Canada?

Hon. Barney Danson (Minister of National Defence): 1 and 2. The Falcon aircraft in support of the Minister of State for Fitness and Amateur Sport in accordance with the schedule listed in question No. 2,538 of the second session of the thirtieth parliament flew a total of 27 hours, thirty minutes. For further details see question No. 2,881 of the second session of the thirtieth parliament.

CANADIAN HOME INSULATION PROGRAM

Question No. 721—**Mr. Marshall:**

1. What is the number of employees on staff at the CMHC Montreal office on the Canadian Home Insulation Programme?

2. (a) What was the number of calls received by the office in (i) September 1977 (ii) October 1977 (b) what is the breakdown, by province (c) how many of the callers were eligible?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. At November 30, 1977 the Canadian Home Insulation Program had 64 employees on staff at its Montreal office, 48 of whom were regular and 16 contract.

2. See table below.

Canadian Home Insulation Program

September–November 1977

	September			October			November		
Province	Calls Received	Kits Requested	Applications Received	Calls Received	Kits Requested	Applications Received	Calls Received	Kits Requested	Applications Received
Newfoundland	315	554	8	359	499	54	199	369	34
New Brunswick	1,143	2,530	14	695	1,769	173	410	695	337
Quebec	650	53	—	364	65	—	387	82	—
Ontario	10,282	19,119	65	7,259	16,509	1,236	4,625	7,028	2,271
Manitoba	937	1,881	11	648	1,500	161	484	715	203
Saskatchewan	431	1,068	2	448	1,071	67	495	918	125
Alberta	17	2	—	11	7	—	24	7	—
British Columbia	2,259	4,620	13	2,017	3,723	380	1,254	2,078	526
Yukon and Northwest Territories	6	6	—	4	12	1	6	5	—
Canada	16,040	29,833	113	11,805	25,155	2,072	7,884	11,897	3,496

SALES OF CANDU REACTORS

Question No. 761—**Mr. Howie:**

Since January 1, 1977, what amount was paid, and to whom, by Atomic Energy of Canada Limited for agent's fees, sales commissions or expenses in respect of sales of Candu reactors?

[Mr. Baker (Grenville-Carleton).]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Atomic Energy of Canada Limited reports as follows: Nil. However, retainer fees of $4,000 were paid on June 15, 1977 and November 23, 1977 to Gebhart Y Associados, Consultores, Apartado postal 5-901, Mexico, D.F. for representational services rendered in marketing Candu power stations.

UNION HIRING HALL REGISTRATION

Question No. 783—**Mr. Herbert:**

1. Is a claimant for unemployment insurance, who is registered at a union hiring hall, obliged to be registered also at an office of the Department of Employment and Immigration?

2. When an office of the Department of Employment and Immigration receives a request for labour for which union hiring halls have been established, what action is taken?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. No. Registration at a Canada Employment Centre is not obligatory for a member of a union hiring hall who is claiming unemployment insurance. However, following a reasonable period of time, the member of the union hiring hall is required to carry out an active job search if there are job opportunities in his occupation in the area in which he resides. He may be referred for registration at a Canada Employment Centre when suitable employment opportunities appear to exist in alternate or related occupations.

2. Normally, the Canada Employment Centre receives such requests only when the union has been unable to supply the required labour in accordance with the terms of its contract with the employer. The CEC will search for suitable workers in the normal manner and refer them to the employer or the union local according to the request. All actions taken in these cases are carried out in co-operation with the employer and the local union and are governed by the terms of the collective bargaining agreement.

ABORTION CLINICS

Question No. 789—**Mr. Herbert:**

1. Is the government aware of the recent statements that many doctors are now operating abortion clinics similar to that operated by Dr. Morgentaler?

2. Has the government conducted an investigation into the allegations and, if so (a) with what results (b) is legislative action contemplated?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): In so far as the Department of Justice is concerned: 1. No. See answer to question No. 2.

2. Not applicable. Any allegations of this kind would be within the jurisdiction of the provincial attorneys general.

CBC—"THE TAR SANDS"

Question No. 1,094—**Mr. Schellenberger:**

1. What was the total number of CBC employees involved with the production of the film "The Tar Sands"?

2. What is the name of each person involved with (a) research (b) editing during any stage of the film?

3. What is the name of the producer of the film?

4. What was the total number of working hours of CBC employees spent on the production of the film, including preparation, editing and public presentation?

5. What was the total number of persons interviewed during any stage of the production of the film and what is the name and address of each such person?

6. What is the name of each location in Canada visited during any stage of the production of the film?

7. What is the name and location of each television station which has included the film in its programming to date?

8. What percentage of Canada's population will have been covered by the television stations which have included the film in their programming to date?

9. Was the film presented to the public, other than through the television media, inside or outside of Canada at any time and, if so (a) in what locations (b) to whom (c) on how many occasions?

10. Will the film be presented to the public, other than through the television media, inside or outside Canada in the future and, if so (a) in what locations (b) to whom (c) on what dates?

11. What was the salary of each person employed by CBC while involved with any stage of the production of the film and what was the total salary cost to CBC?

12. What was the total cost to CBC for (a) travel (b) food (c) lodging (d) related expenses (e) the use of any stage facilities, during the production of the film?

13. What was the total cost to CBC for network time required for the public presentation of the film and on what basis was it calculated?

14. What was the total cost for the production and presentation of the film?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: since a legal action has been commenced against the corporation in respect of "The Tar Sands", it would not be appropriate to reply to this question. See Beauchesne, fourth edition, section 171(p).

FACTORY THEATRE LAB

Question No. 1,168—**Mr. Cossitt:**

1. Did the Canada Council make grants to the Factory Theatre Lab of Toronto and, if so (a) in what amounts (b) on what dates (c) what was the total amount of such grants (d) in each case, for what reason and what were the merits that were considered to make it suitable?

2. In any one year, did the Council give the Factory Theatre Lab a grant in the amount of $55,000 and, if so, on what date?

3. To the knowledge of the Canada Council or the government, did the Factory Theatre Lab produce a play entitled "Winter Offensive" and, if so, does the play include (a) references to the insatiable sexual urges and sadistic drives of Mrs. Adolf Eichmann (b) characters Albert Speer, Joseph Goebbels, Adolf Hitler and Adolf Eichmann (c) a simulated sight of a wounded man whose insides were spilling outside on the floor (d) a scene in which a Jewish manservant and maidservant are forced to strip with their hands bound behind them and engage in a battle to the death with their teeth (e) a scene of one of the characters smearing his face with human excrement?

4. To the knowledge of the Canada Council or the government, did a critic refer to the play as "repellent garbage" and another "reminiscent of a piggery at rutting time"?

5. Is it government policy to allow the Canada Council to supply public funds to theatre companies producing plays of this nature and, if so, on what date was the policy introduced, who introduced it and will steps be taken to change it?

Hon. John Roberts (Secretary of State): I am informed by the Canada Council as follows: During the current fiscal year the Canada Council made 2 grants to the Factory Theatre Lab. (a) $55,000; $5,000 (b) June 20, 1977; November 16, 1977 (c) $60,000 (d) The first was an operations grant awarded to support the overall activities of the Factory Theatre Lab for the 1977-1978 season. These include: developing a body of original Canadian plays through workshops and major productions; script-reading and dramaturgical services; the exploration of experimental theatre concepts; teaching and other community and services. The second amount was awarded for

special workshops where playwrights can see their work produced on stage.

2. See answer to 1.

3. Yes.

4. Yes.

5. In the case of operations grants, the Canada Council's policy is to provide theatre companies of proven artistic merit and accomplishment with awards that apply to the overall activities planned for a given season. Although companies are required to submit plans and budgets, Council members or officers do not read the scripts of proposed plays nor interfere with the policy or choices of the artistic director.

TRAINING FOR DISADVANTAGED OR SPECIAL NEEDS CLIENTS

Question No. 1,217—**Mr. Marshall:**

1. Of the amount of $71,539,796 spent on training for the disadvantaged or special needs clients, what is the breakdown of the number of persons taking courses in the Province of Newfoundland under (a) BTSD (b) BJRT (c) WAT (d) Industrial Training Special Needs?

2. At what centres in Newfoundland are such courses being held?

3. Of the amount expended, what is the breakdown, by province?

Hon. Bud Cullen (Minister of Manpower and Immigration): 1. Of the $71,539,796 spent on training for the disadvantaged or special needs clients in 1976-77, the breakdown for Newfoundland of trainees who commenced training in the following courses is: (a) BTSD: 574; (b) BJRT: 38; (c) WAT: 33; (d) Industrial Training Special Needs: 68.

2. The above types of courses are being offered in the following Newfoundland centres: Corner Brook, Stephenville, Port aux Basques, Grand Falls, Gander, Springdale, Happy Valley, Labrador City, St. John's, St. John's East, Memorial University, College of Trades and Technology, Newfoundland College of Fisheries, Harbour Grace, Marystown, Placentia, St. Anthony, Clarenville, Rocky Harbour.

3. Of the total amount expended for Canada for disadvantaged or special needs clients, the breakdown by province is as follows: Newfoundland: $3,345,333; Prince Edward Island: $1,362,396; Nova Scotia: $4,956,837; New Brunswick: $3,182,815; Quebec: $25,048,542; Ontario: $14,452,890; Manitoba: $4,882,258; Saskatchewan: $3,990,587; Alberta: $3,354,056; Northwest Territories: $872,876; British Columbia: $5,893,608; Yukon: $197,598; CANADA: $71,539,796.

ECONOMIC GROWTH COMPONENT OF CANADA WORKS PROGRAM

Question No. 1,220—**Mr. Marshall:**

What are the details of the Department of Manpower and Immigration's discussions interdepartmentally and with the provinces on the economic growth component of the Canada Works Programme?

Hon. Bud Cullen (Minister of Employment and Immigration): Discussions with federal departments and agencies on the Economic Growth Component of Canada Works have been ongoing since September, 1977. Initial proposals under the Economic Growth Component have been reviewed by the interdepartmental committee on employment development. Discussions with provincial ministers responsible for manpower matters on the Economic Growth Component occurred during the recent joint meeting of ministers of education and manpower in Victoria.

ORDERS IN COUNCIL

Question No. 1,248—**Mr. Cossitt:**

How many orders-in-council have been passed in each of the past five years for which records are available and (a) what is the total number for the period of time involved (b) in each total how many were classified as top secret, secret, etc.?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): (a) 1977, 3,746; 1976, 3,326; 1975, 3,070; 1974, 2,895; 1973, 4,128; Total: 17,165. (b) None were classified.

RICE PLANT—FORT ALEXANDER INDIAN RESERVE

Question No. 1,249—**Mr. Epp:**

1. Did the government contribute to the rice plant at the Fort Alexander Indian Reserve and, if so, in what amount?

2. Has the plant been placed under receivership and, if so, by whom?

3. Who are the directors of the plant and what is their present capacity with relation to the Fort Alexander Indian Reserve?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. Yes, as follows: Loans, $496,-000.00; Contributions, $83,400,00; Guarantees, $354,000.00; Total: $933,400.00.

2. Yes, the Department of Indian Affairs and Northern Development accepted a band council resolution from the chiefs of the 17 Indian Bands mentioned in part 3, consenting to voluntary dissolution of the co-op and appointing a receiver.

3. The co-op has not operated since 1974. The board of directors consisted of elected chiefs of the seventeen Manitoba Indian Bands listed below: Hollow Water, Fort Alexander, Fisher River, Peguis, Lake Manitoba, Brokenhead, Fairford, Lake St. Martin, Little Saskatchewan, Little Black River, Waterhen, Little Grand Rapids, Berens River, Bloodvein, Poplar River, Buffalo Point, Jackhead. All of the directors resigned from the board in 1976.

SALT BED DISPOSAL SYSTEM FOR RADIOACTIVE WASTES

Question No. 1,252—**Mr. Robinson:**

Is the government aware of the West German government's exploration of the advantages of a salt bed disposal system for radioactive wastes and, if so, is the government studying the feasibility of such a system for Canada?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Atomic Energy Control Board reports as follows: the Canadian government is well aware of the work that is being carried out internationally, to study the various geological land formations, with respect to their suitability for use as

media for deep disposal of radioactive waste. This includes the work being done in West Germany on the use of "salt domes", and not salt beds as suggested in the question. The Canadian radioactive waste disposal program presently includes the study of rock-salt as a disposal medium, but the main thrust of the program involves the detailed study of hard crystalline, non-plastic rock such as stable granite structures which are found along the Canadian shield in great abundance.

PRIME MINISTER'S OFFICE—USE OF GOVERNMENT AIRCRAFT

Question No. 1,253—**Mr. Cossitt:**

1. With reference to the Prime Minister's reply to a question by the Honourable Member for Leeds on May 31, 1977, page 6109 of *Hansard*, in part, to the effect that the Liberal Party would reimburse the government for public funds expended in the use of government aircraft flying the Prime Minister to certain points while campaigning in certain by-elections (a) on what date was the Liberal Party billed and what was the amount (b) has the account been paid by the Liberal Party to the government and (i) if so, in what amount and on what date (ii) if not, what steps are or will be taken to collect it?

2. (a) What type of aircraft was used for each flight involved (b) what were the points of departure and destination (c) what was the cost per flying hour and waiting time and what was the total cost of all flights concerned?

3. Did the bill to the Liberal Party include anything other than flying time such as accommodations, food and drink, etc., and, if not, for what reason?

Right Hon. P. E. Trudeau (Prime Minister): 1. (a) December 15, 1977, $2,251; (b) Yes. (i) January 17, 1978, $2,251.

2. (a) May 19, 1977, JetStar; May 21, 1977, JetStar; May 21, 1977, Helicopter. (b) May 19, 1977, Quebec to Summerside; Summerside to Montreal. May 21, 1977, Ottawa to Rouyn; Rouyn to Ottawa. May 21, 1977, Harrington Lake to Ottawa; Ottawa to Harrington Lake. (c) May 19, 1977, JetStar, $550 per hour x 2.20 hours: $1,284; May 21, 1977, JetStar, $550 per hour x 1.40 hours: $917; May 21, 1977, Helicopter, $100 per hour x 0.30 hour: $50.

3. No. Expenses were not incurred in this regard.

TARGET DATE OF NEW WHITE PAPER ON DEFENCE

Question No. 1,255—**Mr. McKinnon:**

What is the target date for the publication of the new white paper on defence?

Hon. Barney Danson (Minister of National Defence): Work is proceeding on the development of a new white paper on defence, but no target date has as yet been set for publication.

[*English*]

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

Some hon. Members: Agreed.

Mr. Speaker: Order, please. I will have to take some direction from the House. Having now reverted to a goverment day do we find ourselves calling it six o'clock, or do we now endeavour to revert to government orders and call orders of the day? It is simpler to call it six o'clock.

Some hon. Members: Six o'clock.

Mr. Speaker: It now being five o'clock the House will proceed to the consideration of private members' business. However, it being six o'clock I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House resumed from Thursday, February 9, consideration of the motion of Mr. Lang that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I welcome the opportunity to participate in the debate on Bill C-17, the CNR Capital Revision Act. The purpose of the bill is to cancel as of December 31, 1977 $808 million of debt owed by CNR to the government. According to the minister's press release of December 19, 1977, acceptance of the bill will give the CNR a capital structure appropriate to a mature corporation and provide it with a realistic debt/equity ratio.

After the 1952 CNR recapitalization act, CNR had a debt/equity ratio of 32.71/67.3 per cent, compared to Canadian Pacific's 31.91/68.1 per cent. Since 1952 CN has been carrying a huge debt burden despite the fact that CP Rail has earned a profit every year and never missed a dividend.

I wish to state this party's position on this bill. Bill C-17 was first introduced on December 19 last year. The Prime Minister (Mr. Trudeau) urged the opposition to pass the bill immediately. We cannot pass it immediately, but we will not delay it unduly. We will allow the bill to go to committee where witnesses can be called to explain the implications of Bill C-17.

Since this is the third time CNR has come to parliament asking to be relieved of debt, since the CNR rail passenger service will be paid by the government through VIA rail on 100 per cent of its losses instead of its original 80 per cent, since Mr. Justice Emmett Hall recommended that the government pay the railways the difference between Crowsnest pass rates and the actual cost of moving grain and recommended the rehabilitation of the railways through PRA, both of which have yet to be implemented by the Minister of Transport (Mr. Lang), the Conservative party wants to strengthen the bill and

place safeguards in it to ensure that CNR will not again come to parliament to have its deficits picked up.

An amendment will be introduced to the effect that, should the CNR experience a deficit, the matter will be referred to the Standing Committee on Transport and Communications, whereupon the committee will be charged with a show cause hearing as to whether the CNR executive officer and board of directors should be removed for incompetence.

There is one very serious area, and that is with regard to the CNR pension fund. Very serious charges have been laid by the Canadian railways employees pension branch, the national headquarters, and by the British Columbia branch which is located in Vancouver. They have done an extensive study into the CNR pension fund and the manipulation of the fund over the last number of years. The government had Dr. Noel Hall conduct a study into the pension funds of the two railroads. He came up with a number of recommendations which have been completely ignored by the government. They have taken no decisive action after this extensive and costly report.

● (2012)

In the letter addressed to me by the association under date of February 15, 1978, the national president makes some serious charges in connection with the operation of the pension fund. The letter states:

> The Railway Companies from the beginning of the present pension plans (CNR on January 1, 1935 and CPR on January 1, 1937) have avoided playing to a very large extent into the plans. Each railway company owes many hundreds of millions of dollars to the plan or plans for its employees and pensioners.

We know that last year the CNR stated it had registered a profit. I hope the pension fund is not being mismanaged with a view to showing a profit. The reason I am raising this matter tonight is so that the government can investigate these charges and have answers ready for us when the bill is under consideration in committee. The letter goes on:

> In the last 10 to 15 years both railways have invested over a period of many years more than 60 per cent of the assets for which each is a trustee in common shares, real estate and high interest rate short-term mortgages. The result of this investment policy is that today, while inflation impoverishes pensioners, inflation is enriching the railway companies in their capacity as trustees. The pension trust funds are separate and apart from the funds of CNR and CPR. Each company owes tremendously large debts to these funds.

I do not know what the railways are doing with these funds but we shall certainly require answers in committee on this subject. The letter goes on:

> As a general rule inflation increases the income and values of common shares and real estate. The interest income on short-term mortgages, in inflationary times, is exceedingly high. To pay the fixed pensions guaranteed by the Railway Companies, earnings of 4% on the trust funds are required. Earnings above the rate of 4% result in large surpluses in the pension funds. The above large surpluses apply to the trust funds for those persons on pension.
>
> The Railway Companies in their capacity as trustees are holding pension trust funds for tens of thousands of employees. Wages and salaries are increasing rapidly, mainly due to inflation. The reserves for such pensions are increasing steadily as payments are deducted from pay cheques. CNR and CP Limited do not match the employees' payments on a current basis. Instead their actuaries calculate what the liability is of the Railway Companies. Inflation plus the failure of the Railway Companies to match the payments of the employees, is causing the liabilities of the Railway Companies to escalate at a rapid rate to very large amounts.

[Mr. McKenzie.]

> The increase each year in liability for employees exceeds the decrease each year in liability in respect to those who are now pensioners, beneficiaries or survivors. Therefore, on the whole operation the Railway Companies are able to present statements showing large net increases in liability to these funds. On that basis CNR and CP Limited plead poverty and inability to increase pensions to a figure that nearly approaches the increase in the cost-of-living.
>
> In ten years or maybe sooner inflation should wipe out the liability of the Railway Companies to that part of the funds established to pay those who are now pensioners, beneficiaries and survivors. Death of those now receiving such income will also be a major factor in reducing Railway Company liabilities.

These are serious charges, Mr. Speaker. The Railway Pensioners Association is to be publicly commended for the research it has done into the handling of these large pension funds which, it claims, have been manipulated by both railway companies. The letter continues:

> The railway companies plead poverty and inability to pay any of the cost of indexing pensions, yet if inflation continues for six to ten years it should be enough to wipe out the enormous pension liabilities presently owned by CN and CP.
>
> The philosophical differences concerning the role and function on pension plans is, in our opinion, very simply as follows:
>
> The Railway Companies have since the inception of these plans in 1935 and 1937 avoided the payment of their share of pension costs as long as possible, so as to be able to benefit from inflation,—if it should ever occur. (CNR and CP Limited each accumulated hundreds of millions of dollars in debts at an interest rate of 4 per cent per annum when interest rates were higher or much higher. Today, CP Limited pays 7 per cent per annum and CNR pays 7½ per cent per annum on their pension debts, while current interest rates are very much higher).
>
> Canadian Railways Employees' Pension Association advocates that all pension plans should be fully funded from the day the plan commences. When pension plans are fully funded and when an appreciable part of the assets are invested in common shares and real estate as they are today, increased income and increased values will become available to pay an appreciable part of the costs for indexing of pensions,—or they will revert to the employer, if the employer has "generously" guaranteed a "fixed" pension and, thereby, acquired the legal but not the moral right to skim off all the benefits of inflation, while pensioners, beneficiaries and survivors suffer all the bad effects of inflation.

If the railways are not fully funding these plans as called for in the original formula, I hope the parliamentary secretary will relay through the minister what I have said tonight in order that we may be given some answers at the committee stage. If the railways, and the CNR in particular—because it is a Crown corporation—have been manipulating pension funds, it is not a matter which can be taken lightly. The association goes on to say:

> Canadian National is making tens of millions of dollars per annum because of inflation. The company wrote off $371 million in 1968. Interest on that amount should be $37 million annually. The CN is paying 7½ per cent interest on one billion dollars whereas the company should be paying 10 per cent per annum. The increases approved by the CN board of directors on March 29, 1976, amounting to $2.3 million, are truly just a few crumbs from the banquet table. This banquet for CNR has been going on for many years but pensioners who are kept in the dark really appreciate those few crumbs.

If these large amounts of money are not being handled properly, the pensioners certainly have a legitimate complaint. They go on to say in this document:

> The preposterous guarantee (of fixed pensions for life based on earnings for a fixed period of time) made by CN and CP many long years ago is the means by which those pensioners are methodically deprived of purchasing power to an increasing extent as the years go by.

The document goes on to comment on the Noel Hall report. It states:

The Government of Canada has paid an appreciable sum of money for the Noel Hall Inquiry. The recommendations were sound and would be of great value to our society if implemented. The failure to implement these recommendations may properly be attributed to a failure by the Government of Canada to use its influence with CNR and CP Limited to whatever extent would have been necessary to put Dr. Hall's recommendations into effect.

The letter concludes:

The certified bargaining agents for both CNR and CP Limited have co-operated fully with the Railway Companies in their dealings in respect to pensions and have acted contrary to the best interests of all railway pensioners. To the extent that these so-called labour union leaders are associated with the New Democratic Party, that party is culpable.

This document is signed by J. Earl White who is the national president. I spoke to Mr. White today to let him know that I would be drawing attention to his document tonight. I asked him whether he would stand behind his statements. He assured me that he would, and that I could use anything I liked from the document I have quoted.

The Pensioners Association wrote a second time, on February 20, with regard to pension plans, drawing attention to another of its concerns, as follows:

We ask only that retired railway employees be treated on the same basis as such union employees. Why should retired railway employees be discriminated against? When improvements are made in the rate of pension payable for each year of service they are for those who are still active employees. Commonly such improvements also apply to those who are already retired. This is fair and reasonable. After all if a new formula is now deemed to be appropriate surely such formula was always deemed appropriate! Except for those who retired on and after January 1, 1975 this practice has not been applied to railway employees.

● (2022)

Again, why is discrimination practised against the recipients of railway pensions?

They go on to say, Mr. Speaker:

The discrimination against those retired for 20 years and more is disgraceful!

All railway pensions should be based on 2 per cent for each year of service.

All railway pensions should be indexed to the cost of living.

They go on further to say:

The Trustees receive all the benefits of inflation on these large trust funds. The Railway Companies and the Certified Bargaining Agents negotiate improved pension benefits for active employees. By doing so they are using financial gains on retired employees to finance increased benefits to active employees.

These are serious charges, Mr. Speaker. They go on to state in this letter:

The profits being made on pensioners are being used to finance costs for active employees' pensions. The railway companies, with the concurrence of the certified bargaining agents, are discriminating against their own pensioners, beneficiaries and survivors.

They also point out:

CNR is a creature of the government. CP Limited is subsidized and regulated to the extent that it is treated in many respects like CNR is treated. One of those respects is the manner in which CP Limited act as a trustee for the CP Limited pension trust funds.

They then ask:

How can the government rationalize treating railway pensioners, beneficiaries and survivors as second class citizens? Why should these persons who do not have adequate incomes be compelled to subsidize active employees?

What possible reasoning have CNR and CP Limited for not extending the current formula to persons who retired previously? There is no logical justification.

Fair treatment for senior citizens can be legislated. Such action is clearly indicated, and, it is respectfully suggested, should now be considered—

This document is also signed by their president, Mr. J. Earl White.

I hope the parliamentary secretary will bring these matters to the attention of the minister and Dr. Bandeen, and, if necessary, he might consult with the CPR about the serious charges that pension funds are being manipulated. One statement or claim is that the only reason the CNR is able to suggest it made a profit last year is because of the manipulation of pension funds. If the CNR is manipulating these pension funds instead of investing them properly so that these thousands of railway employees might receive proper pensions, for which the plan was originally set up, then we are entitled to some answers, as is the government.

We have a few more speakers regarding this bill, Mr. Speaker, but they do not intend to speak at great length. We are looking forward to having the entire bill, as well as those charges made by pensioned employees regarding the manipulation of their funds, discussed in committee.

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to begin my remarks by noting that I have been very intrigued by the rather free-wheeling debate that has developed in respect of this very important piece of legislation. In some circles this bill has been characterized as "housekeeping" legislation. That word makes the bill appear to be minor or really insignificant. The apparent simplicity of the bill tends to lend support to this viewpoint, but I am pleased to note that hon. members on all sides have not taken this attitude to heart.

As my colleague the hon. member for Vegreville (Mr. Mazankowski) has observed, as well as others, it is never an insignificant matter for the House to consider writing off a $808 million debt which is owed to the government of Canada. It becomes even more important for this bill to receive the full consideration of the House when one considers that the Canadian National Railways have requested debt relief of this kind no less than four times in the company's history, and that the total value of the company's debt that has been written off during this time is in excess of $6.7 billion. That certainly is a lot of money. Clearly this bill is not housekeeping, nor is it an insignificant piece of legislation. It is one of the more important pieces of legislation that we have been called upon to deal with in the area of transportation during this session of parliament.

In his speech when introducing the bill the Minister of Transport (Mr. Lang) stated that the government's purpose was to improve the efficiency and effectiveness of the CNR. Among the benefits which would result from this bill is a reduction in the company's equity debt ratio, about 62 per cent to some 42 per cent, which would make the CNR more competitive when compared to other North American railway companies. According to a ministry of transport press release of December 19, 1977, the CNR will then be in a position to,

"finance all its capital requirements without payment from the federal treasury."

As further compensation for overturning this debt it was suggested that the government will no longer be required to underwrite the CNR's deficits and that "an annual payment of 20 per cent of net earnings, or such higher amount as the government may determine, will be forthcoming as a return on the government's equity."

I note that all hon. members who have participated in this debate agree with the principles underlying the legislation. I think that is important. It is agreed on all sides that the CNR's debt equity ratio is unrealistic and that it is a worthwhile goal to improve the corporation's efficiency and effectiveness. Certainly it is one of the truly great corporations we have in this country. As usual, however, there is disagreement as to the means that should be employed in achieving this goal.

In both his press release and his introductory remarks the minister suggested that the means to be employed should be ones adopted simply to improve the competitive position of the CNR and thereby encourage it to become "financially viable and self-supporting." Mr. Bandeen, the president of the CNR, puts it slightly different in his year-end statement. After listing the advantages which will result from the passage of this legislation, Mr. Bandeen makes the following observation in his concluding remarks:

> The challenge to CN will be to perform its duties efficiently and profitably while improving the quality of its services for all Canadians.

I emphasize the word "profitably", because it is the introduction of that one little word which has raised the hackles of some members of the House of Commons, notably those members to my extreme left in the NDP.

In that context, and in view of the nature of the debate which has developed on this matter, I should like to refer briefly to the contribution made by my colleague on the transport committee, the hon. member for Regina-Lake Centre (Mr. Benjamin). Although it was some time ago, I can recall clearly the interesting contribution which was made by that hon. member from that part of Saskatchewan to this debate. A careful reading of his speech demonstrates the length to which members of his party must go and the ideological juggling which is more often than not required by that party in debates of this kind, especially when words like "profitable" are introduced into the debate.

In essence, the hon. member for Regina-Lake Centre states that he supports the bill but that he does not like the idea that the CNR will be encouraged to make a profit. It is beyond many of us in the House of Commons how the hon. member justifies that position when, in the words of the ministry of transport press release, the whole purpose of this bill is to "impose on the CNR the responsibility and accountability to manage a financially viable and self-supporting institution."

[Mr. Murta.]

● (2032)

The hon. member for Regina-Lake Centre recognizes the difficulty in this respect. I should like to refer to his speech, as reported at page 2637 of *Hansard*, which reads as follows:

> I would be just as happy voting against this bill as voting for it.

Elsewhere in his speech, as reported at page 2636 of *Hansard*, the hon. member said:

> We in the New Democratic Party are in something of a catch 22 situation. We agree with the principle of refinancing and the recapitalizing of the CN debt.

This appears to be a clear statement of that party's position, but it is not long before the "but" emerges. There is always a "but" with that particular party. Be that as it may, this particular "but" can be found also at page 2636 of *Hansard*, which reads as follows:

> The essential motive behind this bill is to make Canadian national more attractive for private investment.

Of course increased private investment will tend to make the CNR more accountable and more profitable. It is that which sticks in the craws of hon. members to my left.

The dilemma which the hon. member finds himself in is in fact significant. It is a traditional dilemma for members of that party. Also it is the reason that they currently find themselves in the position of having only a tenuous hold on the legislature of one province out of ten, and suffering from ever-dwindling numbers in the House of Commons. Until members of that party can overcome their psychotic aversion to the word "profit", they will never be a significant force in the affairs of this country. However, with the possible exception of hon. members to my left, I believe I speak for the majority of members when I say that the intentions of this bill are in keeping with public interest and the honourable traditions of this Chamber. Nevertheless, the government's stated intentions, and those we find in the bill, are not always completely consistent.

In introducing the bill, the hon. Minister of Transport referred repeatedly to the government's policy of encouraging efficient and sound financial management on the part of Crown corporations. I stress the word "encouraging". I point out to the minister that this policy of encouragement represents a significant retreat from the position stated in his department's press release of December 19. Although I have already quoted the relevant section of this document, it is worth repeating for the benefit of hon. members. Paragraph 5 of the document reads as follows:

> . . . imposes on the CNR the responsibility and accountability to manage a financially viable and self-supporting institution.

I have read with great care and attention all seven clauses of Bill C-17. Nowhere in this legislation is there a provision which imposes any requirements of this nature on the management of the CNR. Clause 1 of the bill deals with the conversion of CNR stock and forgives the corporation's $808 million worth of debt. Clause 2 provides that the company can retain its yearly earnings after taxes and interest on its public and private debts. Clause 3 repeals section 37(4) of the CNR Act. Clause 4 substitutes therefor a provision allowing the Cabinet

to appoint the company's auditors, and a provision which requires submission of an annual report. Clause 5 repeals subsection 72(5) of the Railway Act, which places a 6 per cent ceiling on interest rates on securities of railway companies. Clauses 6 and 7 repeal the CNR Financing and Guarantee Acts of 1941 and 1942. At no point is there a provision which even hints at imposing a requirement that the CNR operate in an efficient and profitable manner. In fact, the bill does not contain any general statement of intent at all but simply forgives an $808 million debt which is owing to the people of Canada through the Government of Canada.

I cannot help but marvel at the fertile imagination of the Minister of Transport, who has manufactured a requirement when one clearly does not exist in the legislation. We might ask ourselves what has prompted this particular ministerial flight of fancy. The debate on this matter provides us with an answer to this question.

Members opposite have suggested that the requirement for an accountable and profitable operation arises from agreements reached between the government and the management of CNR. In fact, no such agreements have been reached. Rather, we have only statements of intent from the management of the CNR to the effect that the purpose of this request for debt forgiveness is to make the corporation more efficient and cost-effective in the future.

During this debate my colleagues have outlined the history of debt forgiveness as it relates to the CNR. On each of the four previous occasions that the CNR has requested forgiveness of government debt, the arguments have been the same. On each occasion the corporation has stated that it would be more competitive with respect to the CPR and other rail transportation companies in North America.

On each occasion in the past the company has argued that it would be able to provide high levels of service more efficiently and at a profit, yet we have undertaken this process four times at a total cost to the taxpayer in excess of $6.7 billion and we are once again considering it today. History has proven that all the good intentions in the world are not sufficient guarantee against the possibility that we will again be debating this proposal in 10 or 20 years.

We on this side of the House have no quarrel with the intentions of CNR's management. In fact, if there is anyone capable of reversing the recent trends of the CNR, it is the current dynamic management team in Montreal headed by Dr. Bandeen. However, we do not quarrel with the government's attempt to create the impression that this bill provides for a guarantee of future profitability in the corporation. I strongly suspect that this particular sleight of hand being perpetrated by the government is politically motivated.

Hon. members opposite realize that they are in trouble for the coming election and are attempting to do a little pre-election bridge building. By not including a requirement of future efficiency in the bill and at the same time attempting to create the impression that such a thing exists, the government is hoping to pave the way for NDP support following the election. Let me assure hon. members opposite that this is an exercise in futility.

● (2042)

On the same issue, we are pleased that the importance of this total piece of legislation has not been lost. We are also pleased that Bill C-17 is going to committee where we intend to introduce amendments to strengthen the legislation, and we hope to propose safeguards to ensure that the CNR will not come again to parliament to ask that its deficit be picked up by the people of Canada. We hope that members on all sides of the House will see fit to support the amendments introduced in committee, and we hope to be given a reasonable length of time to go over the legislation in detail at the committee stage.

I would be remiss if in a debate of this kind involving a major railway I did not make a few short comments on the whole question of railway rehabilitation in western Canada and the Hall commission report, of which a major part deals with the subject.

In relation to the whole question of the Hall commission report as it relates to the CNR—and I think the two are certainly linked—two points are uppermost in importance. First, I think it should be kept in mind when dealing with the legislation that the railways—now we are talking about CNR and CPR—are receiving far too much taxpayers' money in western Canada without having to account for the way in which that money is being spent.

The second point which should be kept in mind and which we hope will be brought out at the committee stage is that the railways have had until now the best of both worlds. The railroads—and CNR is certainly included—have had a subsidy plus grants to spend as they wish. It is interesting to note, when we are talking about rail line abandonment by railways which are so vital in the transport of grain in western Canada, that not one cent of the branch line subsidy has been spent on the upgrading of rail lines in western Canada in the past years. I think that certainly demonstrates that the railways have really had a free hand and that the moneys they have received from the taxpayers have not been spent on keeping up that basic and very important aspect of western agriculture.

I should like to conclude by reiterating that we will certainly discuss this piece of legislation in committee, and we hope that when it is passed the CNR, under its present capable management, will not come back to parliament asking the Canadian taxpayer to help it out once again.

Mr. Lang: Would the hon. member permit a question?

Mr. Murta: Yes, Mr. Speaker.

Mr. Lang: Mr. Speaker, in connection with the second to the last set of remarks made by the hon. member, I wonder if he is aware, as I presume he is, of the Hall recommendation that the railways be made whole, that is to say, that the Treasury pay the difference to the railway between the cost of moving grain and what they receive for it? That, in the view of both Hall and Snavely, is the reason why the railways did not do the

upgrading. I presume he approves of that, but I would like confirmation of it.

Second, I should like to ask him if he is aware of the fact that we have committed $100 million for rebuilding the rail system, that during 1977 that program began in a very important way and that in 1978 it is continuing. This is money to be spent on the grain dependent lines on which there was a subsidy.

Mr. Benjamin: On the basic network.

Mr. Lang: Of course, the basic network was created by action of this government after the Hall Commission report. I should like to ask the hon. member whether he is aware that in that case too the government had very carefully signed an agreement with the railways whereby they have committed exactly what they are doing for the $100 million so that every penny is spent on rebuilding the rail lines.

Mr. Murta: We are certainly aware of that. It is an amount of money which we believe is badly needed in western Canada. We believe also that the money is being spent on what we call the soft areas. The government has really not grappled with some of the more difficult questions that arise from the Hall commission report. When I mentioned the branch line subsidy I was referring to up to the present time. We in this party agree with the Hall recommendation regarding the difference in the amount between the Crowsnest pass rate and the rate for which the railways haul grain, which has been documented, we think correctly, by both Snavely and Hall.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, every time we get into any kind of discussion about railway matters—and it is happening again on this occasion—the subject of the pensions of railway workers comes to the fore. This happens not only when we discuss railway matters in the House but also whenever there are negotiations between the railway management and the railway unions. It took many years, in fact many decades, to come to the point where there was any discussion at the bargaining table about pension matters, and even since the time when such matters do get discussed very little progress is made on pension questions.

I believe it was during a special session which we had in the House of Commons late in August or early in September, 1972, just before the Prime Minister (Mr. Trudeau) asked for the dissolution of parliament and we headed into the election of October 30 of that year, that in the dispute that took place here in the House we again raised the question of pensions and got nowhere, except that we got out of the Minister of Labour (Mr. Munro) a promise that there would be a full scale inquiry and examination into the whole matter of railway pensions.

On came the election, so nothing happened in that vein during the next few months. When we were back here in parliament in 1973, the issue of railway matters came up again and we kept on pressing the Minister of Labour to implement his promise to institute a full scale inquiry into railway pension matters. He finally did so in July of 1974. In fact, it was on July 9, 1974, that the Minister of Labour appointed Dr. Noel Hall as a commissioner to go into the whole question of Canadian railway pension plans.

• (2052)

I interject to say that when we discuss railway matters we frequently find ourselves referring to the Hall report. It has to be noted that there are two Hall reports—the two or three reports of Mr. Justice Emmett Hall and the report of Dr. Noel Hall on railway pensions.

I had the feeling at the time, out of a fair amount of experience around here, that referring pension matters to a commission of inquiry was a way of getting rid of the issue. Yet somehow I felt there was a measure of sincerity on the part of the Minister of Labour and that he wanted to see the issue resolved. I dared to hope that the appointment of Dr. Noel Hall to study the question would result in some real progress being made in this area. As I say, it took from 1972 to 1974 to get Dr. Hall appointed. It was September 8, 1976, before he submitted his report to the Minister of Labour. It was some time later, I believe in 1977, before we got copies of the report. Now we are into 1978 and very little has been done to implement even the meagre provisions of the Dr. Noel Hall report.

I say that those recommendations were meagre but at least there were some proposals in the report. As a matter of fact, Dr. Hall made one set of proposals covering railways in general and a special set of proposals with respect to the CPR. He pointed out that in the case of the CPR the situation is much less favourable than for the CNR, and he felt that as a first step the CPR should be required to bring its pensions provisions at least up to the level of pensions provided by the Canadian National Railways.

The report does not mean to say that things are perfect with respect to the CNR because Dr. Hall suggested what he called a heritage fund in the hope that ways and means might be found to improve the pensions of railway workers down the line.

I think it is fair to say that during the months and years the Hall commission was sitting, railway workers and retired railway workers were hopeful something would be done. With all the time that has gone by with very little being done, railway workers and railway pensioners are beginning to feel that once again they have been sold down the river by means of a commission of inquiry.

When we got the Hall report and started asking questions about it in this House—and when I say "we", I mean members of this party and members of the official opposition—we were given the usual run-around—that these were matters to be dealt with by negotiation between management and the employees. We were told that these matters were being studied in the department but there was nothing the minister could do by way of giving any direction to the railways.

It always astounds me that the government can exercise its authority in so many ways, yet when it comes to telling railway management that it should give a better break to its employees or pensioners, the answer is always that this cannot be done.

The CPR seems to have more clout or weight around this country than the government itself. Now that we are dealing with a bill that has to do with the reconstructing of the finances of the Canadian National Railways, I think we should make the point again that the government should get into the picture and insist that the railways have to give their workers a better break, particularly when they become pensioners.

I have already said that the problem applies to both the Canadian National Railways and the Canadian Pacific Railway. It is true that in the terms of this bill we are dealing with the Canadian National and most of what I have to say applies to it. Because the Minister of Transport (Mr. Lang) has to deal with both companies, however, I think it is only fair to remind him that he has some responsibility with respect to Canadian Pacific as well.

A few days ago, not by any action of the Canadian government and not because of anything voluntary on the part of CPR, certain secrets came out in the United States to the effect that the 1977 salary of the president of Canadian Pacific, Mr. Ian Sinclair, was $330,450.

Mr. Benjamin: Poor fellow.

Mr. Knowles (Winnipeg North Centre): He is not poor at all. It is the next two who have to get along on much less. The next two senior officers of Canadian Pacific earned in 1977—$193,950 and $146,550. For a company to be able to pay salaries like that to its senior officers and plead that it cannot give its pensioners a better break, does not go down.

One of the things that Dr. Hall included in his report that was given to the minister in September, 1976, was a letter that he had received from a gentleman named Mr. B. H. Emerson. At that point he was 92 years of age so I do not know whether he is still alive, although I have no reason to suspect he is not. This Mr. B. H. Emerson wrote Dr. Hall about the experiences and record of his family as workers for the Canadian Pacific Railway. He gave Dr. Hall the basic facts in a letter to which he attached a rather lengthy memorandum telling the whole story.

Summarized, the story is of five generations of Emersons working for the Canadian Pacific Railway. Mr. B. H. Emerson retired in 1947 at age 65, and in 1974, at the age of 92, his pension was only $83.53 per month. The story is of Mr. Emerson's father working for the CPR, Mr. B. H. Emerson himself working for the CPR as did his son and two more generations. It so happens that Mr. B. H. Emerson had a son who later became president of the CPR. He succeeded Mr. Crump. Unfortunately Mr. Emerson was president of CPR only a few months before he died of a heart attack.

Several years later Dr. Hall got this letter from the father of the late president of the CPR saying here is a family of five generations working for the CPR and at 92 years of age his pension is only $83.53 per month. But President Emerson's successor, Ian Sinclair, receives a salary of more than $330,000 per year while that company cannot do better for the father of the previous president than to pay him a pension of only $83.53 per month. Dr. Noel Hall said he had not sought Mr. Emerson's permission to include this letter in his report and hoped he was not embarrassing him by making it public. But he put it in his report because he thought it indicated the human problems that are associated with small pensions in the face of rapidly escalating wages and prices.

● (2102)

I make the point, Mr. Speaker, that these railways could do a lot better. And although I heard one of my friends to the right the other day speaking with some disdain about the fact that we were complaining about a salary of $330,000 a year for one man, I still say it is not human, it is not decent, it is not civilized, to have a society, a country, in which some people can have great wealth of that kind and so many others have to live on the edge of poverty. If we claim to be a civilized society, if we claim to be building a society of which we can be proud, if we claim to be building a Canada which is a leading country in the world, surely the problem that we ought to address ourselves to is some equalization in the living standards and the incomes of our people.

If you want a glaring example of gross inequality which is seriously unfair, it is there in the story of the CPR paying a $330,000 a year salary to Mr. Ian Sinclair but paying only $83.53 a month to Mr. Emerson, the aged father of Mr. Sinclair's predecessor as president of the CPR. We do not have corresponding statistics for those who are in the top positions of the Canadian National Railways. I am quite satisfied they are not as extreme, that those at the top of the government owned railway are not getting salaries of that kind. But it is still true that there is a wide gap between the positions of those at the top and those at the bottom. I just do not buy it. Criticize me if you will for believing in an egalitarian kind of society or of pushing in that direction, but if we are going to be civilized, that is the direction in which we ought to move.

It is my contention that there are certain improvements that ought to be made in the pension plans of both railways. It has become very clear that the government will have to get into the picture. Appointing Dr. Noel Hall and giving three or four years for the holding of inquiries, and the making, printing and translating of reports, does not do the job. Leaving it to the companies to negotiate with the employees does not seem to do the job. The government does not mind providing all sorts of funds to these railways. Even the privately owned company has been able to milk the government and the country for all of this century, and more than that. If that is the position, surely we have a right to ask the government to intervene and say to companies like the CNR and the CPR that they should be giving their pensioners a better break.

Among the things that still ought to be done is to put the pensions on a basis of 2 per cent credit per year for each year of service no matter when that service was. This business of still paying some pensions based on 1 per cent, 1¼ per cent or 1½ per cent per year back in the earlier years does not stand up in this day of higher prices, higher wages and higher pensions. That is a minimum requirement that ought to apply to all railway pensions. If we are going to put the CNR in a

new financial position and if we are going to continue to subsidize the CPR and give them anything they want, the time has come for us to say to them that their pensions should be at least equal to the 2 per cent per year credit that applies in the public service.

Something else that should apply to railway pensions is the matter of guaranteed escalation of indexation of their pensions after retirement, they should be told this should come into effect. With prices going up and living standards rising it is not putting a person on a pension if you put him on an amount that is fixed for life. If a fixed amount is all one gets as a pension, it is just a ticket to welfare somewhere down the road. If a pension is to be meaningful it must enable the pensioner to keep up with the rising cost of living. However, I think it should do more than that. I should enable a pensioner to keep up with the rising standard of living.

I know there are the Colin Browns and others around the country who are worried about what we can afford down the road apiece. If Mackenzie King had known that in 1978 members of parliament would be earning the salaries and allowances that we are receiving today, he would have said that it cannot happen, that the country would go broke, that it is impossible, that is going too far. I submit that 10 to 20 years from now salaries around here will probably be higher and wages will be higher. Can the country afford it? What really counts is the current production in any year. When we are asking for the indexing of pensions all we are saying is that as the production of a country goes up year by year, decade by decade, not only those who are working get the advantage of that increased production, but those who are retired should receive a share of the increased production which has been made possible by them in building society to that point. I say guaranteed escalation of pensions should be the rule with both the Canadian National and the Canadian Pacific.

Dr. Hall recognizes that. He accepts it is a principle through his book. He seems a little uncertain just how to go about it. He is worried about the finances of the railways and so on. He does come up with his idea of a heritage fund. But there it sits, a very nice recommendation, a very nice principle stated. He thinks that the case of Mr. B. H. Emerson emphasizes the point that it is a human tragedy to have to live on small pensions in the face of rapidly escalating wages and prices. These books spread around the country, a few more of them, do not do the trick. What is necessary is for the government to get into the picture and say to the railways, whether they are publicly owned or privately owned, that they are instruments of serving the needs of this country. They live on the basis of the country's economy and they owe to the workers the certainty and the guarantee of pensions that will maintain their value.

We have had some indexing. For a while the CNR came through with 2 per cent per year. Then there was a year when it was 4 per cent. Then they skipped a year and they came in with an ad hoc or a fixed amount. The CPR had done far less and Dr. Hall points that out. One of his firm recommendations is that the CPR should do at least as much as the CNR has done.

This story is a sorry one. The railway workers have not been put in a position to be sure that their pensions would enable them to keep up with the rising cost of living, let alone the rising standard of living. There was a day 30, 40 or 50 years ago when morale was high amongst the railway workers. They felt they were in almost a privileged or preferred position. They had good jobs and they were helping to build the country. When that sense of morale was there their productivity, I suggest, was higher than it has been in some other years. One of the ways to destroy morale is to create the feeling of insecurity about the future. The reverse is also true. One of the ways to improve morale is to give some guarantee about the future. I feel very strongly about escalation and indexing being guaranteed to all pensions—railway, public, private, the whole works.

But what we are dealing with tonight is the finances of one of our railways. This is the time that the government should get into this and tell the railways that it is a matter of government policy that indexing must continue. I am glad to hear the Prime Minister say when questioned about the indexing of pensions of public servants that maybe there are some abuses, maybe some adjustments need to be made, especially in the cases of the Simon Reismans and so on, but nevertheless the principle has to say. If it is the principle of government policy that pensions should be paid to federal public servants to enable them to keep up with the cost of living, that same principle should apply to organizations such as the CNR and CPR which in one way or another, both public and private, are part of the whole picture of the economy of this country.

• (2112)

I am arguing for something in which many in this place believe. The point is how to get there. One way of how not to get there is to just put out a report. Another way is for the government to pass the buck to the CNR and the CPR. What is important is for the government to sit down with the railways and say that this principle has got to be accepted.

Another matter that has to be raised with regard to railway pensions—and when we are discussing the finances of the CNR is the time to raise it—is the question of pensions of widows of railway workers. At the best, the pensions of widows of railway workers are 50 per cent of the pension the worker was getting or would have got in the case where the husband dies before he goes on pension.

I would have said this today in the debate on equality for women had we got into it, but I can do that when we get to it next week. I do not know why a society of men and women who are equal still accept the idea that if a man and wife together establish a home, earn a livelihood, build up a bit of an estate and reach the stage where they go on pension, when the man dies the widow's pension is only 50 per cent, but if she dies first, his pension is 100 per cent.

I hope some day people will look back on history and say who was ever so crazy as to think up that idea? However, that

is what we have. That is what applies at best in the case of railway pensions as far as widows are concerned. I say at best because there are provisions, particularly with regard to a widow who married the worker after he went on pension, where there is no pension at all.

There are all sorts of little angles of that sort that put many widows in an even worse position. I contend that the survivor's pension ought to be the same in both cases. I would even say let it be 90 per cent for the husband if he lives on and 90 per cent for the wife if she lives on. Make an adjustment in the contributions to the fund if necessary, but try to achieve equality.

If that is too much to ask for right off the bat, at least the percentage of pension that is payable to a widow ought to be increased. This business of its being 100 per cent for the husband but only 50 per cent for the wife just does not meet modern standards of fairness and decency. I know this is the rule for a lot of other plans. It is the rule in the public service that the survivor gets a pension of only 50 per cent of that of the original pensioner.

In the case of the members of parliament retirement allowances plan, if an MP is on pension and dies, his widow gets 60 per cent. Even that is not good enough. That is not equality, 100 per cent for him and only 60 per cent for her. But having voted 60 per cent for our widows, we should not settle for 50 per cent for the widows of public servants or the widows of railways workers. The railway people through their unions, pensioners associations and so on are asking for 75 per cent for the widow. That is a step in the right direction and probably something that should be sought. I hope that is a move that will be considered down the line.

The pensions of widows certainly ought to be increased. Even without any actuarial change, I see no reason why there should not be some provision for the widow to stay at 100 per cent for a year or two until the adjustment has been made. We are talking about a country where women are to have equal rights. Saturday of this week is International Women's Day. It calls for more than just nice things to be said about the dear ladies. It calls for more equality and fair play. The place I would like to see that is in pensions. The railways have not been fair to the widows of their employees. That is one of the improvements that ought to be made.

That is my view about this. It is not new. I have presented it a good many times. It is highlighted by the fact that we are in the process of restructuring the finances of the CNR. It is also highlighted by the fact that within the last week or so we learned that the CPR is able to pay its president over $330,000 a year while it pays only $83 a month as a retirement allowance to the father of the preceding president, a man who gave his life to that company. This story is repeated time and again through the ranks of the railway workers of this country. They deserve a better break. Parliament ought to say that to the railway companies at the time that we are dealing with this bill.

Railway Act

Mr. Peter P. Masniuk (Portage): Mr. Speaker, I am pleased to take part in this debate today on Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act. This bill is perhaps not as contentious as others we have debated here, but I do not believe that we should rush it through this House and pass it merely for that reason. This is the third time that Canadian National Railways has come to parliament requesting a cancellation of its debt, and while we in this party are certainly prepared to give CN a hearing, I think that reservations about this bill need to be voiced.

Bill C-17 cancels $808 million of debt which is owed by CN to government. It also cancels the 4 per cent of preferred stock which the government has until now owned in CN. The Prime Minister (Mr. Trudeau) has stated that this will save the Canadian taxpayers $100 million. This is the total of what is left owing for the remainder of the fiscal year, that is until March 31, as well as that which the government would be required to purchase in fiscal year 1978-79. This sounds impressive, Mr. Speaker, but it must be balanced against the $65 million of interest which will be lost as a result of the write-off.

This bill is, of course, essentially a financial reorganizing bill for the CN. The $1.5 billion of preferred stock which the government now has are to be converted into common shares and provision is made for the payment of an annual dividend by the CN. This dividend is 20 per cent of the net income, but whether any of us will ever see it is doubtful, since it is not payable until after the CN's depreciation, interest and taxes are met.

The major thing which this bill does is relieve the CN from having constantly to come to parliament for appropriations to cover its deficits and forgive its debts. This was done in 1933, just ten years after the CNR first appeared as a single unified railroad system. The legislative effort for that, however, was done by a former member for Portage constituency, the Right Hon. Arthur Meighen, in 1919.

Just a few years after that first occasion in 1933, the CNR appeared before parliament in 1937, again to be forgiven its debt. The first time it was $1.2 billion. The second time it was $1.8 billion. Even today those figures are very large amounts; forty years ago they were astronomical. Now, in 1978, the debt is for the better part of $1 billion—$808 million. I personally do not find this situation acceptable at all.

It is our intention to propose in committee amendments, the purpose of which will be to make the company, through its chief executive officer and board of directors, more accountable to parliament. I suggest the government has not been at all accountable or responsible so far as the railways are concerned, particularly in the west. On May 16, 1973, Chief Justice Emmett Hall released the first volume of his report "Grain and Rail in Western Canada". One of the important recommendations in that report was that 1,813 miles of prairie branch lines found to be of proven traffic potential and regional importance should be reallocated to the basic rail network, which is guaranteed until the year 2000, and that

2,165 miles of prairie branch lines be abandoned over the period 1977-81. The commission also recommended that the remaining 2,344 miles of line whose future is uncertain be placed under the jurisdiction of a new body to be called the Prairie Rail Authority. Need would determine how many of these 2,344 miles would continue in existence, with the useful elevators on those lines determining the new rail configuration. The PRA was to co-ordinate this readjustment.

● (2122)

The Prairie Rail Authority would be a three-member body based in western Canada. Its function would be to provide a continuing assessment of branch line needs and of the administration, operation and financial arrangements necessary to best serve the public interest. In other words, it would remove the authority over prairie branch lines, which are so important and critical to the west, from Ottawa and place it in local hands in western Canada.

This seems logical and sensible but in reality it is the last thing this government wants to see happen, despite its professed desire to decentralize. To this government, decentralization is fine if it means moving a government department which should be in Ottawa to a remote part of the country; but it is not acceptable when it means establishing a regional authority to look after a regional concern like railway branch lines on the prairies. I cannot understand the government's logic, Mr. Speaker.

The Hall commission further recommended that the railways be compensated for the maintenance and upgrading of lines in the basic network, or lines subsequently added to it, and that branch line subsidies be discontinued. The Prairie Rail Authority is to assume responsibility for costs and contracting for the maintenance and operation of these branch lines.

It is important for us to remember that the commission did not recommend that the prairie rail system be refurbished to a "like new" condition. It simply recommended that it be upgraded so that it would be no more than adequate for the movement of grain. The fact that much of it is by no means adequate at the present time is only a measure of the extent to which it has been allowed to deteriorate over the years. The commission estimated that this upgrading would put costs up to $445 million.

The commission found that there are areas in western Canada in which the volume of grain handled warrants the retention of elevator services but rail service is too costly to maintain. In such cases the commission recommended that the elevator on the abandoned line be retained and that commercial trucking be employed to transfer grain to the nearest railhead, the additional trucking cost being paid by the federal government through the Prairie Rail Authority.

The one place where the commission recommended that such an off-line loading facility be established immediately, as a demonstration of how this could be done elsewhere on the prairies, was at Fisher Branch in my constituency of Portage, on the CNR's Inwood subdivision which will probably be abandoned. The railways have neglected to upgrade these prairie branch lines. They have not run trains along them. I should like to read into the record a letter which I have received from a constituent of mine who is greatly concerned about what is happening. It is dated February 2 and it comes from Broad Valley, Manitoba. It is signed by Mr. Walter Klimchuk, who writes:

> We have not had any train service on the Hodgson-Grosse Isle line since December. As a result, some 40 grain permits were taken away from our elevators and consequently approximately 65 to 70 thousand bushels of grain were hauled to Moosehorn, Warren, and Arborg. Many farmers have not delivered a bushel yet. Evidently, CP supplies box cars to Moosehorn and Arborg, and, just as evidently, CN is conditioning us to learn to haul grain longer distances in an attempt to show that our Hodgson rail line could be abandoned.
>
> This situation is very serious, with the stockpile of grain we have. This grain is stored in all available farm buildings and a lot of it is out in the open. The piles out on the open must be hauled out before spring thaw. The resulting financial strain is very great.
>
> Mr. Masniuk, please use the influence of your office and get some action on this! Thank you.

I am sorry the Minister of Transport (Mr. Lang) is not in the House but I hope his parliamentary secretary will bring this matter to his attention. These farmers are desperate and with the coming of spring a lot of this grain will rot.

The commission estimated that trucking grain from Fisher Branch to the CP Arborg railhead 19 miles away would be the cheapest alternative, costing about 12 cents a bushel as compared with anything from 50 cents to 90 cents a bushel if a rail link were built from Arborg to Fisher Branch, which was the other alternative under consideration. The farmers of the Interlake area are very anxious that this experiment be put into operation as soon as possible, but so far nothing has been forthcoming from the Department of Transport.

Speaking to a group of farm leaders in Regina on May 27 last year, the Minister of Transport said:

> With the unanimous urging of Westerners for prompt, decisive responses to the Hall Report, I am determined to act as expeditiously as possible to deal with the Commission's proposals . . . it is our intention to act in a swift and positive manner.

The minister added that on the previous day an order in council has been passed implementing the first of the commission's recommendations: the 1,813 miles of branch lines which the commission had found to be of proven traffic potential and importance were transferred to the basic rail network. The minister also stated that the 2,344 miles which the commission had recommended be transferred to the jurisdiction of the Prairie Rail Authority had been "frozen" by a similar order in council and thus protected from abandonment until at least January 1, 1979. That, Mr. Speaker, was the end of the government's "swift and positive response" to the Hall report.

On the subject of the Prairie Rail Authority whose establishment was the crucial recommendation of the report if the other recommendations are to be carried out, the minister was extremely equivocal. The two years of study by Mr. Justice Hall and his fellow commissioners notwithstanding, the minister declared at his Regina meeting with the farmers that the concept "would require further concentrated study to flesh it

out in its entirety and assess all its ramifications." To use the minister's own words, to do this he planned to set up a prairie rail action committee to further examine the prairie rail authority concept. This government's fondness for study committees is well known. Its unfortunate reluctance to do anything about the recommendations of all these study groups is also very well known, Mr. Speaker.

● (2132)

With all due respect to the Minister of Transport, Mr. Speaker, I just do not think the Prairie Rail Authority concept requires any further study, certainly not a study which might take another year and a half. Why did Mr. Justice Hall and the other commissioners study this whole question of prairie railways and branch lines for almost two years? Surely after that length of time the Prairie Rail Authority concept is not so hasty and ill-conceived that it will now require another year and a half of study before it can be set up. The PRA should be established now. Its practicality and viability can only really be determined by having it operate, and not by any further study, however useful that may be at the time.

The minister's prairie rail action committee is really precisely the opposite of any action; it is the same stalling technique we have so often witnessed from this government in the past; that is, the appearance of taking action on a report or recommendation while actually avoiding doing so.

On May 27, at a meeting with the farmers' representatives in Regina, the Minister of Transport revealed that he wanted certain actions by the railways, the CN and the CP, on the Hall report. Specifically what he wanted was their agreement to transfer certain rail lines between themselves, as recommended in the report; concrete undertakings from the railways that they would immediately begin rebuilding and upgrading the lines involved in the basic network, in return for any cash payments which they might receive from the federal government; and, most important of all, that where any line is abandoned, the roadbed property should revert to the federal government, which, after consultation with the provinces, and only after consultation, might then be offered to the provinces involved.

This is directly contrary to the recommendations of the Hall report, namely that all abandoned lines be given to the provinces in which they are located to be disposed of as agreed between the provinces and the municipalities. The commission recommended that the federal government only should assist the provinces and municipalities in covering the higher road costs they will face as a result of branch line abandonment, and that the federal government compensate municipalities for this loss in tax revenues resulting from abandonment.

To me the establishment of another committee by the Minister of Transport to stall further the establishment of the Prairie Rail Authority, plus his recent offer of $100 million directly to the western railways for upgrading which will be overseen by the Canadian Transport Commission in Ottawa, demonstrates that this government has in fact rejected the Hall commission report. The extreme central Canada bias of this government on the issue of rail transport in western Canada is evident once again. This government just does not want authority over transportation anywhere in Canada to be controlled by a body outside the CTC.

The present head of the CTC is a former Liberal member from Kingston and the Islands, and a former federal finance minister whose partiality and political bias has been all too evident in the past. I just do not believe that this government is interested in letting regulatory authority over rail transportation in western Canada be given to a western authority, not even when it involves an issue as fundamental and as important to the west as the rail transportation of grain.

Unless there is a change of attitude on the part of this government soon, I am afraid that we are heading toward a tremendous future federal-provincial confrontation over the issues of railways, the sharing of resources, provincial property rights and, ultimately, the very division of powers under the constitution.

Mr. Peter Elzinga (Pembina): Mr. Speaker, I too appreciate the opportunity to participate in the debate on Bill C-17, an act to amend the Canadian National Railways Capital Revision Act, the Railway Act and to amend and repeal certain other statutes in consequence thereof.

This bill in reality, in general terms, broadens the financial aspect of the Canadian National Railways. Just prior to expressing my own thoughts on this matter may I take the opportunity to commend the hon. member for Portage (Mr. Masniuk), who has just concluded his remarks. Since coming here in 1974 it has been obvious to me and other members of this chamber that he has done a very competent and thorough job of representing his constituency, and the people in that area have been well served by his contribution in the House of Commons.

Let me take this opportunity when speaking on Bill C-17 to make some representation in respect of an area in my constituency, specifically the town of Fort Saskatchewan. Just this evening I spoke with the Minister of Transport (Mr. Lang) when he was in the House. We discussed the possibility of the town receiving some funds for rail relocation, perhaps under the urban transportation assistance program. It is the responsibility of the Minister of Transport and the Minister of State for Urban Affairs (Mr. Ouellet) to disburse funds under this program in accordance with the recommendations of ministers from various provinces. As a result, we would also have to deal with the Minister of Industry, Trade and Commerce (Mr. Horner) from Alberta.

Under this program $2 per capita per year is granted for projects such as rail relocation. I should like to make representations to the effect that Fort Saskatchewan receive funding under the urban transportation assistance program to move the railway out of the town. This town has a population of about 10,000 people. On speaking this evening to Muriel Abdurahman, one of the town councillors, she suggested that we have the three levels of government and the Canadian National Railways participate in the funding of this relocation. This

would be the case in respect of the urban transportation assistance program because the province also has to be consulted about funding.

The town of Fort Saskatchewan has this railway line going directly through the centre of town. The town has a substantial industrial base, including a Sherritt Gordon plant, a Dow Chemical establishment and an inland chemical industrial site. The residents in this area are very concerned that at some time a chemical car might be derailed in the town itself. It is obvious that tragedies can and do occur when railway chemical cars are derailed. One can see this as evidenced by two articles which appeared in the Edmonton *Journal* on Saturday, February 25 and Monday, February 27. The article on Monday, February 27 appeared under the headline "2,500 in U.S. flee deadly gas". This is a story about a chemical car derailment and it states in part:

A deadly cloud of chlorine gas that escaped from a derailed freight train and has already killed eight people floated north today, triggering a string of evacuations in its path.

"We don't know how far we're going to have to go with the evacuation," a spokesman for the Bay County sheriff's department said. "The chemists are telling us when we have an unsafe area."

At least 2,500 people within a five-mile radius of Sunday's derailment were evacuated. Civil Defense Director Ron Johnson said propane leaking from one of the tank cars could mix with the billowing chlorine and explode, turning the 115-car freight train into a chain of fire.

This is exactly what the residents of Fort Saskatchewan are concerned about and fear. Let me turn to the other article which appeared in the Edmonton *Journal* on Saturday, February 25 under the heading "Rail 'bomb' ravages town", and again this is why the residents of Fort Saskatchewan are concerned. They fear that if a derailment occurred on this track within the town limits it would ravage the town of Fort Saskatchewan. I should like to quote from the Edmonton *Journal* article, dated February 25, 1978, which reads as follows:

● (2142)

An earth-shaking flash of flame erupted Friday from a railway tank car carrying liquid propane, hurling burning bodies into the air, showering debris and setting fires.

Six persons were reported dead in the path of destruction through a two-block area and 100 others were injured, . . .

When the first tank car exploded, 14 businesses and dwellings burned down and other, smaller fires erupted as the intense heat ignited structures up to 300 metres away . . .

The tank cars were among 24 of a Louisville and Nashville Railroad freight train that was derailed . . .

This is exactly the concern expressed by many residents in the Fort Saskatchewan area. I commend Mr. Ken Hodgins of the Fort Saskatchewan chamber of commerce for attempting to counteract this serious problem. A member of the chamber of commerce, Dr. Ralph Galvin, indicated that a public meeting will take place in Fort Saskatchewan on Tuesday. At that time an actual film of one of the explosions will be shown. This explosion occurred when a chemical car derailed. The track runs through the residential centre of Fort Saskatchewan. It passes through the downtown area, which is the main shopping centre. It is well within 1000 yards of the senior, junior and elementary schools. Mr. Hodgins indicated that they are concerned because a good many of the chemical cars coming out of Fort Saskatchewan are more potent than the ones referred to in the articles of the Edmonton *Journal*.

In making these representations, I am hopeful to have the participation of all levels of government in having the track moved from within the town limits of Fort Saskatchewan. This sentiment was expressed by the town council of Fort Saskatchewan on many occasions, by the mayor, Mr. Hank Powell, and councillor Bob Fraser. This area was discussed at the executive level within the Progressive Conservative party. Also it was brought forth by Mr. Mart Philbin, who lives within a 1000-yard radius of the line. Because of the railroad tracks going through the town, our concern is that the town could very easily become a chemical bomb. We hope to have the track moved in order to alleviate the possibility of a derailment and a chemical explosion, especially in light of the fact that Dow Chemical is presently following an expansion program.

I hope to follow this up with representations, both written and verbal, to the Minister of Industry, Trade and Commerce, the Minister of Transport and the Minister of State for Urban Affairs when I receive more communications from the town council and the chamber of commerce of Fort Saskatchewan.

In dealing with Bill C-17 and the broader aspects of the Canadian National Railways, one cannot help but refer back to a few comments which were made by the hon. member for Portage. I will keep my remarks brief because there are other hon. members in the chamber who wish to participate in this debate, such as the hon. member for Dauphin (Mr. Ritchie). We do not wish to slow the legislative process at all.

On Monday, February 27, members of my party had occasion to visit with Mr. Justice Hall in Saskatoon. I mention that because in Saskatoon there was a recent rail relocation program which resulted in the removal of the railway lines from the downtown core area. I commend the residents of that area for the lovely city they now have. Returning to the visit of February 27, 15 western Progressive Conservative members of parliament met with Mr. Justice Hall to review some of the recommendations contained in the Hall report. It is noteworthy that only six of some 92 recommendations by Mr. Hall have been fully implemented, and five have been partially acted upon. No action has been taken on the rest. The Conservative party finds that very disturbing. Neither the government nor the Minister of Transport has seen fit to sit down and discuss the royal commission report. The government went to the great expense of commissioning a report and having individuals travel in order to gain input from Canadians, yet they pay little heed to these worthwhile recommendations.

I could be critical of the government in many areas regarding this report. It is a shame that the railways are receiving far too much of taxpayers' money without having to account for the way it is being spent. It disturbs me that the government is paying no attention to the recommendation of the report which indicates that there is no government policy to assist the prairie livestock feeding industry or the oilseed crushers by

offsetting the low statutory freight rates on grain. In his report Mr. Justice Hall suggested that the government should offer some type of assistance to these industries. There is much in the report which should be implemented.

I could say a great deal as far as government policies are concerned. Rather than attempt to carry on with the report of Mr. Justice Hall, I will turn the floor over to the hon. member for Dauphin in order to conclude consideration of this legislation.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise with considerable interest to speak on this bill. It is supposed to put the CNR into a profitable position. It is really only a matter of juggling figures. The government is wiping out $808 million in debt, so that the company will not have to pay the $65 million in interest charges that it is now paying. In any case the government will have to find $65 million somewhere else. Also it is indicated that the CNR will be rid of passenger service in 1980, which will provide them with another windfall of $50 million. VIA Rail is only another arm of the government. Surely the net effect remains the same. It merely aids in comparing the CNR with some other company. In Canada there is only one other comparable company, which is the CPR. Furthermore, all modes of transportation are so closely regulated by government decree that, whether managed by the government or managed by a large corporation, they are not all that different.

Dr. Bandeen, the president of the CNR, voiced the opinion that the revamping of CN will bring about a boost in the morale of its employees by removing the chronic negative image of being a loser. He suggested that the right to retain 80 per cent of the earnings will help reduce the amount of future borrowings. The remaining 20 per cent of the earnings will be earmarked as dividends for the government, which is the only shareholder in the corporation.

● (2152)

The CN president has suggested that a major obstacle facing CN has been a high ratio of debt, about 60 per cent to equity, which has been developing over some years. In effect, the CN is not retiring its debt, as would a private company, by selling off some of its assets but is merely asking the government to assume the debt so that the books of the CN show better balance. No doubt in the future there will be further recapitalization as CN management struggles to deal with its capital structure.

Dr. Bandeen has suggested that morale in the CN is low because of its image of a chronic loser, but in my community where there are many CN employees the morale is low because of the rapid shifting and changing policies of the company which have left the employees bewildered, downhearted and in despair. Major changes occur from month to month and from year to year, from centralization to decentralization. Indeed, most employees express the view that the CN is actively trying to get out of railroading, and the aim of the employees, or many of them, is to stay only as long as necessary to procure their pensions and to get out as soon as they can.

The so-called boost for morale may be good for the Montreal office but it is disastrous on the prairies. I have had occasion to realize that CN employees have advised clients that we would be much better served if we shipped things by other methods. The influence of railroading in western Canada is great because the western division has over half the car loadings in this country. The railways have taken to cancelling out of less than car load lots and they turn the business over to the trucking industry. In any case railways are now shipping only a few commodities and at times are not anxious to ship even those.

In the magazine the Manitoba *Highway News* of last month, the chief of the Manitoba Transport Board, Mr. Al Mackling, had something interesting to say. He said:

> For a long time there was no question about transportation—rails were supreme.
>
> Now, as shocking as it sounds, rails are playing a secondary role to truck transportation in total dollar value of goods being moved . . .
>
> Through rail abandonment the railways are giving up a segment of the transportation industry which they dominated, almost monopolized, for decades.
>
> Meanwhile, trucking is moving in, picking up in the grain industry where rails claim it is no longer viable to operate and moving the goods economically and efficiently.

The article goes on to read:

> Mr. Mackling said that with the policy of rail abandonment in western Canada, he can see no other alternative to long distance grain hauling than by highway.
>
> 'Already we've seen some long distance experimentation of bulk grain hauling,' he said, 'and that trend will continue'.

In the United States grain hauling of up to 1,000 miles by truck is quite common. The article continues:

> Just recently, for example, there have been a number of applications dealing with specialty grains and grain by-products—the meals produced from the crushing of particular oilseeds: rape, mustard, sunflower and soyabeans . . .
>
> A big reason for this is trucking's adaptation to 'time sensitive' situations.
>
> 'There's more and more reliance on trucking because of the time factor,' explained Mr. Mackling, 'that is, instead of a shipper having to have a fairly large warehouse, heavily stocked with inventory at either end of his transportation movement, he's now cutting back on inventory and relying on the ready access of trucking to satisfy his customers quickly.

I think that this is a significant event in the delivery of grain to country elevator points and will make considerable changes in western Canada which I do not think the railways will appreciate. They will find they have lost out in the game of transportation. For instance, I was told of a town in my riding, where I was yesterday, where there was a line-up of trucks carrying grain all the way from 20 miles to 60 miles, and in one case 175 miles, so that grain was brought to a central point, by-passing many elevators and moving the grain into a consolidated position. This is the consolidation of grain handling system in western Canada, and if it continues, what will happen is that the railways will find that their services are no longer needed to as great an extent as they have in the past.

One of the things that the Hall commission was to do was to prepare a blueprint for the railway system in the west but until now it has not done very much except to close down rail lines, which the commission had suggested should be abandoned. It

is very important to note that the Prairie Rail Authority, the establishment of which was suggested by Mr. Justice Hall, has not been set up. It was considered that it would be a western based organization because, in any case, the Canadian Transport Commission is not interested in the west. The Prairie Rail Authority, it was hoped, would be a body which would have an influence on the CTC but would be based in western Canada, be sensitive to our needs and would make suggestions for the welfare of the transportation industry.

In fact, the Minister of Transport (Mr. Lang) has set up the prairie rail action committee. It has the same initials but it is an entirely different body. Whereas the Prairie Rail Authority was to report on the 2,500 miles of rails—it was doubtful whether they should be included or abandoned—it was to be an ongoing committee which would take care of things for the five to ten years in the 1980's while the consolidation process went on. In fact the prairie rail action committee was set up to make a report by the end of September, 1978.

Obviously it is far too soon for the rail companies and the grain handling companies to decide where they want to have their grain elevators, which branch lines should be closed down and which should be kept open. The action of the railways and of the Minister of Transport, with the bill now before the Standing Committee on Labour, Manpower and Immigration regarding hours of work and dust collection, will result in the closing down of many of the smaller elevators and in practice consolidating them in a much larger area.

For instance, there is a branch line in my riding which is closed down for almost eight months in the year. As soon as the first snow comes, the line is shut down. There may occasionally be some hauling when the spring break-up comes, but in general for two or three months after the snow disappears the line is considered to be soft and no grain is hauled out of there. So in effect the farmers are gradually learning to haul grain by truck to elevators located on the main line. This means that we will lose many lines in western Canada through lack of use because the railways are not providing an alternative or a reasonable service on these lines.

One of the tragedies of railroading in western Canada is that it is controlled in the east. Management of the CNR, which used to be in Winnipeg, at least so far as the western regions are concerned, has been consolidated in Montreal. It shows in the actions it has taken that it has very little knowledge of our situation.

May I call it ten o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being ten o'clock, this House stands adjourned until tomorrow at 11 a.m. pursuant to Standing Order 2(1).

At ten o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, March 3, 1978

The House met at 11 a.m.

● (1108)

ROUTINE PROCEEDINGS

[*Translation*]

MANPOWER

YOUNG CANADA WORKS PROGRAM—REQUEST FOR FURTHER GRANTS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to move a motion relating to a matter of urgent and pressing necessity.

Considering on the one hand the very large number of projects presented under the Young Canada Works program and, on the other hand, the insufficient funds provided for this program; given the high rate of unemployment and since the private sector is incapable of creating summer jobs for all students, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That the House urge the government to increase the funds earmarked for the Young Canada Works Program in order to subsidize a larger number of projects.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

POST OFFICE

THREATENED WORK STOPPAGES—REQUEST FOR PARLIAMENTARY INVESTIGATION—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, under the provisions of Standing Order 43 I would like to present a motion of urgent and pressing necessity. In view of the increasing tension, as evidenced by the demonstration on Parliament Hill today, in the long drawn-out contract negotiations between the government of Canada and the Canadian Union of Postal Workers which threatens further work stoppages in the Post Office, and the growing demand for action by members of parliament from both sides of the House, including government members, as evidenced by a question directed to the Prime Minister (Mr. Trudeau) by the hon. member for Vancouver-Kingsway (Mrs. Holt) on February 23, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the government set up immediately a special committee of parliament to investigate the Post Office to bring in recommendations for solutions and, in particular, to consider the advisability of converting Canada Post to a Crown corporation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

REQUEST CORPORATION ALLOW CANADIANS TO FORM OWN JUDGMENTS—MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent necessity and national significance. The Ottawa *Journal* of March 2 quotes Mr. Al Johnson, president of Canadian Broadcasting Corporation, as having said before the Task Force on Canadian Unity: "I believe the Canadian people are not searching for absolute truth in the news media". That would be a futile search. I therefore move, seconded by the hon. member for Madawaska-Victoria (Mr. Corbin):

That this House, through Mr. Speaker, inform the president of the CBC that the people of Canada are intelligent and sophisticated enough to make their own decisions if the CBC and other news media provide them with the facts, and that he show more respect for the intelligence and judgment of Canadians.

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

Some hon. Members: Agreed.

Some hon. Members: No.

● (1112)

PRIVILEGE

MR. COSSITT—NATIONAL SECURITY—VISIT OF SOLICITOR GENERAL AND HEAD OF SECURITY SERVICE TO HON. MEMBER'S OFFICE

Mr. Speaker: Order, please. Before beginning the oral question period, and because it might influence questions put during the question period, I might take a moment to indicate that since yesterday's rather extensive discussion I had conversations this morning both with the hon. member for Leeds (Mr. Cossitt) and with the Solicitor General (Mr. Blais).

I am happy to advise the House that the matter appears to be resolved in the following way. Pursuant to the undertaking that was given to the House yesterday by the hon. member for Leeds, which he repeated to me in respect of the safekeeping of the document or documents, that they would not be moved or touched or used in any way during the course of the weekend, and that while it will be necessary for the Solicitor General to serve the hon. member with a document of some sort, pursuant to the Official Secrets Act, and that having been done some time today, the matter will stand in abeyance until Monday morning.

This will permit the hon. member for Leeds to pursue legal advice which he began yesterday. But, reasonably, having found a solicitor who is expert in these matters, the solicitor requires some time to properly advise the hon. member for Leeds after service of the document by the Solicitor General under the Official Secrets Act. The matter will stand in abeyance until Monday morning so that the hon. member for Leeds can communicate to the Solicitor General or to me the position he proposes to take in respect of it.

Some hon. Members: Hear, hear!

Mr. Speaker: Needless to say, I should like to thank both hon. members and the House for their extensive contributions yesterday to a most important, fundamental matter and to a very vigorous and useful discussion. This will form part of our deliberations, no matter how this question is resolved. I want to thank all members who co-operated throughout in this rather difficult matter.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT BORROWING TO BOLSTER VALUE OF CANADIAN DOLLAR

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance. Yesterday, the minister issued a press release announcing the intention of the government of Canada to go to the United States on a borrowing venture. What is surprising about that is the amount of money the government proposes to borrow.

As the minister must surely know, if we wanted to maintain our traditional reserves in United States dollars, we would need to borrow almost $5 billion U.S. Can the minister tell the House why he is seeking to borrow only the token amount of $750 million, in light of what has happened to the Canadian dollar?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we decided that was the appropriate amount of money to borrow, in the circumstances.

Mr. Clark: A supplementary question, Mr. Speaker. My question was why this amount was decided upon. There is a very real question about whether the decisions that this minister calls appropriate are appropriate in fact. I should like to ask the minister whether he considered indulging in the normal practice of trying to place this proposed issue privately, and whether he was turned down. I should also like the minister to tell the House whether the original request was for a larger amount than $750 million.

Mr. Chrétien: Mr. Speaker, we had both options, and we decided to go public. The amount was the amount discussed between my agent, the governor of the Bank of Canada, and the institutions. It is a public issue. More details will be made public later on.

Mr. Clark: Once again, the minister did not answer the question, Mr. Speaker. He said they had both options. My question was whether they decided to go public because they were turned down privately. I hope the minister can address himself to that question. Since he has made this decision to go to the Securities and Exchange Commission of the United States, he must surely know it will be necessary for the government of Canada to file a registration statement with the SEC. This will mean the Minister of Finance is proposing to give the Securities and Exchange Commission of another country more information about our economic situation than he is giving the House of Commons of Canada.

● (1117)

Will the minister give us a commitment now that he will file on the floor of the House of Commons and make available to the people of Canada exactly the same information he is going to make available to an agency of another government, before he makes that public declaration to the SEC?

Mr. Chrétien: Mr. Speaker, I knew I had to file a prospectus like any other institution that goes to the American market. I was aware of it and I have no problem with it at all. I think the story we can tell about Canada is a very good one. When I said I had the two options, I hoped the hon. member would have realized that when you have an option you can choose either way. We decided to go public. We were not turned down on a private placement, but we felt it was better in the present situation to go public.

Mr. Clark: Mr. Speaker, will the Minister of Finance tell us what reasoning led the government of Canada to take the quite unusual step of going public in this matter, rather than making a private borrowing? It may be unprecedented—I have not had a chance to check the record—but why did the government of Canada choose that option, rather than the more normal option?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we have chosen that avenue because we thought is was the best at the moment. If we make a private investment, our options are more limited. We wanted to have different blocks of bonds over various periods of time and we thought it would be easier to operate this way because the investments will thus be more diversified than if they were invested in one or two American institutions.

I also would like to add, with leave of the House, that the interest rates are generally better when one goes public.

[*English*]

GOVERNMENT INTENTIONS RESPECTING FUTURE BORROWINGS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Bearing in mind that we have lost about $750 million in United States reserves since the end of January, and the minister has indicated he is only proposing to borrow $750 million in the United States market, would the minister indicate if they intend to borrow still more in some future month?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when we decide to borrow more, if we decide to borrow more, I will be glad to advise the public and the House of Commons.

Mr. Stevens: Mr. Speaker, my supplementary question is directed to the Minister of Finance. Bearing in mind that it is widely speculated that the dollar may go still lower, with the faint effort put forth by the government in raising foreign funds, bearing in mind that the inflationary impact of the falling dollar is much more severe in Canada than it is in the United States, and bearing in mind that our dollar has fallen 31 per cent in relation to the Japanese yen since October 20, 1976, and 28 per cent in terms of the West German deutschemark, for example, would the minister indicate if he still believes that he will achieve a 6 per cent inflation rate in the current year, bearing in mind the heavy inflationary impact his falling dollar is going to have on Canada?

Mr. Chrétien: Mr. Speaker, I think there is some problem, when the Canadian dollar loses some value, in terms of imports. Imports are increasing, costs are increasing, and it could put some pressure on inflation; I recognize that. But I am not advised to change the forecast for the end of the year. At the same time, I would like to report to the hon. member that I receive telephone calls and telegrams every day from many manufacturers in Ontario who tell me that they like the dollar the way it is at present, because the export position of Canada is improving considerably.

Mr. Stevens: Mr. Speaker, my final supplementary question is directed to the Minister of Finance. Bearing in mind the consequences of our falling dollar, and bearing in mind that any foreign funds the minister may borrow is simply stalling the inevitable, would the minister indicate what concrete proposals he intends to put before this House to reduce the balance of payment deficit which this country is incurring? By the end of the year it will be $20 billion that we have lost in foreign exchange. What does the minister propose to do to end this steady outflow of our funds?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we have a floating dollar at present and the level of the dollar is determined by the market. Our interventions in February were made to ensure an orderly floating of the dollar, since it is the responsibility of the Governor of the Bank Canada to do so, and the value of the dollar is fluctuating. We do not know exactly at what level the dollar should be. The market will determine that. The hon. member is always giving the impression that we have huge losses when we are losing American dollars in our reserves but at the same time, we are improving our own liquid assets as it is possible that we will be borrowing less on the Canadian market if we borrow on the American market. I wish the hon. member would not give the impression that we are losing $700 million, because such is not the case. We have exchanged American dollars for Canadian dollars.

● (1122)

[*English*]

INVESTMENT AND JOB-CREATION PROGRAMS TO IMPROVE ECONOMY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. Considering that the steady decline in the value of the Canadian dollar is due to circumstances here, as it is due to circumstances in other countries that are badly managed, namely, an economy that is persistently bad in terms of the rate of inflation and one that has more than one million unemployed, can the minister tell us why he took the $750 million, costly step that he has taken, instead of bringing forward measures that would lead to higher levels of investment and more job creation in the Canadian economy? Surely that is what the Canadian economy is looking for.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we presented a budget on October 20, 1977.

An hon. Member: What budget?

Mr. Chrétien: Or, if hon. members prefer, a mini-budget or economic statement; I am not fussy about words. I have stated the tax incentives we have given to Canadian taxpayers. We have cut taxes for individuals to the tune of more than $2 billion since the beginning of the year and $900 million for corporations. These are the most stimulative economic policies put forward by any western country.

Some hon. Members: Oh, oh!

Mr. Broadbent: Mr. Speaker, the minister knows that the reports produced by Statistics Canada on Friday of last week and on Monday of this week flatly contradict all the predictions made at the time of his mini-budget last fall, and all the predictions he made in documents for the first ministers' conference. If current investment patterns and job creation patterns are not borne out the way the minister forecast, as a result of the measures he has taken, why does he not have enough common sense to announce changes in those measures now, in order to get the economy moving?

Mr. Chrétien: If the hon. member will check what I said in my statement of October 20, he will see that what I predicted for the full year 1977 was less than the end result published on Monday. I said on Tuesday that I was disappointed with the last quarter report of Statistics Canada. However, I was not the only one who anticipated a very strong quarter. A few hours ago I had a discussion with a private group which has a good reputation in Canada. Mr. De Cotret of the Conference Board had in his predictions forecast 1.2 or 1.3 for the third quarter. They are puzzled, as are many other experts in this field, with the end result for the fourth quarter. In speaking with the retail business sector, the prediction was that all indications were very good for the fourth quarter.

Mr. Stevens: But you were wrong.

Mr. Chrétien: The private sector made the same forecast as the government. The end results were disappointing. Even the hon. member has stated that Statistics Canada can make some adjustment after reviewing their first round of calculations. I say that the predictions I made in October for the year 1977 were exactly the same as those shown on Monday.

Mr. Broadbent: Mr. Speaker, only the minister's colleagues and backbenchers could believe that bundle of nonsense he has just come out with.

Some hon. Members: Hear, hear!

Mr. Broadbent: The central requirement of an economy that is going to grow is an investment pattern. The minister predicted less than three weeks ago, just days before the first ministers' conference, that we had to have a 7 per cent investment rate increase in the coming year. Statistics Canada shows it is likely to be a negative 3 per cent. In light of the figures produced yesterday, which disclosed there are only 32,000 jobs available in Canada for the more than 1½ million looking for them, will the minister immediately bring in measures to stimulate growth in the economy, instead of waiting in cynical fashion for the election campaign to make an announcement which ought to be made now?

● (1127)

Mr. Chrétien: If the hon. member would check the record, he would find that at the conference of first ministers we recognized that growth for 1978 was not predicted to be extremely good. That is why we undertook, with the provinces, to push forward big projects in the energy field. And, of course, there is the pipeline which will come very soon if the bill is passed in the House of Commons. We have taken a great many initiatives in terms of the creation of activity in the immediate future. At least the Premier of Saskatchewan is smarter than the leader of the NDP has shown himself to be in the House.

* * *

[*Translation*]

MANPOWER

YOUNG CANADA WORKS PROGRAM—INQUIRY WHETHER NUMBER OF PROJECTS GREATER THAN LAST YEAR

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to direct a question to the Minister of Employment and Immigration.

In view of the fact that the time limit for submitting projects under the Young Canada Works program was February 17, could the minister advise the House whether he is aware of the number of projects which have been submitted this year? If so, is this number greater than the number of projects submitted last year? Also, by how many millions of dollars would the funds required exceed the credits currently earmarked for this program?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, our Young Canada Works program was tremendously successful last year and so it is again this year. I do not have the figures the hon. member is seeking, but I shall obtain them for him.

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

Since the minister is aware that this program has been quite successful for many years, I should like to call his attention to the fact that, in my own riding at least, the number of projects submitted has doubled this year, which is an indication of its popularity. However, the credits available being inadequate, could the minister advise the House whether he will recommend increasing the funds earmarked for this program, so that many more students may secure employment for the summer?

Mr. Cullen: Mr. Speaker, I am grateful to the hon. member for his representations.

INQUIRY WHETHER STUDENT EMPLOYMENT PROGRAM AVAILABLE IN ALL PROVINCES

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a supplementary question. Can the minister tell the House whether there is a student program in all provinces of Canada? If so, is this program consistent with the federal program so as

to increase employment opportunities for students during the summer?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, in most provinces we obtain the greatest co-operation from provincial authorities to promote youth employment during the summer.

* * *

[*English*]

THE CANADIAN ECONOMY

CALL FOR BUDGET TO IMPROVE SITUATION

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Minister of Finance. The hon. gentleman suggested a moment ago that the figures on which economic policy in this country has been based are wrong. Is it not prudent—indeed, is it not essential—today, particularly when we propose to borrow large sums of money from the United States, that the minister bring in a budget based on the realities which are now confronting us?

Hon. Jean Chrétien (Minister of Finance): The hon. gentleman should realize that before we bring in a budget we should wait to see the effect of the measures which were taken only two months ago. We have stimulated the economy to the tune of $3 billion, starting January 1, 1978. If the hon. member is advocating that we should stimulate it still further, he should not encourage his colleagues to get up in the House and complain that we are running too big a deficit. This is the type of thing I have heard in the House so many times. In 1977-1978 we have to cope with a deficit of $8.5 billion.

● (1132)

An hon. Member: It is $10 billion.

Mr. Chrétien: We are taking an extremely stimulative stance. We went further, starting in 1978. I am sure the hon. member will want to know exactly, in a few more weeks or months before we move again. We had a budget at the end of October.

Mr. Clark: That was not a budget.

Mr. Chrétien: We will have a budget after we see the results of the stimulation we have given to the economy for 1978.

Mr. Gillies: Mr. Speaker, I appreciate what the Minister of Finance has said. I am sure he will recognize, as most people in Canada recognize, that economic policies are an integrated set of propositions and that some of the results will be incorrect. It is quite apparent that the level of inflation which will take place in this country is quite different from the minister's forecast. I should like to ask him very specifically: what exchange rate was used in calculating what the level of inflation would be by the end of this year?

Mr. Chrétien: Mr. Speaker, I replied to this question many times in committee. I think the assumptions made during preparation of the forecast do not have to be changed at this time. An hon. member of the NDP asked me for a prediction respecting growth in 1977. In a statement I made in October I said that growth would be around 2 per cent: I will check the record and report back, but it was less than 2.6 per cent. Thus, I do not have to change my prediction at this moment. In the last month the dollar has not changed much; it was 90.13 cents at the beginning of February and it it 89.33 cents now. We have lost only one point. That is not enough to change our prediction.

Mr. McGrath: What's a couple of points?

Mr. Chrétien: I think we are in a very complicated situation, but there is no reason to change the prediction we have made. One problem we are faced with is that while we have been able to convince the various premiers across the land that we must co-ordinate our economic policies—and they agreed—it is only the opposition in the House of Commons that is promoting doom and gloom propositions all the time.

Mr. Gillies: Mr. Speaker, the Minister of Finance knows very well that in committee he would never say what the basic assumptions were on which the economic forecasts were made: he never made that clear. I would ask the minister, did they make their assumptions on inflation rates and growth in the economy based on the 90-cent dollar?

Mr. Chrétien: Mr. Speaker, what the hon. member is in fact asking is whether we have decided to peg the Canadian dollar. There is no fixed rate that we have in mind for the dollar. We are floating the dollar and the economic situation will adjust accordingly. When you are floating the dollar, you cannot tag very precisely what will be the level of the dollar during a year.

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LABOUR CONDITIONS

LAY-OFFS IN EASTERN CANADA—REQUEST MINISTER MEET UNION

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, not only is the Canadian dollar declining, but the opportunities for employment in this country are declining more rapidly every day.

My question is of grave importance. It is for the Minister of Labour and arises as a result of a wire I received from the president of District 26 of the United Mine Workers of America, Mr. William Marsh. It concerns the announcement of the closure of the new Prince coal mine on Cape Breton Island and the loss of 300 jobs. Is the minister prepared to meet with the president and his executive—they are prepared to meet with the minister in Ottawa at a moment's notice—to see what can be done? Previously, the minister has been most co-operative on matters of this nature regarding safety, and so

on. He has worked with myself previously and with the union on a series of matters.

This situation comes on the heels of the announcement by the Iron Ore Company of Canada, in Labrador City, of a loss of 350 jobs, and the linerboard plant in Newfoundland with a loss of 2,100 jobs. How soon can the minister meet with the executive of the United Mine Workers of America in order to discuss this very important situation?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I appreciate the hon. member giving me notice of his question. I have also received a wire from Mr. William Marsh, president of the United Mine Workers of America. Most certainly, I am prepared to meet with him at the earliest possible opportunity. My office is letting him know that right now. I would be pleased to have the hon. member for Cape Breton-The Sydneys there, and other hon. members involved, if they desire to attend.

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REGIONAL ECONOMIC EXPANSION

REQUESTED GOVERNMENT ACTION TO AVOID MINE CLOSING ON CAPE BRETON ISLAND

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is directed to the hon. Minister of Regional Economic Expansion who reports to the House for the Cape Breton Development Corporation. Is he, also, prepared to meet with the United Mine Workers of America as soon as possible in order to ascertain if there is not some way this mine can be kept in operation? It involves approximately 300 employees. God knows what they are going to do. The situation is very serious. Every day we hear announcements of unemployment, unemployment and lay-offs. Is the minister prepared to meet with the union tomorrow? They will come to Ottawa tomorrow, or Sunday, and meet with him if he wishes.

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, the decision to close, as the hon. member referred to it, has not been taken in the sense he alluded to. The people are not going to be laid off. What the situation needs, as the hon. member already knows, is the question of security, first, and also the question of the very high cost which is involved right now in trying to mine the coal with the present system at the new Prince mine. An alternative to the present system of mining this coal is now being contemplated. Obviously, we will look for a different system of reaching the coal. We might have to go deeper, implement a safer system and a less costly one.

To attain a regular standard of security in the present system, we are required to work at a very high cost of operation, which makes the entire operation not viable. We intend to keep all the workers at work, but they will not necessarily be involved in the same operations as they are now. I understand all of them will be retained at work, but they will be doing different work in different places for some time until the present difficulties in the pillar and wall system, which is in operation, have been resolved.

[*Translation*]

QUEBEC—REQUEST FOR PROGRESS REPORT ON NEGOTIATIONS FOR EXPANSION OF TOURISM

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. Many representations from hon. members have been made to the minister for launching a program to stimulate the tourist industry in the province of Quebec, particularly in the Gaspé area. Would he tell the House whether he is still negotiating a subagreement with the province of Quebec for developing the tourist industry in that province and more specifically in the Gaspé area?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Yes, Mr. Speaker, we are still negotiating and as I indicated a few weeks ago when I was in Quebec City, we hope to be able to finalize those negotiations soon and ratify this agreement which is very important as hon. members know already, since some of them have been consulted and informed to some extent of the promising results which could be achieved through this proposal. So, I hope we will be able to sign this agreement during the coming weeks.

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[*English*]

NATIONAL SECURITY

SOVIET NATIONALS ENGAGED IN SUBVERSIVE ACTIVITIES IN CANADA—GOVERNMENT ACTION TO PREVENT

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General, who confirmed yesterday the accuracy of certain statements regarding foreign intelligence activities in Canada. One such statement was made in the House on February 21, to the effect that 28 out of 61 Soviet officials in Canada were engaged in intelligence activities. Of course, we know that 13 of these Soviet nationals were expelled. With regard to the remainder, who allegedly continue to be engaged in intelligence activities in Canada, can the Solicitor General tell the House how long he or his predecessor knew about this, and what action they have taken?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the matter has not been changed: the nature of the replies I made previously is not going to change as a result of the events which occurred yesterday. I am sure the hon. member recognizes that, indeed, matters of national security are not subject to public comment, no more today than they were yesterday or the day before.

● (1142)

I regret having had to pursue the matter in the way it was pursued yesterday, because in fact even that was detrimental

to the question of national security. I did it in that way in order to be helpful to the hon. member for Leeds. I am not in any way going to be commenting on the question put to me by the hon. gentleman.

ISSUANCE OF TRAVEL PERMITS TO SOVIET INTELLIGENCE AGENTS IN CANADA

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I should like to ask the Solicitor General about travel permits issued to Soviet intelligence agents. This question has absolutely nothing to do with national security in the context in which the minister just put it. Does it remain the policy of this government to continue to issue travel permits to Soviet nationals whom the Solicitor General, on the basis of information received from his security forces, has reasonable and probable grounds to believe are members of the KGB or some other foreign intelligence unit? Is that the continuing policy of this government?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, if I recall correctly, that question was asked of the Secretary of State for External Affairs and a full reply was made at the time.

ACTION OF GOVERNMENT TO EXPEL SOVIET SUBVERSIVE AGENTS IN CANADA

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a supplementary question for the Solicitor General. By his own statement, there are 15 nationals of the Soviet Union here in Canada acting against the interests of national security in a subversive fashion. Is he taking any action, or is his government, to expel those 15 subversives who are still conducting such activities, by the minister's own statement?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member refers to information that was made public by the hon. member for Leeds.

An hon. Member: No, that was your information.

Mr. Blais: The hon. gentleman from Leeds did not indicate when that information was compiled or whether, indeed, that situation has since changed. That, surely, is not a question the hon. member wants me to comment on.

Mr. Nielsen: Mr. Speaker, I am referring to the minister's own statement, not in respect of any event that occurred yesterday involving the hon. member for Leeds. It was his statement that there are still 15 such agents in Canada, after the expulsion of 13. By simple arithmetic, if we deduct 13 from the 28 whom the minister said were here, that leaves 15. It is those 15 I am asking about. What action is the government going to take in respect of their expulsion, if they are engaged, as he says, in subversive activities?

Mr. Blais: I cannot recall ever having made that statement, Mr. Speaker.

WARREN HART—INQUIRY AS TO RECRUITMENT FOR INTELLIGENCE WORK IN CANADA

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, this is a matter that is supplementary, in that it involves the security of other countries. When will the Solicitor General know the complete story of who arranged the recruitment of FBI operative, Warren Hart, whose bureau number was S4—in case there is any doubt as to what his connection was— and who arranged for him to come to Canada, keeping in mind that his file was red-flagged and inquiries and information went directly to the PMO?

Hon. J.-J. Blais (Solicitor General): Soon, Mr. Speaker.

Mr. MacKay: Who authorized this man, Mr. Speaker—and I direct this question to the same minister—to make forays into the Caribbean, not only to infiltrate but to train revolutionaries, a seeming contravention of this country's stated policy of non-offensive intelligence operations? Was the House misled or is it our policy to conduct offensive intelligence operations in areas where we have a legitimate sphere of influence?

Mr. Blais: Mr. Speaker, I have indicated to the House before that there is no policy of offensive intelligence-gathering. I maintain that position. I told the hon. gentleman that the information I had received to date would indicate that this policy has not been infringed. I am getting additional information, and I have indicated to the hon. gentleman that I will provide him with that information when it is available.

Mr. MacKay: Mr. Speaker, I say to the minister that sending a trained agent to another sovereign state to train revolutionaries sounds rather offensive to me. Does the minister not agree with that?

Mr. Blais: Mr. Speaker, the hon. gentleman makes an allegation that we are dealing with a trained agent. The hon. gentleman fully knows that the role of Mr. Hart was always that of a source and never that of a trained agent.

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TRANSPORT

FUTURE OF SHIP CANAL AT SAULT STE. MARIE

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Transport. I have given him notice of it. Can he explain the delay in cabinet reaching a decision on the future of the Canadian ship canal at Sault Ste. Marie? Is it because new evidence has been drawn to the attention of the minister, namely, that a significant increase in western coal shipments through the locks contradicts the minister's assumption that there will be no capacity problems until after 1995 and, therefore, a cost-benefit analysis on improving the existing lock should be undertaken?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I can assure the hon. member that a decision with regard to the

Sault canal and the development of that area is being made on the basis of all the available facts and information. There is no special reason for a conclusion not having been reached except that we want to do a very thorough job of analysis.

Mr. Symes: Mr. Speaker, I hope the minister does study the new evidence about 4 million tons of coal moving through that system by 1980, because that does not seem to me to justify reducing or closing the lock. By way of a supplementary question, can the minister explain the budgetary reduction of $336,000 for operating costs for the fiscal year 1978-79? Does this mean the government has decided to reduce one work shift, which was an option suggested in its preliminary report on the future of the Sault lock?

Mr. Lang: With regard to the second part, I would want to check that. I think probably if the time estimates are being considered, I would be able to give that information. I can tell the hon. member that as far as the proposed or suggested movement of coal is concerned, we had projections of possible movements of coal far greater than that which we have been taking into account in terms of the development of the Seaway.

AIRLINES ISSUING FREE TICKETS SO CUSTOMERS MAY AVOID INCOME TAX

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Transport. There have been news reports this week that airline companies and travel agents are handing out free airline tickets to help customers avoid paying income tax, and there are so many free tickets around that they are like money.

In light of the statement made by Mr. Claude Taylor at committee meetings last spring, that Air Canada has 80,000 tickets it cannot account for, I would ask the minister whether he has contacted Mr. Taylor to see if they have found these 80,000 tickets, or are they part of the free tickets that are floating around Canada?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I have no reason to think there is any relationship between these two matters, and I do not think anyone suggested that at any time. I have not had a recent report from Mr. Taylor on this matter, but I would be glad to obtain one.

Mr. McKenzie: Mr. Speaker, will the minister contact Mr. Benson, of the CTC, to make sure he allows no more air fare increases until he has complete assurance that airline companies can account for all these missing tickets and have proper accounting systems, instead of having this rip-off of the Canadian public?

Mr. Lang: Mr. Speaker, I will take note of that representation.

[Mr. Lang.]

PROPOSED WITHDRAWAL OF GOVERNMENT FROM INTRAPROVINCIAL FERRY SERVICES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Transport of which I have given him notice. Given the government's stated intention to withdraw from all intraprovincial ferry services in the country, and given the settlement that was successfully negotiated with British Columbia in this regard, I should like to ask whether the minister or the government is prepared to offer the same terms and financial conditions to the province of Newfoundland in this regard that it gave to British Columbia?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, broadly speaking, it is our view that the administration of local ferry services, particularly when they may be competitive with roads or, indeed, are being replaced by the construction of road services, are better managed and better to be managed in provincial hands. Toward that end we are discussing with Newfoundland an appropriate fiancial arrangement, and perhaps an arrangement to assure improved facilities where they are required to provide the ferry services. These discussions have been ongoing for some time. I think they may have taken a change for the better fairly recently; I say that as a result of my first discussions with the new minister of transport for Newfoundland.

Mr. McGrath: Mr. Speaker, although the minister did not say so, can I assume that Newfoundland can expect the same terms given to British Columbia? Can the minister give the House, and certainly the people of Newfoundland, the assurance that the vessel which has been designated to replace the *William Carson* on the Labrador-Newfoundland service will be adequate in terms of accommodation and safe in terms of its ability to navigate the ice situations off Labrador?

Mr. Lang: Mr. Speaker, the principles which were at work in developing a solution to the ferry situation in British Columbia are the same principles at work in the case of Newfoundland, although different circumstances and different arrangements in law might well lead to appropriate results rather than identical results. The information I had was that the vessel being prepared for the substitution of the *William Carson* was chosen because of its suitability. It has to undergo certain changes to permit it to fit the service exactly, and those will be undertaken.

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EXTERNAL AFFAIRS

COMPENSATION FOR COSTS INCURRED IN SEARCH FOR SOVIET SATELLITE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Will he inform the House what further developments there have been in respect of the question of compensation by the Soviet Union for costs incurred in the search for the parts of the Cosmos satellite?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the question may be prompted by press reports that the Soviets did not accept our proposal at the United Nations. That is correct, although we did get a good deal of support for it during the debate, which I believe concluded yesterday. We will continue to pursue the matter there.

• (1152)

On the specific point of the collection of costs as they relate to the work of recovery of the satellite, we have submitted to the Soviet Union a further note which indicates quite categorically Canada's view that the Soviet Union is responsible and that it is our intention to seek to recover the funds that were expended in this regard. I may say that I would have no objection to tabling it—this may cut off a supplementary question—if that note is desired by members. I would be glad to do so.

REPORT ON SHCHARANSKY CASE

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Secretary of State for External Affairs. It arises out of the motion which was made in the House and adopted unanimously, presented by the hon. member for York Centre and seconded by the hon. member for Grenville-Carleton, to the effect that the Shcharansky case and the offer of landed immigrant status which Canada has extended to Shcharansky be raised at the earliest possible moment at the Belgrade meeting. I ask the minister if that has been done. Also, perhaps he could report to the House, if it has not been done, on the difficulties that might be encountered and what we can expect to be done in this regard.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the last word that I had from the delegation in Belgrade—by the way, it was a report which embraced some of the views of members of parliament and members of the other place who were there at the time—was that up to that moment there had not been an appropriate phase in the discussions at Belgrade which would permit the actual presentation of this resolution.

Our ambassador was looking for alternative means through which it could be done, and will advise us when he has reached the appropriate conclusion as to what the best technique would be. I think there are members of parliament and members of the other place in Belgrade who are following this as well, and I will be governed by the general conclusion. In other words, we will follow whatever conclusion the total delegation comes to as to the best way to proceed.

Mr. Fraser: The Secretary of State for External Affairs was not here yesterday—undoubtedly, he was engaged in other duties—but a motion was presented to the House by the hon. member for Edmonton-Strathcona, seconded by myself, which was also unanimously approved with respect to the Shcharansky case, directing the House to urge upon the Soviet Union that we have an observer at the trial, and also repeating the offer of the Canadian government to grant Mr. Shcharansky landed immigrant status. My question to the minister is whether he can tell the House, first of all, how soon this direction given by the House to him will be carried out, and when will we have a report on the action taken on this unanimous resolution?

Mr. Jamieson: I hope you will permit me a moment here, Mr. Speaker, to illustrate, in a completely non-argumentative way, the difficulty which these two motions present. I will answer by saying that of course they will be submitted at the earliest opportunity to representatives of the Soviet Union. However, I would point out with the best of intentions, I have no doubt the two are mutually exclusive unless we can find an effective way of putting them together.

One suggests that there should be an immediate release of Mr. Shcharansky; the other anticipates the trial of Mr. Shcharansky. This makes it extremely difficult for us to argue that the gentleman ought not to be tried and that we should continue with the initial course which we pursued, namely, of asking that he be released from the Soviet Union and that we will take him into custody. I make that point, I repeat, not in any debating sense but to illustrate the difficulties of debating these tremendously sensitive issues in public.

I will be glad to consult with hon. members opposite who have an interest in this case, and with members on this side of the House, in private or in any other way so we can reach a suitable approach to this matter which will illustrate that we all have a concern for this gentleman and for human rights in general, and so we can do it in a manner which will effectively advance our goals rather than being self-defeating which, regrettably and with the best of intentions, often turns out to be the case.

Mr. Fraser: I would like to ask the minister, again in a non-argumentative way, whether in view of his remarks he would give careful consideration to the representations that have been made to him, to members of his own party and to members of my party, which give a very strong indication that publicity in these areas is not self-defeating but, in fact, brings about—on certain occasions—some very positive results. Having said that, I recognize the difficulties to which the minister is referring, but I would ask him to consider—

Mr. Speaker: Order, please. Perhaps the subject is being overworked.

MINISTER'S DISCUSSIONS WITH SOVIET OFFICIALS ON QUESTION OF HUMAN RIGHTS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of National Defence: it is concerned with human rights. Last Wednesday evening, the Estonian Central Council, the Latvian National Federation in Canada, and the Lithuanian community met in Ottawa for the Balkan evening. Since the Minister of National Defence addressed this group, I wish to ask him—because some Estonian immigrants have settled in my constituency—in view of the

desire of these people to establish free democratic governments in their homelands, whether during his recent trip to the Soviet Union the minister raised the question of freeing the Balkan states and permitting them to hold free, democratic elections with all political parties participating. Has he raised this question with the Soviets and, if so, what was their response?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I have not been to the Soviet Union recently, nor do I have any immediate intention of going. They are sending enough guests over here.

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ADMINISTRATION OF JUSTICE

CHANGES IN PAROLE LAWS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Solicitor General. It arises by virtue of the chairman of the Waterloo Police Commission stating that he is going to write to the Solicitor General to ask him to consider changes in our parole laws to prevent the recurrence of an incident in which the police spent something like $85,000 to prevent sexual offenders from repeating their offences. My question is—

An hon. Member: I can't hear a word you are saying because your colleague is making such a racket.

Mr. Crouse: On a point of order, Mr. Speaker—

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

Mr. Crouse: The minister misled this House when he said on Wednesday evening he has been in the Soviet Union.

Mr. Speaker: Order, please.

Mr. Crouse: Tell us the truth.

Mr. Speaker: Order. In spite of the allegation which the hon. member now makes, the minister gave a clear answer to the House. I am not under any impression that it could mislead the House in any way.

Mr. Hnatyshyn: Mr. Speaker, I will readdress my question to the Solicitor General. It arises by virtue of the report that the commissioner of the Waterloo Police Commission is writing to the Solicitor General with respect to changes to be considered in the parole laws to prevent the recurrence of an incident there on which the police spent something like $85,000 to prevent a sexual offender from repeating his offences. Is the Solicitor General now giving consideration to changes in the parole laws and regulations which might avoid recurrence of this type of situation and, if so, when will these changes be brought before parliament?

[Mr. Crouse.]

• (1202)

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I have not seen the letter from the Waterloo chief of police and I do not know about the event referred to. I will have to look at the record, see the letter and perhaps provide some additional information to the honourable gentleman later.

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AIR TRANSPORT

FIRST-CLASS SERVICE TO WESTERN MANITOBA AND EASTERN SASKATCHEWAN

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Transport. The hon. gentleman is aware of the promise made by the government four years ago to provide first-class air service to western Manitoba and eastern Saskatchewan. I would like to ask the minister if he is also aware that an application is now before the Air Transport Committee from Great Lakes Air Lines to provide jet service to this area at the earliest possible date, and would he use his good offices to get this service into operation as quickly as possible in 1978, as he promised he would during a visit to the Westman area last fall?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I was aware that the application by Great Lakes was going forward. I would not, of course, want to comment on that application, which must first be dealt with by the Canadian Transport Commission which has been charged by parliament to determine whether any particular application is in the public interest.

At the same time, I should say that I am awaiting a decision by the commission on a number of other applications which have been before it and which would offer service under a variety of different forms to Brandon and the area of Yorkton and Dauphin, as well, in Manitoba and Saskatchewan. As soon as the CTC decision is made, I will be able to act and provide service if the CTC so recommends.

Mr. Dinsdale: Mr. Speaker, can the hon. gentleman be optimistic and give us the encouragement that, after all these years, the service will be in operation in time for the winter games early in 1979? The Minister of State for Fitness and Amateur Sport is in Brandon today making a contribution of $750,000, so obviously the government regards this question as top priority.

Mr. Lang: Mr. Speaker, I am very optimistic that all the steps required to put the service in place can be completed well before the date of the winter games.

POINT OF ORDER

MR. JAMIESON—TABLING OF NOTES TO RUSSIA RESPECTING SATELLITE DEBRIS

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I rise on a point of order. I did not hear whether hon. members opposite wished me to table copies of the notes with regard to the Cosmos satellite.

Mr. Speaker: I presume it is the desire of the House that the documents be tabled. With permission, the Secretary of State for External Affairs (Mr. Jamieson) could table the documents forthwith.

Some hon. Members: Agreed.

Mr. Speaker: So ordered.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, you will recall that yesterday an arrangement was made for consultation among House leaders as to when the allotted day scheduled for yesterday would be rescheduled. I understand that it has been arranged to have that allotted day scheduled for Monday, which is the only time it could be reasonably scheduled, that there will be a vote, and that the order will be the matter raised in the name of the Leader of the New Democratic Party on the status of women and the government's failure with respect thereto, which latter is well known throughout the country.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I was rising on the same subject. There were discussions yesterday, and I believe it is agreed that the allotted day we were to have had yesterday will be re-scheduled for Monday. It is true that if the deputy government House leader will designate Monday as an allotted day the motion which was filed yesterday will be filed again in the name of the hon. member for Oshawa-Whitby. It does concern the status of women, and we shall be asking for a vote at 9.45 Monday evening.

While I am on my feet, I believe it is also understood that Tuesday will be an opposition day. I believe it is the official opposition which will have the day. However, if that is the case, both Monday and Tuesday need to be designated.

Mr. Cafik: Mr. Speaker, I agree that there has been an accommodation reached with respect to the designation of Monday as an opposition day to replace the one which was set aside yesterday. I gather it will be assigned to the New Democratic Party. As I indicated yesterday in the House of Commons, Tuesday will also be designated as an opposition day, and I gather it will be assigned to the official opposition.

Mr. Speaker: That designation having taken place is it agreed that Monday will be an allotted day, that the motion will be the subject matter which was to have been raised

yesterday, that that will lead to a vote at 9.45, and that Tuesday will also be designated an allotted day?

Some hon. Members: Agreed.

Mr. Speaker: So ordered.

* * *

POINT OF ORDER

MR. MUIR—PROCEEDINGS DURING QUESTION PERIOD

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, earlier today you very graciously and kindly allowed me to pose a question to the Minister of Labour (Mr. Munro). I received what I thought was quite a reasonable answer. I then pursued my question further with the minister in charge of the Cape Breton Development Corporation, who replied but did not say whether he was prepared to meet with the union concerned. I do not question Your Honour's wisdom, but in your wisdom you did not allow me a further supplementary, as you do many others in this House.

I just want the record to show that in my almost 21 years here I have not abused the rules of this House. The Chair can check that with its advisers. I speak on behalf of my people. When problems occurred in Sudbury, we heard about them day after day, and rightly so, but we also have serious problems on Cape Breton Island. I want the record to show that I attempted to do what I could but was prevented from following up my question by Your Honour.

I wanted to see if the minister, who is a very cordial and usually co-operative minister, is able to meet with the United Mine Workers of America.

Some hon. Members: Order!

Mr. Muir: Canada does not stop at Montreal. There is a lot of country beyond Montreal.

Mr. Speaker: Order, please. I hope the hon. member will realize that the questions he put forward today took the form of representations.

Mr. Muir: No.

Mr. Speaker: The first question was whether the minister was prepared to have a meeting, and the hon. member asked a second question. Both of those questions in their very basic form were representations. I still let them go because I thought the hon. member was proceeding, with the best of motivations, to pursue a difficult problem in his own constitutency. I allowed both questions to go, and although they were in fact representations asking the minister to meet, they were both answered at some length, particularly by the minister responsible for DREE.

I thought it was a rather long and complete answer and that, in fairness, other hon. members ought to have a chance to put their grievances, particularly since I thought the hon. member

for Cape Breton-The Sydneys (Mr. Muir) made his position very clear and delivered a rather complete plea for help. I regret very much that the hon. member takes the view that he was unfairly treated, but he occupied almost ten minutes of the question period, and I thought that was very fair.

Mr. Muir: Mr. Speaker, I rise on a question of privilege. My rights are being abrogated by the Chair.

Mr. Speaker: Order, please. The hon. member raised this matter. I simply indicated my regret at his view. However, the matter is now closed.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today : Nos. 130, 795, 822 and 1,210.

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

CANADIAN HOME INSULATION PROGRAMME

Question No. 130—**Mr. Munro (Esquimalt-Saanich):**

1. Is the Canadian Home Insulation Programme (CHIP) available to residents in all the provinces and, if not, which provinces are excluded and for what reason?

2. In what city is CHIP Headquarters and in what constituency is it located?

3. Who is the Member of Parliament for the constituency?

4. What Minister is responsible for the CHIP Programme?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. The Canadian Home Insulation Programme is available to the residents of all provinces and territories with the exception of Prince Edward Island and Nova Scotia. A more generous programme has been in effect in these two provinces since February 1977, because they are highly dependent on imported oil for electricity generation and for home heating.

2. CHIP Headquarters are located in the Town of Mount Royal, in the Constituency of Mount Royal, in a building where CMHC has occupied space since January 1963 and where vacant space was available.

3. and 4. See Beauchesne's Parliamentary Rules and Forms, Citation 171 (ff).

PROFESSIONAL CONSULTANTS HIRED AS ADVISERS TO LEBRETON FLATS DEMONSTRATION PROJECT

Question No. 795—**Mrs. Pigott:**

Have professional consultants been hired as advisers in connection with the LeBreton Flats development project and, if so (a) what are their names (b) what is the category or designation of the consultants (c) what is the fee of each consultant (d) what is the total cost of all consultants hired for the project (e) what is the starting and finishing date for each consultant hired?

Hon. André Ouellet (Minister of State for Urban Affairs): In so far as the Central Mortgage and Housing Corporation is concerned:

Consultants—LeBreton Flats Demonstration Project

Consultant	Category of Work Performed	Fees[1] $	Contract Period Starting Date	Finishing Date
J.L. Richards Associates	Infrastructure	106,146	May 1975	Present
Institute of Environmental Research	Social Planning	149,723	September 1975	March
Social Planning Council of Ottawa-Carleton	Social Planning	24,395	January 1975	Present
Realty Research Inc.	Market Research	126,466	May 1975	July 1977
DCH Consultants	Financial Planning	126,447	May 1975	May 1977
Zoltan Kiss	Housing Design	2,001	April 1977	May 1977
Peter Barnard Associates	Land Tenure Study	9,920	May 1977	August 1977
Shawinigan Engineering	Environmental Study	37,605	August 1975	March 1976
Damas & Smith Associates	Transportation	183,976	May 1975	January 1977
A.J. Diamond Associates	Urban Design	262,144	May 1975	January 1977
Clement, Large, Paterson	Solar Engineering	9,135	October 1977	Present
Jerol Wheeler Associates	Landscape Design	1,430	July 1977	October 1977

[1] To December 6, 1977.

In so far as the National Capital Commission is concerned: (a) Damas and Smith Limited; (b) Consulting Engineers & Planners, Transportation; (c) $64,000; (d) See Parts (c); (e) January 31, 1976 to December 1976. (a) A.J. Diamond &

Associates; (b) Architects & Planners, Urban Design; (c) $16,100; (d) See Parts (c); (e) December 1976 to March 1977.

DEPUTY MINISTER AND ASSISTANT DEPUTY MINISTER POSITIONS HELD BY WOMEN

Question No. 822—**Mr. Howie:**

On November 1, 1977, how many women held the position of (a) Deputy Minister (b) Assistant Deputy Minister?

Hon. Robert K. Andras (President of the Treasury Board): On November 1, 1977, one woman held the position of Deputy Minister and two the position of Assistant Deputy Minister. In addition, three women held the position of Head of Agency, which is considered to be equivalent to Deputy Minister.

FORT ALEXANDER INDIAN BAND HOCKEY TEAM

Question No. 1,210—**Mr. Epp:**

1. Did the government grant the Fort Alexander Indian Reserve monies to fly to Copenhagen, Denmark for the purpose of playing hockey and, if so (a) in what amount (b) how many persons are going?

2. What is the cost of travel by air, rail and/or bus?

3. What will be the cost of food and lodging paid by the government?

4. What amount was allotted for expense accounts?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. Yes, in part. (a) The Fort Alexander Band is providing the Saogeeng Oldtimers Hockey Team with $7,000 from the Band recreation budget, which is made up of federal funds transferred to the Band. However, the total project cost is $39,000. The balance of the funds was raised through community fund raising ventures. (b) 26.

2. The total airfare costs are $21,000.

3. and 4. The Band advises that food, lodging and expenses will amount to $17,200.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House resumed, from Thursday, March 2, consideration of the motion of Mr. Lang that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I want to participate in this debate on Bill C-17 to comment briefly on some of the concerns I have about this CNR refinancing bill, in the context of our national rail transportation policy in general and the problems we encounter in many areas of Canada because we do not have a national transportation policy due to the lack of initiative of the Liberal government under the current Prime Minister (Mr. Trudeau) who, over the past decade, I am afraid, has allowed the situation to go from bad to worse.

● (1212)

This bill is an attempt to recapitalize $808 million of the CNR debt which stands at approximately $2 billion. We support the concept of trying to reduce the debt of the CNR. We think it has to be brought on to a more equal footing with the CPR, and therefore we say this recapitalization is long overdue. As a Crown corporation the CNR has carried this burden for a number of years while competing on an unfair basis with the CPR.

It should not be forgotten that the CNR was formed when private railway companies went bankrupt. In 1919 the government of the day acknowledged that rail service was an essential service and that railways should not be allowed to fold up and leave communities stranded. The history of transportation and of other areas of endeavour in this country shows that the government stepped in to maintain an essential service and, in doing so, of course saddled itself with a huge debt and committed itself to paying off the private owners and shareholders in the company. As a result the CNR has been burdened with that debt over the years.

We should not forget that the government has helped the private railway company as well. I am sometimes amused at the distortion of history that we see in the advertising of private groups in this country. I think of the Insurance Bureau of Canada and, to some extent, of the CPR. They like to glorify private enterprise and imply that it developed this country all on its own. Anyone who reads Canadian economic history realizes, of course, that is only half the truth. There is a long tradition of government involvement in Canada through direct subsidy, taxation measures, and Crown corporations, which did what private capital and industry was unable or unwilling to do. We should remind ourselves that at the close of the 19th century the CPR received $25 billion in outright grants from the federal government and a grant of 25 million acres of land, a very handsome subsidy in those days.

When we talk of private and public transportation we should not forget the context in which both were developed. It was considered that transportation was a service very important to Canada. Although that concept has been accepted from time to time, I am afraid that under the present administration the idea of service taking precedence over strict profit is being diminished. That is regrettable and will only serve to exacer-

bate regional inequities and the friction that contributes to the problem of national unity.

In economic and geographic terms this country does not make sense. We have tried to combine various regions of North America on an east-west axis, when all lines of geography, communication and trade run on a north-south axis. We are going against the natural trend in trying to get an entity called "Canada" together by combining east and west. It is essential, therefore, that our transportation system be strong and vital in order to preserve the fragile unity that we hold to be Canada. It is important that we have a transportation policy that does not exacerbate the division between east and west but that helps bind the country together. Where this breaks down, of course, is in the way the government has designed transportation policy. It assumes that competition is essential to an efficient transportation system and that through competition prices will be reduced and more efficiency result to the benefit of the consumer.

Another key objective of competition is to maximize profits. We run into this dilemma when we try to apply the concept of free enterprise or maximum profits to a transportation system. If that is the primary goal, and a transportation system begins to lose money on a certain section of its operations, the logic of free enterprise and the idea of user-pay demand that service on the section that is losing money be reduced or disbanded. In an ordinary business operation, the consequences of such action are usually not too severe to the consumer, as another business will take up the slack. With transportation, however, another mode of transportation is not immediately available to the area affected. If you tear up a railway line you cannot assume that an efficient highway or air service will come in to move goods and people.

The dilemma is whether you leave regions and communities isolated or with reduced transportation service in order to balance the books or make a profit. If we followed that philosophy, which I hear again and again from the Minister of Transport (Mr. Lang) in his talk about user-pay and phasing out losing parts of a transportation system, then we would contribute to national disunity. It would exacerbate the problems of people in Atlantic Canada, in northern Ontario and in parts of western Canada.

Surely we should look at our transportation system as a means of bonding the country together, as a means of removing the inequalities faced in less developed regions or regions with less natural advantages than others. I know what it is like. I come from a relatively disadvantaged region of northern Ontario where we rely on resource based industries. We have to cope with a freight rate structure that discriminates against us and prevents us from becoming independent of mining and forestry as our sources of employment and business. We cannot get secondary industry into northern Ontario, as is the case in Atlantic Canada, because freight rates discriminate against the movement of manufactured goods from secondary industry.

[Mr. Symes.]

• (1222)

Freight rates are designed to move raw materials cheaply to parts of southern Ontario or to the United States where they are manufactured and resold to us as finished goods. It is always cheaper to move that kind of bulk material in its raw or semi-processed form than it is to move manufactured goods to other parts of Canada. That, of course, means that so long as we have those discriminatory freight rates we will not solve the perennial problem of boom-bust economy or high unemployment in these regions of Canada which cannot attract secondary manufacturing industries.

That is a long-term problem which has never been solved by the government. It could be solved if this bill went further than it did. The bill should look at the totality of railway transportation and financing and bring about a rationalization of the system. If the bill brought about an amalgamation of the CNR and CPR into one publicly owned and directed Crown corporation so that we could end these persistent anomalies, the problems of freight rate discrimination which continue to give advantage to certain parts of the country and disadvantage to other parts could be solved.

The community of Sault Ste. Marie has the Algoma Steel Corporation. Steel is manufactured goods, and one would assume we could move it to any part of Canada and be able to compete in the market. However, we found that freight rates work in a reverse sense, even on some of our manufactured goods. Most recently we found that it is cheaper for the steel fabricators of British Columbia to use steel produced in Japan, transported across the Pacific Ocean and landed in British Columbia. That steel is moved more cheaply than by moving steel from Algoma along the railway system to British Columbia.

Indeed, Algoma Steel has experimented with putting the steel on ships moving it through the St. Lawrence seaway, via the Atlantic Ocean, the Panama canal, the Pacific Ocean and along the coast of British Columbia. This was an attempt to discover if this method is a less costly way of moving steel to the west coast than by putting in on flatcars and transporting it by rail. What a ridiculous situation, Mr. Speaker, that we are forced into that kind of long sea route in order to land goods on the west coast of Canada so as to compete with foreign steel. It points out the problem of rail transportation in this country.

We have heard from western members in this House of Commons as to how they can never get manufactured goods out to their part of the country cheaply, or indeed set up factories in the west and move goods to the east. That is certainly a problem that the refinancing of the CNR is not going to solve. I fault the government for not bringing in a more comprehensive transportation policy in this sense.

We have to look not only at freight and the movement of it but at the movement of people by a passenger service. Those of us who live in sparsely populated parts of Canada are worried about the changes that are being made by the government in rail transportation. We know the new transportation system called VIA Rail will soon be in effect. That has meant

reducing parts of the transcontinental service on the CNR line through northern Ontario. Certainly the small communities that service that passenger train will feel the effects of its reduction in lay-offs of railway workers.

My community has felt the effects of the transport minister's attempt to cut back on his budget by cutting back on subsidies paid to the railways on their passenger rail service. The passenger service between Sault Ste. Marie and Sudbury no longer exists because of the government's decision a year or so ago. Again we find ourselves discriminated against because of this irrational policy. We know rail passenger service has a good future in this country in terms of its energy efficiency as well as in its cost of moving people. Yet this government seems so preoccupied with air service, with tremendous capital investment going into airport expansion et cetera to the neglect of designing a fast and efficient rail service.

We see a similar kind of policy by the present government that discriminates against smaller communities as a result of cutbacks in its transportation budget. I think of the question I raised today with the Minister of Transport on the government's attempt to reduce the operation of the ship canal and the lock at Sault Ste. Marie, Ontario. We have been waiting for months now for the final decision of the government on whether it will spend money to improve and upgrade this lock. We can then continue to have our workers employed and continue to have the $1 million worth of revenue or more the lock generates and that is pumped into the economy of Sault Ste. Marie.

When I think of the new evidence we have before us of increased coal shipments from western Canada to Thunder Bay, and then via ship to the St. Lawrence Seaway, it would appear to me this is an argument not to let the Canadian lock continue to be degraded and to lose its commercial viability. Here we should be thinking of expanding and upgrading it and building a new superlock at Sault Ste. Marie to handle this increased tonnage which will result from the increased coal shipments through the St. Lawrence Seaway system.

All these factors point to a transportation system that is not developing on a rational basis. It seems to me that this bill only goes part way in trying to make the CNR more viable. I say we should have a comprehensive piece of legislation which looks at both railway systems and reorganizes and refinances them both.

We must maintain the principle that profit-taking alone cannot be the primary function of a transportation system that is by any sense national. We have to have the concept of service very high in our policy formulation, and I do not see that happening with the cutbacks and policies that this government and the minister are undertaking.

I am concerned about the Minister of Transport promoting the concept of user-pay. In the smaller areas we do not have the volume of use, either through the movement of freight or the passenger service, that can justify the service receiving enough revenue solely from those who use it. They will have to continue with subsidies to the various rail and other transportation systems in order that small communities which do not have the volume can still have that essential service in their daily lives.

Any movement toward a strict concept of making a system viable only on the concept of revenues generated from those who use it will surely exacerbate the problem in the various regions of Canada. I am concerned too that part of the thinking by the minister in moving this bill was shown in his statement that at times we should sell off the more profitable parts of the CNR to private industry. He implied that once we make certain sections profitable the government should not be concerned with managing and operating those sections. They would then be attractive to private investors and we should sell off parts of our Crown corporation to them. If we move in that direction, we will be in the predicament I mentioned at the beginning of my speech.

● (1232)

If private operators buy the profitable parts of CN, their way of thinking and primary policy will be that their operation must always make a profit. If there are times when that operation begins to lose money, the private operator, working on the principles of free enterprise, and I do not fault him because only logically can he come to this conclusion, will reduce parts of that service in order to make a profit. That will mean certain areas of the country will be disadvantaged.

The history of transportation in this country has shown that we have to keep the concept of service on an equal footing with the concept of sound business operations in an attempt to have a most efficient and, where possible, profitable operation. Therefore I have to conclude that only by maintaining public control over our transportation system can we guarantee for all Canadians, no matter where they live, that the concept of essential service will be maintained.

In a sense, the bill is a bit of a move in the right direction in trying to reduce the burden of debt that the CNR is facing. However, I worry about what this means for the future in terms of over-all transportation plans of this government and this minister. As I stated before, my fear is that we will end up with a transportation system that does not bind our country together, providing equality of service and opportunity, but one that gives advantages to certain parts of the country because they are more blessed with markets and resources than other parts. No government worth its salt can move in that direction if it is serious about national unity and developing a sound economy.

With those reservations, we will support the bill, but we will be watching very carefully and be very critical of the minister if he moves in the direction of reducing service and privatizing parts of this very important Crown corporation.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I am happy to have this opportunity to make some comments on this bill at the second reading stage. First I want to commend the Minister of Transport (Mr. Lang) for bringing this bill before the House. It is not very voluminous but indeed it will have

far-reaching consequences for the whole country. I think everybody had been expecting such a bill for a long time; we have been expecting it for many years, and I figure it is a good start towards a reorganization of our rail services throughout Canada. Also I want to say that unlike some of the previous speakers of the opposition, I will not begin my comments by saying that the government favours one province over another, or Montreal over Winnipeg, or Toronto over some other city in some other province. In my opinion, that is not the way to enter the debate, because if I speak favourably of the bill, I will do so talking about my region since it is the only one I know, just as people from western Canada do not know much about Quebec when telling us whether they are for or against the bill.

I will not say a word about other regions because I know people out west also have needs. They have to talk about their needs but not to the extent of running down or belittling certain needs in some other province they know nothing about. That is why, Mr. Speaker, I will limit my comments to my area and what the bill will mean for it. You can be sure that we support the bill wholeheartedly. This bill is entitled: "An Act to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof". In summary, Bill C-17 provides in Section 6:

> . . . would authorize the Governor in Council to cancel not more than eight hundred and eight million dollars of debt owned by the Company to the Crown, together with any interest falling due thereon after December 31st, 1977 . . .

And Section 7, I quote:

> . . . would provide for the surrender to the Company for cancellation of all four per cent preferred stock held by the Minister of Finance on December 31st, 1977.

And finally, and I quote:

> Section 9 would establish the authorized and issued capital stock of the National Company at six million common shares of no par value and provide for the value those shares are to have in the accounts of the Company.

In return, the CN shall pay the Receiver General of Canada a dividend of 20 per cent, which will leave it, finally, with 80 per cent to manage the company business. In short, Bill C-17 simply cancels the debt of the Canadian National with the government—capital and interest—roughly $20 billion, in order for the company to get back on an even keel.

Often the people are misled for lack of an explanation. Unfortunately, when a member puts pertinent questions trying to better enlighten the people, the government, through the minister responsible, often answers that it is a matter of internal administration for the Crown company and that it cannot give out the information requested. The people wonder, and rightly so, why the CN ends up in the red every year whereas CP reports net profits at the end of each fiscal year. Would it be easier to control the expenditures and the administration of a private company than those of a Crown corporation? Would it be that in a private company there are officials who have a financial interest to protect whereas in a Crown corporation there are no such people in fact and that the directors have just their salary to protect? But I shall not be that sadistic.

I owe explanations to the population, and the government should give these explanations it has in fact. We only have to check the CN balance sheet to see that the deficit of the administration would not be so high if it were not for the interests which take out a good part of its budget. The CN has in fact an operating surplus. But the CN has an old debt accrued over years, on which it pays interest which are too high. I see the reason for these loans in the fact that we force CN to maintain deficit producing lines in remote areas. I would even say that very often CN plays the part of a stop-gap. Where CP does not want to venture or withdraws because it is not as profitable as they expected, CN is ordered to go by the government. Therefore it is the government which is in fact responsible for this deficit. And to make things worse, the same government requires CN to pay interest on these loans instead of simply subsidizing it. There should be at least special supplementary assistance in non-profitable areas but, instead of that, CN has to borrow from the government and when it gets free assistance, CP takes equal advantage of this government assistance to transportation.

I think it is a kind of underhand protectionism towards CP. All this passes unnoticed. Both companies get subsidies as if both had the obligation to serve profitable as well as non-profitable areas. But if we look at our two railway systems, we realize that CN has to serve undeveloped and remote areas much more often than CP. We should beware of this in the new organization.

I also believe that over-centralization is one of the reasons for the CN deficit. I remember that when there was a minor breakdown on an engine, in my Saguenay-Lac-St-Jean area, it had to be sent to Montreal to be repaired, even if it meant just an hour, an hour and a half or two hours of work. Can you imagine that? The engine had to be sent to Montreal for repairs which meant 32, 36 or 40 hours before it was back. Then they put in servo-centres to follow the moves of coaches and know at every moment where each of them was.

It is all very well to sit in an office and admire the movement of railway cars, but what is important is that these cars can travel in all safety on the railroad. And for that, it is necessary to have adequate maintenance personnel, not people who sit in offices. This is of no use when it comes to repairing the railroads, Mr. Speaker. And there are now too many people in the offices and not enough on the lines. I believe that 50 per cent of all derailments which have caused losses amounting to millions of dollars in the last few years could have been avoided had there been maintenance teams on location and had there been enough employees to maintain the railroads. I hope that the new organization will create new maintenance sectors.

As concerns decentralization, I believe that we have just made a giant step by creating two separate organizations for the transport of goods and the transport of passengers. We are therefore very happy about the creation of VIA Rail and we have high expectations about this new agency, this new VIA Rail company as concerns quality and service. I hope that in all meetings and discussions, priority will be given to the quality of service instead of profitability. Those appointed are already at work.

I have been able to speak with a few of them and I can tell you that they seem quite prepared to provide adequate passenger service in our area of the Saguenay-Lac-Saint-Jean. If we have a modernized transportation network, well-maintained railways, orderly traffic, priority of passengers over freight and schedules acceptable for the majority of customers, you can be sure that the estimates of those now responsible will be met, that is doubling the number of users in two years. This is what the promoters now want to do.

I have assured them that they will be surprised if they do as they now plan because there are customers waiting for this service in our area. Our area has a population of more than 300,000, which means that there are many potential customers for an adequate service. I have always urged consultation with the local authorities, otherwise, the population of the Saguenay-Lac-Saint-Jean will lose interest. I am now certain that the dialogue will be helpful for the expansion of VIA Rail and to provide more adequate service to our population. Of course, we are satisfied with Bill C-17 and we would like it to be referred as soon as possible to the standing committee of the House so that it may be studied in depth and improved if required to provide better service and improved safety.

• (1242)

[*English*]

Mr. Cecil Smith (Churchill): Mr. Speaker, in speaking on Bill C-17 today I will begin by pointing out that those ribbons of steel which run into northern Manitoba known as the CN rail lines are really the basis of the economic life and future of my part of the country. I think of the line which runs from the top of Lynn Lake to carry out iron ore and serve the communities along the route. I think, too, of the 500-mile line which runs from Le Pas to Churchill. The rail lines in northern Manitoba are just like milk to a baby. Without them our economic future would be bleak indeed.

I see that the Minister of Transport (Mr. Lang) is here. I know he is interested in the Port of Churchill and is following this discussion with interest. The bill before us was introduced in the House on December 19, 1977. The Prime Minister (Mr. Trudeau) urged the opposition to pass it immediately. Its effect will be to cancel, as of December 31, 1977, $808 million of debt owed by the CN to the government. According to the Minister of Transport this would give the company a capital structure appropriate to a mature corporation and provide it with a realistic debt-equity ratio.

After the recapitalization of 1952, the debt-equity ratio of the company was comparable to that of the Canadian Pacific. But since 1952 CN has been carrying a huge debt burden, though in different circumstances, CP rail has earned a profit every year and never missed a dividend.

• (1252)

This is the third time the CNR has come to parliament asking to be relieved of debt. The Prime Minister is asking us to pass quickly a bill which will erase CN's debt to the people, for the third time. That will put a service in the black which belongs in the red. How can the government expect taxpayers to refinance a transportation system which causes only frustration and hardship, which reorganizes attitudes and services to improve profit ratio, only to become more inefficient and inoperable?

In 1974 the transport committee promised CN $20 million for rebuilding the railway from Gillam to Churchill. When the Hudson Bay Railway was constructed, 80 pound steel was used, that is, 80 pounds per foot steel. What has been taking place over the past number of years is the upgrading of this rail line to 100 pound steel in order to enable trains to carry heavier carloads and so on.

The line which commences at Gillam, Manitoba, has now been upgraded as far as the Herchmer subdivision. The balance of that rail for 200 miles is 80 pound steel, which is causing a real problem with the movement of grain, especially to the Port of Churchill. This is because of the 100 ton hopper cars which are being used. In spite of the rail facilities into Churchill, fortunately last year during the grain shipping season there were very, very few accidents on this particular part of the line. I give a lot of credit to the running crews who have a dedication and responsibility to get grain to Churchill. They attempted to set an all-time record of some 30 million bushels. This was not quite achieved for the simple reason that two of the last ships, which were to haul grain out of Churchill, did not arrive. They were diverted to Montreal.

The rail was to be upgraded to the tune of $20 million. It was to be completed by 1978. Due to a problem as to jurisdiction or classification of the remaining mileage which required upgrading, the entire plan fell by the wayside. On that same piece between Gillam and Churchill, there is no passing track in that 173 miles. That means trains leaving Churchill and heading back into Gillam must complete the run before they meet another loaded train which is going to Churchill. It is important for the lifeblood of the north, Churchill, and that entire 510 miles of line that this last portion be upgraded to 100 pound steel in order to eliminate the possibility of severe spills because of light rail; and also in order to be able to accommodate the 100 ton hopper cars which are now being used for the transportation of grain.

In 1978 northerners are still not sure whether this portion of track will be upgraded. There could be something in the estimates at this particular time, but I have not seen any indication that the line will be upgraded to accommodate the new aluminum hopper cars which will be replacing CN's fleet

that is presently handling grain. If the track is not upgraded in order to handle hopper cars, then the entire mechanism of hopper car dumping at the Port of Churchill will be thrown out. The present system was designed for dumping boxcars. By 1986 boxcars will no longer be used, and only hopper cars will be used to transport grain.

This should be a priority of CN. The remaining 173 miles should be upgraded. Actually, it is closer to 180 miles of track between Gillam and Churchill. It is a case of trying to sort out the priorities of the government as to which project should be carried out. When one looks at the potential of this 510 miles of railway to northern Manitoba and many parts of Saskatchewan, where the grain is produced which is shipped through the Port of Churchill, then one realizes it must be a priority. I hope the government will make an announcement. It would be a good area to be included in an election campaign, that is, the completion of that 180 miles of rail with 100 pound steel. It would not gain the Minister of Transport any votes, but certainly it would assist the economy of that particular area. Since the Minister of Transport comes from Saskatchewan, I am sure he will be interested in satisfying some of the grain producers who ship through Port Churchill by upgrading the track.

The Hall Commission report recommended very strongly that the government immediately upgrade the 180 miles of track in the Herchmer subdivision north of Gillam. Also it was recommended that it be designated development, rather than a grain dependent line. This is where the problem arose: the interpretation of development or grain dependent line. This is where the problem still lies. As far as I know, it still has not been ratified.

Originally CN assumed this line would be eligible for federal subsidies. They had already invested $6 million in upgrading some parts of the line. Some 85 per cent of the traffic on this particular line is for the Port of Churchill in line with the grain handling, yet CN cannot justify a further expenditure of $15 million which is necessary for the completion of the line. I cannot understand the rationale here.

May I call it one o'clock?

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Smith (Churchill): Just prior to one o'clock, Mr. Speaker, I was talking about the upgrading of the rail line between Gillam and Churchill from 80 pound to 100 pound steel. Considering the investment the CNR and the government have made in respect of the railway, the town and the port of Churchill, it seems to me that to stop now when a total of two thirds of the job is completed just does not wash. I cannot understand how the government can justify spending that large amount of money to upgrade certain portions and then, all of a sudden, stop the project because of a change in policy or a change in heart.

What does this upgrading of the railway facility really mean to the port of Churchill? I suggest it means the life or death of that port, and I would ask the government to give very serious consideration to putting up the money to finish this upgrading process, because Churchill is a viable grain handling port and, in fact, has the most efficient grain handling operation in Canada. That has been clearly spelled out.

Let me point out that the government, in its wisdom and planning, has just spent something like $50 million to redevelop the town of Churchill, including an $11 million expenditure on a recreation complex. No one is really arguing about whether this upgrading is essential, but at the present time, due to government cutbacks in Churchill, with a reduction in the number of people working for the National Research Council and the CBC, following its pull-out, Churchill is now left with a total population of about 1,500 people. They can no longer afford the upkeep on an $11 million recreation complex.

● (1412)

The CNR has refused to commit the final expenditure on the line between Gillam and Churchill because it does not appear profitable to them, and the reason is that the government will not give a decision to CNR on what the future of the port of Churchill will be. Of course this jeopardizes everyone's livelihood and leaves people in the area with a feeling of exasperation and helplessness, not really knowing what their future will be. They thought there was a future there when they saw the line upgraded, when they saw the community redevelopment program and $50 million spent there. That gave them some hope that there was a future, but unless that line is upgraded there will be absolutely no future.

I want to get into another area regarding cutbacks and what has happened in the CNR. Perhaps what I will talk about should be classified as cutbacks, but let me comment on how the redevelopment or the reorganization of the CNR has affected northern Manitoba and the Churchill constituency.

At one time northern Manitoba produced some of the best fresh fish in Canada. This included whitefish, pickerel, and jackfish. At that time all fish were shipped out on CN rail. What we have seen taking place over the past couple of years has put this industry in jeopardy, and all because of increased freight rates. The communities out there do not have an opportunity to transport their goods by any means other than by rail. They are totally dependent on the railway. There are no roads leading to them and only the odd one has a small airstrip which it can use for emergency services. So what has happened?

Some 250 to 300 fishermen are now out of work for the simple reason that they can no longer afford to ship their fish by rail. It seems to me that the railway is bound and deter-

mined, I suppose following the minister's user-pay concept, to stop serving them. However, there are certain circumstances in which it is the obligation of a corporation such as the CNR to provide service to areas requiring it. Therefore they should be providing this service to the communities.

I should like to give you some examples. In 1974, continental whitefish sold for 24 cents a pound, or maybe in some cases a cent or two less. At that time the freight rate from Ilford, Manitoba, to Winnipeg was 11.33 cents a pound. This left the fishermen 12.67 cents a pound for themselves. On January 20, 1975, the fish was still selling on the market for 24 cents a pound. This was the Fresh Water Fish Marketing Corporation in Winnipeg. But freight rates jumped to 12.18 cents a pound for the same fish. On May 5 of the same year, with prices unchanged, the freight rate has increased to 14.3 cents a pound. This left the fishermen 9.7 cents a pound, an amount which made it virtually impossible for them to meet their commitments. But until that time at least, the CNR would transport the fish, even though the fishermen could no longer afford to transport the fish.

At today's fish prices and with the increased cost of transportation, northern commercial fishermen are hard pressed even to pay for their food bills, let alone to pay for their equipment. We must realize that the railway provides the only link that many of these communities have with the outside world, and when the Hudson Bay Railway built the railway—it was completed to Churchill in 1931—someone had a concept regarding the development of the economy in the area and serving the small communities that had sprung up because of the railway.

What we have seen happening in the fishing industry is an increase in prices, so the fishermen got together and started to ship larger shipments of fish, in that way achieving a more reasonable rate for the shipments, carload lots, and so on. Also, what fishermen had to do was to go to the province of Manitoba, which is now paying a freight subsidy in order to keep these fishermen working. When the freight subsidy was put into effect, fishermen could survive on the return they were getting after freight. But lo and behold, in 1977, the CNR, in their wisdom, tried to cut costs and services as much as they possibly could. This case was brought here to the floor of the House of Commons and to the minister, as well as in committee. What had taken place was that an arbitrary decision was made by someone—certainly not someone in northern Manitoba—that the railway would stop hauling fresh fish. I will tell you, Mr. Speaker, how quickly this decision was put into place.

A fisherman at Arnaud, which is about mile 237 on the Hudson Bay Railway, had been out commercial fishing in the fall and had made some shipments of fish. He arrived at the track at 3.30 one morning to load his fish on to the train which comes from Churchill to the spot where he can put it on a truck and move it to Winnipeg by that means. However, he was at Arnaud where usually he is forced to load his fish on the train because there is no other means of transportation. This time when he arrived at the train at 3.30 in the morning—here is a man who is trying to make a living doing something he has done all his life—he was told by the conductor, "I am sorry, we have been issued orders now that we are not to haul any more fish."

The train left and the fisherman was left standing on the side of the track with his 35 boxes of fresh fish. We all know that fresh fish must be kept fresh if it is to ever reach the consumer in an edible state. Can you imagine what that has done to the fisherman! We have the highest unemployment in northern Manitoba next to that in Newfoundland. This fellow was so dejected that he was ready to quit right there and go on welfare, collect unemployment insurance, or do something else. I am citing this one example but there are many, many other examples such as this. However, through efforts made in the House of Commons, talking to the minister and getting in touch with the regional people of the CNR, we were successful in getting that fish picked up by the next train two days later. This meant that the fish had to be held on ice for that length of time. However, the fisherman was able to complete his fishing season.

We thought that everything was in place and that the CNR would continue to transport fish. When I went to CNR officials and presented the problem to them, the answer that I received was, "We are sorry, we do not have any facilities or any equipment for hauling fish". I said, "Sirs, you have been hauling fish out of Manitoba since that rail line has existed, so don't give me that hogwash because it certainly does not wash with me." This is the attitude which seems to be taken every day now. When services are cut back, it is hoped that people will not say too much, but those ribbons of steel which go into northern Manitoba are the economic future not only of Manitoba but of much of the rest of Canada.

● (1422)

When we consider the extraction of Arctic gas and oil which is taking place we must bear in mind that these rail lines will be very important. Road construction in the north at today's prices and because of muskeg and permafrost costs about $1.5 million to $1.75 million per mile.

When I spoke about the 250 to 300 fishermen affected by the increase in freight rates and the refusal to handle fish, I did not mention other people who are put out of work. People on shore who handle fish, packers and others, are involved. Seven hundred people are actually affected just along that portion of track alone.

This is not the only cutback we have seen. Recently it was arbitrarily decided to discontinue the service at Pikwitoni, which is a small community of about 350 people. It was decided to take the agent out of that community. There are no banks there. The people there depend entirely on the CNR to send money orders out. Many of the people have their groceries brought in by the railway. With no agent there a person cannot buy a ticket to get on the train. There is no one there to receive any shipments, but a dear price is charged for shipments into that community whether those shipments contain oil for stoves, gas for boats, which are used for fishing, or groceries.

When the decision was made to close Pikwitoni, people argued desperately for the retention of the agent so that their goods could be received. However, in the wisdom of whoever it is who decides, the station was closed.

As recently as February, 1978, a decision was made by CNR not to close places like Ilford, Thicket Portage, Cranberry Portage and Sherridon. That decision was arrived at after some consultation with those communities. At first it was decided to close those stations, but then the CNR went to the various communities and held meetings. I want to compliment those communities because their mayors, councils and advisory committees met with officials from the CNR. They presented a good case and told the railway in no uncertain terms that those stations should remain intact and that the agents should remain at those stations, not only for the good of the communities but also for the simple reason that it would be a safety measure if trains would actually use the track. It is good for those communities to have someone to handle the goods being shipped in and out.

I would like to read some of the comments of the mayor of Thicket Portage when it was decided to withdraw these services from the community of Thicket Portage, as follows:

Dear Cec.,

We listened to your recent broadcast outlining the joys of having the CNR increase its grain shipments through the Port of Churchill . . .

I was referring then to the Hall Commission report.

In order to provide some goodies to northerners the CNR was saying it would increase grain shipments to Churchill. At least that is what the Hall Commission report said, but I do not know how we are going to get this government to act on some of the Hall Commission recommendations. In a statement not too long ago the Minister of Transport said he had still not determined whether the Port of Churchill is a viable operation.

The mayor of Thicket Portage went on in his letter to explain how discouraging it is for a community which is totally dependent on the railway. Thicket Portage is a community of some 400 people. It has started a market gardening project so that it can ship vegetables to other communities in the north. This is a first for Thicket Portage and a first for the north. The community did not know what to do with the goods it produced, because if there was no agent at the station, there would be no way to load goods onto trains. One shipment of potatoes was made. The shipment had to go only 55 miles, but that took two weeks. By the time the potatoes arrived they were sprouted and soft, but the full rate had to be paid. There was no discount.

The mayor also pointed out that when the CNR was first established in that part of the country, people became totally dependent on it. They have no other means of transportation. The mayor of Thicket Portage lives in the north. He and many other people have survived there for a number of years. They are trying desperately to find jobs. They are not satisfied with living on welfare and on Canada Works projects. They want to contribute to the tax base of this country. I for one can vouch that people in the north are able to work and want to work. I wish I had the time to read this whole letter from Mayor Bob McCleverty of Thicket Portage, because it is a masterpiece.

Circumstances similar to the ones I have just outlined jeopardize living in northern Manitoba. As I said before, the CNR is to blame for much of this because it does not appear that there is any consultation with the communities involved whatsoever. Arbitrary decisions are made and people become involved after the fact. It is about time the CNR and the government realized that we have more than polar bears in the constituency of Churchill. We also have many people who are very concerned Canadians and who want to contribute to Canadian society.

I would like to speak about a couple of fishermen at Pukatawagan. I am sure, Mr. Speaker, that you do not know just where that is, but it is about 99 miles north of the Pas on the way to Lynn Lake. The people of Pukatawagan must move from lake to lake on the CNR. They have no choice. In this particular case these fishermen loaded their two boats onto the train and were transported about 35 miles. The fishermen unloaded the two boats themselves. They received a bill from the CNR for $294, or 1.96 cents per pound. In the face of that how can people who depend on the railway and who have no other means of transportation possibly survive? They just give up in frustration. They wonder what is the sense of trying to do anything. Because of some new policy regarding cubic footage, if a person has a full carload he must pay on that basis. It does not matter whether you have one box of fish or fifty—you pay the same price. That is fine if you are gathering from a large area, but many of these fishermen gather from a very small area and this sort of thing is hard on them.

● (1432)

The mayor of Ilford, Manitoba, Mr. Kip Thompson, depends totally on the CNR, and if I had time to read some of his letters into the record I am sure they would bring this government down tomorrow.

Mr. Knowles (Winnipeg North Centre): Read them!

Mr. Smith (Churchill): Of course the government is coming down very shortly anyway. One way to make sure to get rid of them would be to put them all on a train to Churchill.

Ilford, Manitoba, is a centre for shipping goods to places like Oxford House, Split Lake or York Landing. What has happened over the years is that the CNR delivers the cars to a siding where the goods are unloaded and then transported inland. In the last two years whole carloads of goods have been lost on that 510-mile railway. Mr. Speaker, they do not run off the track into the bush. Many of the goods lost are perishables.

I should like the government to check on the demurrage charges and the claims along the Hudson Bay Railway because I am sure the amount paid out is astronomical. There does not seem to be the will to deliver a piece of equipment or a box of groceries intact—any more. It seems as if the CNR is doing everything in its power to discourage people from using it but, of course, where there is no other means of transporta-

tion, people have to use this line in order to get the goods through.

The Railway Transport Committee Order No. R-25988 reads in part as follows:

IN THE MATTER OF the application of the Canadian National Railways to discontinue their passenger-train service between Winnipeg, Thompson and Churchill, in the provinces of Manitoba and Saskatchewan, comprising Train Numbers 90, 91, 92-94, and 93-95,

The next paragraph begins the same way and continues as follows:

... passenger-train service between Wabowden and Gillam and between Gillam and Churchill, in the Province of Manitoba, comprising Train Numbers 294 and 295,

It goes on in the next paragraph:

... between The Pas and Lynn Lake, in the Province of Manitoba, comprising Train Numbers 290 and 291, and

The next one reads:

... their passenger-train service between Flin Flon and Osborne Lake, in the Province of Manitoba, comprising Train Numbers 280 and 281,

What this amounts to is an application to discontinue the passenger service into northern Manitoba in total. Thank goodness the committee decided that the trains that ran between The Pas and Lynn Lake, The Pas and Churchill and also up to Osborne Lake, should not be discontinued. Even though the CN pointed out that they are running at a deficit, they are still providing an essential service. There is an obligation on the Crown corporation to provide these services even though they may be operating at a loss for the time being. Perhaps the present type of service is not the best one and we should be looking for a better and faster means of transportation such as dayliners and other things.

Mr. Speaker, I should like to thank you for giving me time to point out why I feel the bill should be discussed. I think people from all parts of the country should give their views on the recapitalization of the CNR.

Some hon. Members: Hear, hear!

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, we have before us this afternoon Bill C-17 which has come to be known as the CNR bill. The main thrust of the bill is the removal of some $800 million of debt from the CNR. This does not eliminate the debt, however, because before the bill came down there was a long term debt of $2,238,000 of which there is $1,438,000 remaining.

The minister said in this House that this $800 million debt should be removed so that he will not have to come back to the House for regular assistance to the CNR. A number of years ago a debt was removed which was supposed to fix things so that the government would never have to come back to the House requesting assistance for the CNR, and over the years there has been a total tax relief of debt to the CNR of some $6.7 billion. I would not be too unhappy about that if we had a transportation system, especially in western Ontario and the Atlantic provinces, doing what is necessary to enhance transportation in this country. Instead, we find the CNR trying to follow the lead of its competitor, the CPR, which has become one of the biggest industries in Canada although not completely in the field of transportation. The CPR is widely and strongly assisted by the coffers of the federal government which, of course, means the taxpayers of Canada.

● (1442)

We had a prize example when the CN tried to build one of the biggest edifices in Canada, the CN Tower in Toronto. Large amounts of money were probably blown which really did not have anything at all to do with transportation in Canada. CN has other similar interests. It has tried to follow the CPR. But it is not really providing a rail service of transportation that we need in Canada. It should not be trying to follow the CPR. It should be out showing the CPR what transportation is all about. It should be an example for transportation in Canada. It should become the best. It should be doing all of the things necessary to become one of the top transportation companies in North America.

I have to say that I think CN management have fallen into the same trap that government bureaucrats do. They have become top heavy at the executive level. They have not really put out the effort which is necessary in the transportation field and that is vital to Canada. We have many transportation problems in western Canada. Whenever we have a first ministers' meeting it is one of the top items on the agenda as far as the western premiers and the premiers from the Atlantic provinces are concerned.

Last year I travelled with the transport committee into the Atlantic provinces. I was astounded to find the same problems exist in Atlantic Canada that exist in western Canada. The railways were charging what the traffic would bear. This is the way they use what we might call "the two ends of Canada". They charge whatever rates the traffic will bear, whatever they can get. There is neither rhyme nor reason to their transportation rates.

There is an obligation on the railways because of the large amounts of money which have been transferred from the taxpayers to the CNR and, of course, to the CPR over the years. They have an obligation to ensure that we have a good and proper transportation system in Canada.

I have a brief here that was written by the Canadian Transport Commission concerning the fruit industry of the Okanagan valley. Over the years the Okanagan valley has been under the gun from the transportation companies because they charged and they still charge what the traffic will bear. They do not begin to compete with their railway counterparts in the United States, bearing in mind that the fruit producer, the farmer, has to compete with the producer in the United States. Apples are allowed to enter Canada duty free. There is no tariff. We do not mind this sort of thing. It is only when we find ourselves being discriminated against as far as charges are concerned as well as some of the other related industry costs that we begin to wonder what is happening to us.

We have made many representations to the railways, and quite a few to the Minister of Transport (Mr. Lang). We have made them to the Canadian Transport Commission. This is a

fairly thick document but it does not really say too much about transportation. That, Mr. Speaker, is in my opinion what the CTC should be concerned about. They spend more time telling the fruit growers in the Okanagan valley what is wrong with them. They are not really researching to find out what is in effect wrong with the transportation companies, wrong with the rates, and wrong with the charges that we have imposed on us by the CNR and the CPR in freight rates. It was so frustrating to the fruit growers because of the difference in rates between the Canadian railways and the American railways that they have practically turned to truck transportation.

A few years ago I was heavily involved in that industry, and with the agreed charges on rail rates we had to consent to send 60 to 70 per cent of our produce over the railways to get a lower rate. What happened was the railways would not, did not, could not supply the cars. They did not hold up their end of the bargain. They were the ones who said, "If you want a lower rate we will have an agreed charge. You must agree to send most of your product through us". But they could not deliver the goods when it came right down to it. They did not have any intention to deliver. We had frustration after frustration. We saw our competitors' produce coming into western Canada and going into our export markets. We were not able to compete because the transportation facilities were not there.

When I look at the $6.7 billion which the taxpayers have transferred to the CNR over the years I wonder why they have not been able to deliver the goods and become a top transportation company in Canada. That is one example. There are many other examples in western Canada of exactly the same kind of treatment that industry producers and farm products have received. We can talk about them over and over again. A former minister of transport got up in this House and I was here when he did so, threw up his hands, and said that transportation in Canada is in a mess. He was right.

Mr. Woolliams: They sent him to the Senate.

Mr. Whittaker: My colleague from Calgary North says they sent him to the Senate. That is exactly what happened. That is exactly what he got for identifying the fact that transportation was in a mess. Then they brought in the big man from Saskatchewan to become the Minister of Transport. He is pretty good at covering up; however, we do not have a better transportation system. We are not getting better service. Nothing is any better than it was before, even though the Minister of Transport said the other day that the mess in transportation in Canada has been cleaned up.

● (1452)

I do not know who the minister is trying to fool. I do not know why he would try to kid the people of Canada unless it is because there will soon be an election.

Every time I fly into Vancouver I can see 22 vessels in the harbour waiting to be loaded with grain. It is great that we have these grain sales. Without them, our balance of trade deficit would be much greater. Our imports would be much greater. Grain is the one item that makes our agricultural exports look good. However, it is deplorable that the grain cannot be delivered to the harbour at Vancouver and that the ships must wait there. They must pay demurrage costs of up to $500 a day. Who pays that? It is the farmer of western Canada. This is only because the transportation companies cannot make their deliveries.

If the mess has been cleaned up, why did the Liberal premier of Nova Scotia say to the minister, "For God's sake, forget user pay", something the minister has been pushing very hard? He is transferring $800 million in debt from the CNR and then talking about user pay. Over the years this has involved $6.7 billion of the taxpayer's money. Instead of user pay, why not do what is necessary to deliver the wheat from the prairie provinces to the coast?

Why did the western premiers circumvent the Minister of Transport and call on the Prime Minister (Mr. Trudeau) to implement the crucial provisions of the Hall report? Of course they were rebuffed by the Prime Minister.

The other day we heard what wonderful things the Liberal government is doing with the Hall report. Of 90 recommendations, it is going to implement five or six. The government is making a lot of the fact that it might accept five or six recommendations. Is it a coincidence that the western ministers of transport are meeting with the Minister of Industry, Trade and Commerce (Mr. Horner) rather than the present Minister of Transport? The Prime Minister could not give the Minister of Industry, Trade and Commerce the transport portfolio because the present minister wanted to retain it. That hon. member walked across the floor from this party because he had been promised a cabinet post. He is now taking on part of the job of the Minister of Transport as well.

It is cheaper for Canadians to travel abroad than to travel within their own country. I can fly to London for less than it would cost me to fly from my home to Ottawa.

The Minister of Transport says that he has cleaned up the mess. Many areas are just as messy or even more messy than when the former minister of transport—

Mr. Lang: Mr. Speaker, will the hon. member permit a question?

Mr. Whittaker: Yes, Mr. Speaker.

Mr. Lang: Mr. Speaker, I appreciate the hon. member allowing me to ask a question. It is important for me to ask whether the hon. member recognizes that he is referring to something of old when he refers to fares abroad being cheaper than fares in Canada. Today if one compares schedule fares to schedule fares, they are on a rough par. If he compares charter competition fares to charter competition fares, the rates in Canada are in fact the same as those abroad. That is an example of how we have cured a problem which previously existed.

The hon. member referred to the CNR and the capacity of the rail system, making critical comments about it. Does he recognize that just yesterday CN announced the completion of calculations for 1977, that it has carried more freight than

ever before in its history and has made the highest profit, after payment of full interest on debt, since 1943? That is further evidence he might take note of in seeing how things have changed in the last few years.

Mr. Whittaker: I thank the hon. minister for his interruption. He wanted to ask me a question, but instead made two statements. He said that if you compare air fares, you will find they are about equal. He is talking about charter flights in Canada that have just been introduced. There would be no problem for me to get a charter flight out of Canada to almost anywhere in the world. However, it would be a big problem for me to get a charter flight in Canada between my home and Ottawa. The government is only trying to kid the people into believing that it is doing something.

The minister also stated that CNR is handling more traffic today than ever before. We heard the same statement last year in committee. Canada is bigger today, with more people and more things happening than ever before. The percentages are not that great. The transportation services that are required are not being provided. I would not be a bit surprised if the figures which were released included the truck traffic which has come about as a result of both CNR and CPR buying out trucking companies and taking over that traffic. So they don't really have to keep their rail lines going. Once they get into that area of activity the cost falls mainly on the provinces and the municipalities which supply and keep up the roads.

● (1502)

Today the railways are hauling large quantities of coal and other products of heavy industry. The lumber industry in western Canada has picked up considerably, another development which has been helpful to the railways. But any increase in activity which has taken place is in spite of the railways, not because of them. The situation with regard to the transportation of apples is typical. We can haul our produce out of Okanagan across the border into the United States, load it into U.S. cars for transportation east and still end up with a rate which is much better than that quoted by Canadian railways. Of course, it costs us more than our competitors have to pay because they are not obliged to spend money trucking produce across the line. The brief I have here tells us all about that situation. It also tells us what is wrong with the fruit industry; labour costs are too high, and so on. But it does not tell us why the rates charged by the CN and the CPR are so high.

That is what the CTC's job is. It is not to tell the fruit grower what is wrong with his industry. One of the reasons that fruit growers are finding it hard to compete is the much higher rate of transportation between western Canada and cities such as Toronto and Montreal. The Commission should get down to doing its job. The Commission should take its responsibilities more seriously, take charge of what is going on and stop cozying up to the railways. As we know, the minister brought in a bill last session having a bearing on this question of supervision. He withdrew it quickly, of course, after only a few speeches had been made on the subject; maybe too many people thought that if the minister were to take the responsibility into his own hands things would be even worse than they are now. As I see it, we need to strengthen the CTC and ensure that it does the job it is supposed to do. It is not the minister's job to become a kind of dictator in this area. If my proposal were followed, maybe we would get more sense and better service.

I had intended to say a few words about rail line abandonment even though it is not directly involved in the bill before us. When the CN and the CP abandon rail lines, as they are prone to do, the corridors, the rights of way, should revert to the Crown. I have put forward a private member's bill on this subject. When I use the term "revert to the Crown" I have in mind the federal Crown. That is really the only way in which I can present the case to this House because, after all, we are the federal parliament. But I would have no quarrel with the idea of the rights reverting to the provincial governments or to the municipalities concerned. When I first introduced this idea to the House—and I believe the Minister of Transport (Mr. Lang) would agree that I was the first to introduce it, whether he likes it or not—rights of way which had been abandoned went back to the railway companies, which meant, in effect, to one of their real estate subsidiaries; the CNR has one and Canadian Pacific has a big one. As soon as that happens, everybody had better look out.

Mr. Speaker, the corridors the railways are using today should not be closed, particularly in cities or areas where it would be very expensive to buy them back if and when the supply of fossil fuels comes to an end and we are obliged to place far better reliance on rail transportation. I do not know whether this will happen in my lifetime, probably not; but it may very well happen in the lifetime of my children or my grandchildren. Suppose the rail corridors through Penticton were sold. There would be just no way of getting them back at anything like reasonable cost. The railway companies do not care. They do not have a sense of responsibility any more, but the government will be back where it started so many years ago when it faced the responsibility of setting up communications from one end of the country to the other.

The Minister of Transport wants to make a deal with the municipalities and the provinces. I think he should warn them that if they sell off this property the responsibility for restoring it, should railway communications be needed again, should be theirs. The taxpayers of Canada as a whole should not be saddled with the cost. In my view it would be much better to make sure that these corridors are left open.

I realize it is the intention to forgive the CNR some $800 million more of its debt. I say to the management of the company and to the Minister of Transport: Get busy and live up to your responsibility, which is to provide good transportation. We need it desperately. We need much better service. If we have to have some shake-up in the CTC and in the management of the railways to get it, then let us do it. Let us get on with cleaning up the mess. Let us not try to kid people into thinking it is cleared up.

• (1512)

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in joining the debate on the bill before us, I do so not only with a national interest in mind but also with the interest of my area, the riding of York-Simcoe, very much in mind. We have lived for some time with this question of our transportation problems, and the question of inadequate ministers in the portfolio of the Minister of Transport (Mr. Lang) in this decrepit government that we have in Canada. Perhaps there is no place where the inadequacy of this government shows more than with respect to its operation of Crown corporations.

Fundamentally what the government is proposing now is the third sequence of burying previous mistakes with respect to previous activities of Crown corporations. Most of us realize that the excuse given by the government for this refinancing and recapitalization bill is that the CN is carrying too heavy a load of debt in relation to its equity, if that can be believed; and if the CN is relieved of its burden of debt, somehow it will go on to even better and more profitable heights. In short, relieve them of their debt and they will do better. That seems to be the message of the government, if one believes its spokesman and if one reads what the bill proposes.

In the few brief moments I have at my disposal I should like to touch on how that debt occurred. What in fact has caused the ratio between debt and equity which the CN now complains about? How does that ratio compare to its main competitor, CP? Why does CP happen to have a better ratio between equity and debt? I will deal with these areas in more detail shortly. The short answer is that CP has been able to make better earnings and better profits. In turn, that has allowed CP to build up its equity, which of course means less debt and a better ratio between debt and equity.

Also I should like to touch on the point why a government directed Crown corporation has to run in the loss position which we have experienced in CN over so many years. What goes wrong? What goes wrong that operations under the direction of government are not able to remain viable or profitable? It is partly because in the government's mind there is never a bottom line to the operation of a Crown corporation. There is never any feeling that somehow that operation, if it is to run efficiently, probably should be showing a profit.

The basic ingredient found in most businesses in the private sector is that those who invest expect to make a profit on their investments. If they do not, they start asking where the inadequacies are. They demand changes and they get changes. In short order, if they are running substantial losses, they are bankrupt. The reason I refer to this is that we deal in government in a never-never land. The government of the day for political expediency, as has been followed by the Trudeau government so religiously, agrees to non-viable ventures or activities, realizing that money will be lost, but somehow having a vague feeling that the results will be buried in the over-all estimates for the cost of government doing business and that no one will feel the pinch. The hard fact is we all eventually feel the pinch.

[Mr. Whittaker.]

The pinch we are feeling was dramatically brought out during oral questions today. We asked the Minister of Finance (Mr. Chrétien) a very simple question. We asked him what he proposed to do to reverse the balance of payments deficit in this country, which has been running chronically in a deficit position since 1973. Also we ask him what he intends to do to reverse that position, which is causing our dollar to collapse on international markets and is causing us to borrow more and more funds that will have to be repaid, including interest, some day. The Minister of Finance did not have the slightest suggestion to give to the House as to how he proposed to correct that fundamental error. He could have suggested that he would start running some of our activities, such as the CN in a more efficient manner. He could have suggested making them more productive in order for them to deliver better service to their clientele, at the same time as saving Canadians a huge amount of outgo in loss.

It is very, very nice for the government of the day to represent that the write-off it is asking the Canadian public to digest is simply a write-off of previous years' losses, or depreciations which should have been declared in earlier years. Also it is nice of the government to indicate, if that is cleared away, that somehow the CN will do better. When it is indicated that the depreciation should have been written off in previous years, the other side of it is that the government, in tolerating that lack of proper accounting, deliberately distorted the balance sheets of the CN in order to show a better picture over those years. That is the truth. The government tolerated an accounting principle which allowed CN to look somewhat better than otherwise, because it did not want to accept the complication of the adverse deficit position which the CN would show if proper accounting had been applied. That is a classic public service move. It is classic in the sense that it helps for the political future to disguise the facts. If that had been done in the private sector, it would have been damned from on high by the government of the day.

For political expediency, the government chose to distort and falsify, from an accounting standpoint, the statements in order to make them look better; accumulate what we are now being asked to write off, and who knows the difference? Unfortunately one can play with figures and his accounting approaches, but someone has to end up paying. If it was the Prime Minister (Mr. Trudeau), I would not feel so badly. Unfortunately it is not. He pays very little in taxes. The people who pay for the sheer, reckless, irresponsible mismanagement of this government are Canadian taxpayers. It is you, Mr. Speaker, I, and millions of others. Now we are being asked to agree to a new patchover in the case of CN.

Having spoken about that, I think no one should join in a debate touching upon the CN and the entire question of transportation without dealing generally with the whole question of the lack of proper commuter urban transit facilities in Canada. That brings me to what was one of the most colossal misrepresentations that any prime minister has ever come out with in the history of Canada. Of course, I am referring to the fact that our Prime Minister, in the midst of the 1974 election

campaign, solemnly vowed to inaugurate a $290 million program to aid urban transit in Canada.

● (1522)

Many who at that time still trusted the Prime Minister accepted his word. I can only assume that some even voted for him because he had spoken so forcefully about assisting urban transit in this country. That trust has been breached. In Toronto on June 17, 1974 the Prime Minister said:

—the federal government will pay 100 per cent of the cost of new commuter vehicles manufactured in Canada and 50 per cent of the cost of new stations and platforms forming part of the system . . .

He also promised "a Liberal program which would pay 25 per cent of the capital costs of all vehicles purchased for public transit". Those were the promises and many people put their trust in what was being said. The Prime Minister assured us that these promises were not pie in the sky. However, we soon realized that the immediate past minister of finance, the former member for Rosedale of all places, knew different. He told a Toronto press club conference that the government, after having spent more than $110 million to date on the stillborn Pickering airport development, and after spending another $400 million on air transport related industries, has no money left to carry out its election promises that had been so solemnly given by the Prime Minister of this country.

To me this is a clear example of the mistaken priorities of this government, and this augurs poorly for the tens of thousands who commute in the Toronto area each day. In my own area alone nearly every major urban transit project is now in jeopardy following the broken promise of this Prime Minister and his little servant, the Minister of Transport.

I recite these things because I think the day has come in Canada when politicians must realize that such broken promises are unacceptable to the Canadian public and will no longer be tolerated. In my area in particular there has been great concern in respect of the activities of our rail transit facilities and the activities of the CNR, particularly in view of these broken promises of the Prime Minister.

I have received in the form of petitions and letters over 600 requests from constituents asking me to urge the government to reconsider its priorities and to honour its vital commitments to assist commuter interests in the Toronto area as well as in the York region and Simcoe county. I have the addresses and the names of these people who have written me recorded in the 600 petition forms, all available for delivery to Mr. Speaker on Monday. In short, we have 600 concerned Canadian voters who have indicated complete disdain for the broken promises of our Prime Minister and who intend to press their request for better commuter service in the Toronto area with all the means at their disposal. Let there be no doubt; between now and the next election, whenever it occurs, I intend to write each of those constituents bringing them up to date on the activities of this government with regard to commuter travel in the Toronto area.

Let me deal with another specific. The CNR, as most of us know, has a main line that runs from Toronto up through Maple, King City, Aurora, Newmarket, Bradford, Lefroy, Stroud and Barrie. This was one of the earliest established rail lines in what was then known as Upper Canada. At one time it was a busy passenger route for people going to and from Toronto. This line was used at one time by many passengers who lived in the area and worked somewhere in Toronto or immediately north of the city. Then through lack of foresight on the part of this government and the inefficient operation of the CNR, we found that systematically that passenger service was phased out of operation. Systematically the passenger services on that line were downgraded so that eventually there was no railway at all. The hard fact is that as a result of the dissatisfaction the people who live in that area and their rather vehement, if you like, demands, we did get the promise of a commuter train. When did we get it? We got it on the eve of the 1972 election.

The Secretary of State (Mr. Roberts) who then represented the riding of York-Simcoe, in an eleventh hour repentance, somehow got someone at the government level to state the CNR would run a trial run on the line I have referred to, beginning a few days after the election on October 30, 1972. It was very fortunate that the constituents of York-Simcoe were discerning enough to realize that this was nothing more than a ploy; that it was just a base, disreputable, political ploy on the part of the government of the day to help the sitting member who was having difficulty being re-elected in that riding. The fact was that the government did not get re-elected with the majority it anticipated and the sitting member was defeated. That is why I am here. They did start a trial run and found it was amazingly successful. The government then tried to kill it, but having a minority government it did not have the guts to do so in face of the protest of those who still lived in the constituency.

The reason I refer to this is that we are now hearing ugly rumours from the bowels of this decrepit government, that somehow it thinks it may now be politically acceptable to kill that commuter train which has been running from Toronto up to Barrie. What I want from this Minister of Transport before this bill is passed is an unqualified commitment that the government will reverse its plans to end that commuter service which now runs between Toronto and Barrie. There is no reason to discontinue that line. We know it is marginally profitable—even those at CN will tell you that privately—and the figures speak for themselves.

Nevertheless this line has been carrying ever increasing numbers of commuters to and from Toronto. For example, in 1976 the total number of passengers who rode that train was 128,884. In 1977 the number was 146,037, or a percentage increase of 13.3 per cent. Most significantly, we find that in January 1977 there were a total of 309 who travelled south on the train and 301 who came back on an average each day during the month. Those are daily figures. In January, 1978, the figures down to Toronto were 388 and up from Toronto 379, in each case an increase of over 25 per cent. What those figures show is that the commuter line is becoming more and more popular with rising energy costs. With the congestion on

roads leading to Toronto, more and more people are starting to use the train service. I think this is not the time for the government to be considering the termination of that service, as has been rumoured.

● (1532)

What is unbelievable is that while the government quibbles about running that line, they have absolutely no quibble about the foolish idea of trying to establish a second airport at Toronto, namely, the aborted Pickering development which still lies in disarray to the east of my riding. Think, Mr. Speaker, of the money that they poured into that development, the good farm land that they destroyed by forcing out various farmers. Some $10 million has been devoted to purchasing land alone. The reason I emphasize this is that clearly we have a government whose priorities are completely out of whack.

Twenty years ago perhaps it made sense for them to be concentrating on aircraft and airport type development; but today technology has changed, people's thinking has changed and energy is becoming much more costly. We are in an era when commuter train travel should be particularly encouraged, not discouraged. The day has come when this government must be convinced to stop pouring hundreds of millions of dollars into white elephants such as Mirabel and other airport developments when those people who are going to and from work on a daily basis need better facilities to get them to and from work. That is the hard issue, and it is time that this cold, politically oriented government realized the facts. We do not need a Pickering airport in the Toronto area, we need better commuter transit facilities, and if this government will not give these to the Toronto area people, it is time that they were removed from power.

Some hon. Members: Hear, hear!

Mr. Stevens: I say that because I think it is absolutely intolerable that we have a government which has refused to pay for the expenditure needed to realign the rail lines in the western part of the marshalling yards near Union station in Toronto. They have refused to put up the $50 million that is needed to realign those rail lines, which of course is their responsibility, and as a result of that refusal they have frustrated the GO train development throughout the northwest and western part of Toronto.

I notice the presence here of the hon. member from Mississauga, the Minister of State for Small Business (Mr. Abbott). If he were honest, he would take part in this debate and say there is considerable concern in his area, in his riding, regarding the inadequate commuter facilities to and from the western part of the Toronto area. Let there be no doubt that the reason for the lack of facilities—the Ontario government is willing to provide them and it has reserved the cash to pay for them—is that the federal government refuses to spend approximately $50 million for the realignment and development of the lines. Those are the facts. At the same time, the federal government is tolerating a loss on the virtually stillborn Mirabel airport project of over $50 million a year.

It is time that priorities were straightened out. Surely those who wish to get to and from work should be given a relatively high priority. At a time when we are trying to save energy and we are asking people to use smaller cars, we must enable them to use the railways and the rail cars which are available to get to and from work as opposed to frustrating them and even resisting the development of that type of commuter transit.

If hon. members read the history of CNR they will find that it is a classic example of a Crown corporation being said to be giving great service but in fact steadily downgrading the most meaningful service of all, in this case passenger service for the use of those who need it on a daily basis to get to and from work.

I know our time is limited, Mr. Speaker, but I would like to go through some of the quotations we have heard in the past of others speaking on behalf of the CNR who have said to the government: "If you will just relieve us of the debt we have run up, we will be better boys in the future. If we can somehow or other get away from the debt load, we will become profitable in the future".

Surely members of the House have every reason to start suspecting such statements. If there was any evidence—and I hope if the minister has it he can give it to the committee—which would show that if we can go along with this refinancing or recapitalization of CN, they will provide better commuter transit service in Montreal, Toronto, Winnipeg, Vancouver, Edmonton or Calgary, I would say let us get this bill through with virtually no debate—because we are doing something that the Canadian public need badly. What I am nervous about is that we will be asked to give another carte blanche and, if this bill goes through, allow them to sweep under the carpet the mistakes of previous years. Then when they have a nice clean book to work on they will be up to their old tricks of cutting down service, increasing their costs, and sticking the Canadian people with a never ending increase in their deficits.

Those are the facts. If this government was serious in trying to orient the CN to a more businesslike approach, why will they not let the private sector buy into the CN? Why will they not make available at least a portion of the CN stock to the private sector? I will tell you, Mr. Speaker, why they will not do that. It is because Michael Pitfield, who sits at the right hand of the Prime Minister, says he does not like the idea; he does not think the private investor in this country should have a piece of any Crown corporation. His voice is much louder with the Prime Minister than that of our poor Minister of Transport. The fact is that we are being run not by a Cabinet but by an elite sitting around the emperor's quarters upstairs, and they have much more influence with the emperor, our Prime Minister, than any paltry minister, including the Minister of Transport.

In committee I hope to explore some of these items a little more fully and to have some questions answered with respect to the operation of CN. Also I would like clearer explanations why this depreciation item was run up in the first place and, secondly, why the CN thinks it can now be virtually dissolved simply by the rather convenient recapitalization to which they

refer. But, above all, I want to get some hard evidence of what they intend to do for commuter travellers in our major Canadian centres, including the Toronto area.

I think it is time the government was called to task for, first of all, making the promises which the Prime Minister made in the 1974 campaign, and, secondly, for so ruthlessly ignoring those promises, knowing the plight of the many commuters in the Toronto area.

● (1542)

With regard to this plight, Mr. Speaker, I would like to extend an invitation to the Minister of Transport. If the minister is willing, I will ride with him on a commuter train into Toronto during the rush hour. I will watch him being jostled into a car. I will watch him standing for 20 to 30 minutes in a hot, crowded car going into Toronto in the morning and back at night, and I will see if he still has that little grin on his face which is like that of a Cheshire cat. The minister knows exactly the problems Torontonians are living with.

Mr. Lang: Mr. Speaker, I rise on a point of order. I certainly do not mind being jostled, but the idea of being jostled with the hon. member is a little too much.

Mr. Stevens: Mr. Speaker, I assure the minister that I do not want to jostle too closely with him either, so we can go on separate cars. It is nice for us to be in this lofty ivory tower atmosphere of parliament and it is nice for the minister to be surrounded by his great bureaucracy, but I wish he would get down to where the action is with the people who are earning the money to pay the taxes to keep this bureaucracy in its splendid condition both here and elsewhere.

I know my hon. colleague would like to participate so I will have more to say in the committee. I will have more to say at report stage and at third reading. I repeat, this government has much to answer for with respect to its handling of commuter transit in major Canadian cities.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, the hon. member for York-Simcoe (Mr. Stevens) and the Minister of Finance (Mr. Lang) were jostling back and forth. The hon. member said he would like the minister to be jostled on a commuter train. I am sure my colleagues from Newfoundland join me in wishing we had a train in which to be jostled.

I am pleased to have a few minutes to discuss Bill C-17 and the refinancing of the CNR. I can relate to some of the remarks made by my colleague, the hon. member for Churchill (Mr. Smith). In many ways the northern part of Canada has the same problem we have in northern Newfoundland.

I would like to refer to something which was said by a former minister of transport, Senator Marchand. On March 17, 1974 he noted that transportation policy in Canada was based on the principle of competition. He stated that this principle was in part wrong for Canada because, if we looked at the size of the country and the distribution of its population, we could see that we cannot have a transportation network which is economic everywhere. For example, we cannot have an economic system of transport in the north or in those regions of the country which are thinly populated. We cannot have an economic system in regions which are remote from the centre. The former minister went on to say that the principle of competition can apply where there is competition, but it will not work in places where there is no competition.

Over the years my colleagues have made the plea in this House for a good transportation policy in Newfoundland. In a submission presented by a union to the Sullivan commission we find the following words:

> Transportation as is the case in all other regions of Canada is fundamental to that particular region's economic, social and cultural development. Railway systems in particular have shaped Canada.

I think the same thing applied when at the time of Confederation it was agreed that a great railway would span Canada from west to east in order to develop all parts of Canada and to take advantage of our resources. Section 31 of the terms of union back in 1949 stated the following:

> At the date of Union, or as soon thereafter as practicable, Canada will take over the following services and will as from that date of Union relieve the Province of Newfoundland of the public costs incurred in respect of each service taken over, namely,
>
> (a) the Newfoundland Railway, including steamship and other marine services;

Section 32 (1) states:

> Canada will maintain in accordance with the traffic offering a freight and passenger steamship service between North Sydney and Port aux Basques, which on completion of a motor highway between Corner Brook and Port aux Basques, will include suitable provision for the carriage of motor vehicles.

Much history has taken place. Many studies and commissions have been carried out with regard to the transportation system in Newfoundland and in Canada. If we were to recycle all the paper used by those commissions and studies we would probably drive the paper mills out of business.

There are only a couple of points I want to make. The minister knows there is a need to upgrade the Trans-Canada Highway, if it can be called that, in the province of Newfoundland. Anyone who has driven over the Trans-Canada Highway in Newfoundland knows it has deteriorated. The minister knows it needs upgrading. I do not criticize the minister when he indicates that for this purpose we are going to get only $25 million, but I do not think that is enough. I realize it is the responsibility of the province to put up the remainder, but we will never do it. I appreciate the fact that $30 million to $50 million has been spent on a highway to the Great Northern Peninsula so that advantage can be taken of the natural resources there, but that highway must be coincidental with the Trans-Canada Highway from Port aux Basques to Deer Lake, which starts in the Great Northern Peninsula.

I hope the minister and his colleagues in cabinet will recognize that if we want to take advantage of the natural resources we have and if we want to contribute to Canada as a whole, we must have an economic base, and part of that is a proper transportation system. There can be no justification for the

present condition of the Trans-Canada Highway on the island of Newfoundland.

Mainland Canada, God bless it, has a Trans-Canada Highway and a rail system built to a higher level of performance than those in Newfoundland. We cannot accept a lower standard for the Trans-Canada Highway or for the rail system on the island of Newfoundland. The Trans-Canada Highway must be brought up to a standard which will permit the safe and efficient movement of private automobiles, trucks and buses for passenger movement. We need a standard to meet the requirement for the short and medium term for the movement of passengers.

The present road cruiser service does not come close to providing a satisfactory passenger service. I am sure that the only part of the Trans-Canada Highway in all Canada which is below standard is found in the province of Newfoundland. I think it can be said without any fear of doubt that the CNR, which is responsible for maintaining rail freight and express service, has now abandoned that service and is moving toward using rubber traffic. The increase in the use of rubber traffic in Newfoundland on the Trans-Canada Highway has increased by 424 per cent. The number of trucks using the highway has increased from 200 or 300 to 2,800 in just the last five years. I hope the minister recognizes that and that to contribute to Canadian society and the Canadian economy we must build up the Trans-Canada Highway in Newfoundland.

● (1552)

Another problem which has arisen in my district concerns the coastal service. The city of Corner Brook has been the port and distribution point for goods and services going to the Great Northern Peninsula, the northern part of Newfoundland, and Labrador further north. Through some agreement made in 1968 or 1969, this service was to be abandoned in favour of a service between Blanc-Sablon in Labrador and St. Barbe. The subsidy provided is adequate and will give a much needed service across the Strait of Belle Isle, but we should not trade off that service for the greater service from Corner Brook up the Great Northern Peninsula and to Labrador. Now the wholesalers and sellers of goods and services in that area will have to use the Trans-Canada Highway to transport goods to Lewisporte and then transship them down the coast, which is more costly and inefficient.

I understand there is a commitment to get second reading of Bill C-17 and Bill C-7 through, Mr. Speaker. I am willing to go along with that and postpone my further remarks until report stage or third reading. I want to repeat that I hope the minister will consider very carefully these two vital needs of Newfoundland. The first is that there should be reconsideration of the amount of money necessary to upgrade and strenghten the Trans-Canada Highway for the future; and the second is that he consider the appeal to the water transportation commission from certain community leaders and businessmen about the coastal service from the west coast of Newfoundland which is so necessary to transport goods and services to northern Newfoundland and Labrador.

[Mr. Marshall.]

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to take a few minutes to support the excellent remarks of my colleague the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall). Perhaps I could pick up where he left off.

I realize that the three maritime provinces have just signed an agreement with the federal government on a 50-50 cost sharing basis for the upgrading of the Trans-Canada Highway. If the minister were honest about this, I think a special case could be made for Newfoundland receiving greater federal participation in the upgrading of the Trans-Canada Highway. He knows as well as I that CN has been downgrading and withdrawing its rail services in Newfoundland since 1968 when it withdrew the rail passenger service, notwithstanding the provisions clearly set out in the terms of union. That is another argument, however.

It can be argued, and perhaps one day will be, that what the federal government is doing with respect to railways in Newfoundland is illegal and unconstitutional. But they are doing it. They are phasing out rail service in the province of Newfoundland, rail service which was given to them in trust by the people of Newfoundland in 1949 to operate for them as part of the agreement of the terms of union. We lost the railway passenger service and we are losing the freight service. They have allowed the roadbed to deteriorate to the point that it is not economic to upgrade it.

The consequence of that is that more and more traffic is being diverted to the Trans-Canada Highway. More and more freight is being hauled across the province on the Trans-Canada Highway by CN trucks. This is causing rapid deterioration of the highway because it is being used to an extent that was never planned. It was never designed to carry that amount of freight.

It was an inadequate road at best because it was hastily built. We are grateful that it was built, of course, because it was the first road across the province, but it is in desperate need of upgrading. It pays the CN to divert traffic from the rail service to the Trans-Canada Highway because they do not have to pay a cent toward maintaining that highway, whereas they have to bear the total responsibility and cost of maintaining the rail roadbed.

For that reason, Mr. Speaker, I think a case can be made for greater federal participation in the agreement to upgrade the Trans-Canada Highway in Newfoundland. The province has held out for a 75-25 sharing agreement and I think this can be more than justified. We do not expect, certainly under this administration, to see any move toward upgrading the roadbed by making the necessary repairs, eliminating the curves and making it an efficient rail line. It has become an expensive proposition as a result of almost ten years of neglect and deterioration. The federal government should recognize it assumed an obligation by allowing CN to downgrade its rail service, both passenger and freight; by diverting freight to the Trans-Canada Highway it has assumed a responsibility toward the cost of maintaining that road.

My colleague has described the condition of the road. There are places in the province now where the road is virtually impassable. The province is on the verge of imposing strict load limits because the deterioration is so bad. We do not know what to expect this next spring but we can expect the road will be seriously undermined to the point that it may be necessary to halt traffic altogether in order to make necessary repairs.

That brings me to the next point, Mr. Speaker, the withdrawal of another essential service, CN marine. I see my colleague, the hon. member for St. John's West (Mr. Crosbie) in the House. He has written about this, and so have I. Contrary to the spirit if not to the terms of union, we see in Newfoundland a withdrawal of the administrative branch of the CN marine service from Newfoundland to either Moncton or Halifax. The minister can deny this if he will but the facts speak for themselves.

Notwithstanding the fact that a royal commission was appointed by this government to examine all phases of CN operations in Newfoundland and the undertaking given at the time of setting up that royal commission—that no substantial decisions would be made affecting the service until the commission had completed its hearings, today the CN is withdrawing the administrative branch of its marine service to the mainland. When about 78 per cent of CN marine operations, either the coastal service or the ferry service, are in Newfoundland, it makes no sense to have the administration in Moncton which is not even a seaport.

The Acting Speaker (Mr. Ethier): Order, please. It being four o'clock, pursuant to the order made Thursday—

Mr. Crosbie: Mr. Speaker, I rise on a point of order. We have not had any discussion or debate yet on Bill C-7, to amend the Corporations and Labour Unions Returns Act. Yesterday the House leaders made some arrangement that they were going to have these two pieces of legislation dealt with by four o'clock today. I want to protest against the fact that they did not make any arrangement to assure some time was spent on Bill C-7, which is important enough to deserve some debate on second reading. I include our own House leader; I did say "House leaders". I do not think a bill like this should go through the House to committee without a speech from the government and at least one from the opposition. I want to put that on the record, Mr. Speaker. I think it is intolerable.

• (1602)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I rise on a point of order. I want it on the record that it was indeed up to members opposite, particularly members of the Conservative Party, to make sure that the time be fairly divided between the two bills. They had full control over the time allotted to both bills and I ask that the motion for second reading of Bills C-7 and C-17 be put immediately as ordered by the House yesterday.

The Acting Speaker (Mr. Ethier): Order. That was precisely what the Chair was going to do.

[*English*]

In answering the point of order raised by the hon. member for St. John's West, the Chair has no choice but to act according to an order passed yesterday by unanimous consent. Therefore it being four o'clock, and pursuant to an order made Thursday, March 2, 1978, it is my duty to interrupt the proceedings and to put forthwith every question necessary to dispose of the second reading stage of Bill C-17 and Bill C-7.

The first question is a follows. Mr. Lang, seconded by Mr. Jamieson, moved that Bill C-17, an act to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be now read a second time and referred to the Standing Committee on Transport and Communications. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Transport and Communications.

* * *

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

AMENDMENT TO VARIOUS SECTIONS

Hon. Otto E. Lang (for the Minister of Industry, Trade and Commerce) moved that Bill C-7, to amend the Corporations and Labour Unions Returns Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

The Acting Speaker (Mr. Ethier): It being four o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House to proceed to consideration of Bill C-227 and that all preceding bills be allowed to stand. But meanwhile the hon. member for Winnipeg North Centre (Mr. Knowles) has a point to make about two other bills on which there is unanimous consent.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, you will find there have been discussions and an agreement, and my friend from Calgary North is part of the agreement, to

take about one minute to finish the proceedings on two private bills that were reported from committee yesterday, Bills S-5 and S-6. One of them is in the name of the hon. member for Regina-Lake Centre and the other one in the name of the hon. member for LaSalle-Émard-Côte Saint-Paul.

The Acting Speaker (Mr. Ethier): Order, please. Is there unanimous consent that we do proceed to Bill S-5 and bill S-6?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

PRIVATE BILLS

[*English*]

MARRIAGE LAW EXEMPTION—JAMES RICHARD BORDEN AND JUDY ANN BORDEN

Mr. Stanley Knowles (Winnipeg North Centre) (for Mr. Benjamin) moved that Bill S-5, to provide an exception from the public general law relating to marriage in the case of James Richard Borden and Judy Ann Borden, be concurred in.

Motion agreed to.

Mr. Knowles (Winnipeg North Centre) (for Mr. Benjamin) moved that the bill be read the third time and do pass.

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

MARRIAGE LAW EXEMPTION—EUGENE WADDELL AND MARGUERITE BENOIT

Mr. John Campbell (LaSalle-Émard-Côte Saint-Paul) moved that Bill S-6, to provide an exception from the public general law relating to the marriage in the case of Francois Eugene Arthur Waddell and Marie Anne Marguerite Benoit, be concurred in.

Motion agreed to.

Mr. Campbell moved that the bill be read the third time and do pass.

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

The Acting Speaker (Mr. Ethier): The House has heard the recommendation of the hon. parliamentary secretary. Is it agreed we waive all private bills and proceed with Bill C-227?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

[Mr. Knowles (Winnipeg North Centre).]

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

CRIMINAL CODE

AMENDMENTS RESPECTING INVASION OF PRIVACY PROVISIONS

Mr. Eldon M. Woolliams (Calgary North) moved that Bill C-227, to amend the Criminal Code (invasion of privacy), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, I thank the House for permitting this bill to come up at this time because it is very timely. Bill C-227 is a private member's bill to amend the Criminal Code in reference to the invasion of privacy. I will divide my argument into two parts. I will deal with the contents of this bill. However, before I do so I want to say this bill has to do with one of the most important questions in reference to civil rights before the Canadian people today.

I want to read from a book by John M. Carroll entitled "The Third Listener". When I refer to privacy I am talking about wiretapping, bugging or any other kind of form of electronic surveillance. This is what the writer says in his book which was written 10 years ago, and the situation is far worse today:

> Even when there's no great hurry, getting a court order is a bother, involving a showing of probable cause to believe that the wiretap or bug will produce information about a crime. And, although law enforcers will argue this point by the hour, the fact is that very few taps or bugs produce firm evidence or hot leads. For police officers to go to court time after time for wiretap permission and then never turn up any valuable wiretap permission is embarrassing after a while. It's far easier for them to pool their own money and buy their own private equipment, tap one suspicious phone after another without an order till they find a live one, then get the court order—

With a device the size of the emblem on my ring today one can wiretap at 200 feet or more an hour's conversation between parties. It is therefore with great pride that I move this bill today having to do with a very serious amendment to the Criminal Code.

In 1972 when we had a minority government it was men like Ron Atkey from the Toronto, St. Paul's riding, Gordon Fairweather, myself and others who pressed amendments to the Criminal Code with reference to privacy of the individual in Canada. Following that, as soon as this government gained a majority they repealed those sections and took away what I say has eroded the civil rights of people in this nation.

What does this bill do? It amends sections dealing with the question of electronic surveillance, wiretapping and bugging. It proposes six or seven factors. It outlaws all authorizations, all wiretapping and all types of electronic surveillance in reference to solicitors' telephone consultations with their clients.

I hear it said over and over again that if you have nothing to hide, what have you to worry about from a wiretap?

● (1612)

An hon. Member: That's right.

Mr. Woolliams: The hon. member says that's right. I am sorry to hear him say that because the whole idea of confidentiality between solicitor and client is eroded. There are many cases in which this type of electronic surveillance has taken place. I will be quoting later in my address this afternoon very important lawyers, Queen's counsel in Toronto, the Advocacy Society of Ontario, Mr. Chapel and Mr. Cooper.

The whole of the law in reference to electronic surveillance as it pertains to voluntary statements made by any person regarding charges laid, alleged or proposed, goes out the window. In fact, telephones are no longer your friend in Canada, they are your fink. These important trial lawyers say that if you are going to interview your clients, it is safer to go into the park in Toronto or drive out to a farm field in the country. Because no longer can you do business over the telephone, one of the most important instruments for a lawyer and his client.

Some hon. Members: Oh, oh!

Mr. Woolliams: Let's be serious for a moment. This is a very serious subject. I do not mind being interrupted, but not with nonsense. Under the Canadian Bill of Rights and under the common law of this country, every person in Canada is entitled to a solicitor, even the hon. member for Leeds (Mr. Cossitt). I want to thank the Chair for agreeing to extra time. I pay a great compliment to the Chair for granting extra time on so important a subject.

This bill would also prevent the Solicitor General (Mr. Blais) from issuing warrants authorizing wiretaps and, therefore, interceptions by way of warrants against candidates after the writ is issued calling for a federal election. Why do I emphasize that? Under the Protection of Privacy Act, the Official Secrets Act was amended.

The Solicitor General may issue a warrant authorizing the interception or issue of any communication if he is satisfied by the evidence or on oath that such and such may be true. But under what conditions? We are all candidates for one party of another. The act refers to "activities directed toward accomplishing governmental change within Canada". Good gracious I have been in eight elections, in two of which I advocated a change and we got it. Since then the Liberal party has been in power. Are we going to have a law in Canada that permits the Solicitor General to wiretap candidates' telephones because they advocate a change in government? I say to my friends across the way, what may work for them on one occasion will work against them on another. I say in this bill that we must have an amendment to protect political candidates seeking public office so that conversations between them and their supporters or those who may oppose them will be kept confidential. Surely that is the very art of electioneering.

Let me refer to section 6(2) of the Protection of Privacy Act as it pertains to the Official Secrets Act, and also section 6(3) of the Protection of Privacy Act as it pertains to the Official Secrets Act, which refers to activities directed toward accomplishing governmental change within Canada or elsewhere. Of late we have seen three solicitors general come and go. Words they utter on Wednesday, speaking metaphorically, with reference to electronic surveillance and wiretapping contradict information on Friday coming from people giving evidence under oath before commissions and from other sources.

The Prime Minister (Mr. Trudeau) stated the RCMP would not have been able to conduct a proper investigation and obtain proper evidence and information with reference to Japanese terrorists if it had not been for opening mail. We have seen solicitors general come and go as quickly as I change my clothes. We have heard them say that members of parliament were not wiretapped, yet we find that even the former solicitor general was wiretapped. Electronic surveillance was used against him, and the hon. member for Nickel Belt (Mr. Rodriguez) and we do not know how many others. As the book "The Third Listener" states, we will never know unless it comes out through a witness or a commission. You cannot pry the facts out of the government. Having seen three solicitors general come and go, I would say with that record, beware.

Fourth, this bill declares that all interceptions made illegally that is, by the bugging of telephones—which produce evidence of any kind will be inadmissible as evidence in any court of law against any person unless such interceptions are the result of legal authorization granted by a judge. The reason for raising this question is that the Supreme Court of Canada has set out that the following is the law. In their Lordships' opinion, the test to be applied in considering whether evidence is admissible is whether it is relevant to the matters in issue. If it is relevant, it is admissible and the court is not concerned with how the evidence was obtained.

That is the judgment of the highest court of our land, outside of parliament. In other words, the Supreme Court of Canada has ruled that even if evidence is obtained surreptitiously, by plots, illegal wiretaps or the beating of prisoners, if it is relevant to the issue, it goes in. That is against all the fundamental rules governing jurisprudence and the common law that we have in Canada and, indeed, in the United Kingdom.

I repeat, the Supreme Court of Canada rule as the law stands today is that, even if the evidence is obtained surreptitiously, if it is relevant to the issue it is admissible as evidence. The court has stated that it does not matter how the evidence is obtained. I see some good lawyers across the way. We have a very good Standing Committee on Justice and Legal Affairs. Some members of that committee are not lawyers, but it is a good committee. I do not think that any Canadian is prepared to accept that kind of law. On the other hand, many Canadians do not think about this unless they, or their son or daughter, are in trouble.

A few years ago I defended people getting three or four years for simple possession of marijuana. I was criticized in my constituency for doing that; I received a letter of criticism. Not long after, the very man who wrote to me said that his son had gotten in trouble as a result of a soft drug, marijuana, and was sentenced. The shoe was then on the other foot.

Time and again the courts have said that if the law goes too far, if we usurp the civil rights of the individual, it is up to

parliament to correct the law. That is what I am recommending today, that parliament correct the law. It is not for the courts to interpret the law the way they wish it to be. When the law is weak, you do not require the order which the law calls for because you can get the evidence in through the back door. As the writer of this book says, you can buy wiretap equipment as small as the insignia on my ring. Then once you find something, you rush to the courthouse to get an order. Even worse, you do not need to obtain an order but can apply to get the evidence in. If it is relevant to the issue, in it goes. I think it is high time we changed that kind of law, which was brought in by people who maintain, as they have with respect to other matters, that they are the great foundation of the Civil Liberties Association.

● (1622)

Further, all evidence obtained as a result of the use of an electronic device, whether lawfully or unlawfully, must be destroyed within two years of the trial and appeals being completed. In other words, after the due process of law has been carried out, evidence obtained as a result of electronic surveillance must be destroyed.

We are building up in this era of technical know-how information banks, which mean that the whole privacy of individuals has been eroded. We shall soon be able to press a button and find out how many times people go to the washroom or how many times they have gone. The time has come to take a look at the law of privacy. I am not only seeking the support of members of my party but of members generally. I see some here today who have spoken out in the Standing Committee on Justice and Legal Affairs; I shall not name them because I do not want to leave any impression that I am criticizing people because they have different ideas. If we all think alike, there is no thinking.

I never could accept that if the Tories or Liberals happened to disagree among themselves on some issue there was something sinister about it. I do not always agree with my party and I do not expect the party will always agree with me. I think that is healthy. I am not a trained seal. This amendment is designed to protect a person who has been subject to interception, and anyone violating this rule would be subject to prosecution for an indictable offence and liable to imprisonment for two years. I think we have to put some teeth into this thing.

The bill also restores to the Criminal Code the 90-day notice requirement. Notice must be given to any person who has been the object of electronic surveillance. Nevertheless, a judge is permitted to extend the 90-day period if evidence is produced that longer time is needed to look into offences such as syndicated crimes and conspiracies, especially in the field of drugs. I go along with that, but I say that in ordinary cases everyone who is the object of electronic surveillance should be notified after the event. And I go further. I say that if there is no legal authorization, then evidence should not be used; neither should evidence obtained as a result of listening in be used. In the absence of such protection, every day an ounce of freedom goes. There are only so many onces of freedom in this nation, freedom which is being eroded every day. We saw an instance this week in what took place with reference to the hon. member for Leeds.

Mr. Douglas (Bruce-Grey): Ha! Ha!

Mr. Woolliams: The hon. member says "Ha! Ha!". Well, I shall have something to say about that in a few minutes. I knew a donkey which used to "Ha! Ha!" too.

Mr. Douglas (Bruce-Grey): He ended up practising the law.

Mr. Woolliams: Well, he may have done so. I have met donkeys in law practice and I have met donkeys in business. And I have seen donkeys over there, and I suggest that from the way you talk and heckle sometimes you don't get far off the track.

Mr. Douglas (Bruce-Grey): Takes one to know one!

Mr. Woolliams: Lord Sankey said in the *Woolmington* case in 1935:

> Throughout the web of the English Criminal law, one golden thread is always to be seen, that it is the duty of the prosecution to prove the prisoner's guilt . . . the principle that the prosecution must prove the guilt of the prisoner is part of the common law of England and no attempt to whittle it down can be entertained.

This principle has been asserted time and time again by the courts of Canada. Therefore, any evidence which is obtained by plots, plans or lies, or secured surreptitiously, should not be admitted. The intention underlying this rule is to ensure that the evidence is true.

Let me remind the hon. member who interrupted me that I have served as counsel during many serious cases and I have found, through interrogation of officers, that sometimes confessions have been obtained which were subsequently shown to be untrue. Suspects had confessed rather than put up with interrogation. I have not time to give many examples, but here is one. A Canadian was being beat up in jail in Chicago and he confessed to the Henderson murder which had taken place five years earlier in Calgary and which was still unsolved. What happened? When the police checked the story they found the statement was not true.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member but his time has expired. He may continue only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Woolliams: I shall try to be brief, Mr. Speaker. I just want to make one more point to show the House how this matter has got out of hand. I want to quote from *Hansard* of March 2, 1978, in which the hon. member for Leeds is reported as having said:

> I must mention another thing. I do not like to do this, but I think it is necessary. In that document there was included a statement by Superintendent Bentham of the RCMP in which he summarized a conversation he had with me a few days ago. It is quite true that I had a conversation with him. His statement was accurate with the exception of one point. I think this is a very serious interfer-

ence with the privileges of Members of Parliament. I am paraphrasing again. Superintendent Bentham reported to the Solicitor General and his superiors that I asked him whether he was recording or bugging our conversation, and that he replied yes. I must tell the House that that is an absolute falsehood. I did ask him whether he was bugging or recording our conversation, and he replied "No". He said, "If you mean I am making notes of what you are saying, yes I am. Do you mind?" I said, "No, of course not."

Mr. Speaker, I have had police superintendents back down in similar circumstances under cross-examination. "Recording" is not "taking notes". That is no excuse for that misrepresentation. The report continues:

However, the report he handed to his superiors—which I saw with my own eyes because it was handed to me by the Solicitor General—said that Superintendent Bentham said that my telephone call and the words I was using were being recorded . . .

What manner of nonsense is that? Is it not time we had a law which says that that kind of misrepresentation, that kind of evidence, if it got into a courtroom, should be declared inadmissible? The hon. member for Leeds continued:

I questioned General Dare about this and he said it was just a matter of terminology. I think it is much more than just a matter of terminology. The main point I am trying to brin out is that I feel any Canadian has the right to legal advice.

He asked whether he was being recorded, and he was told he was not. Then he was told yes, by Dare. So the House can see what a frightening situation we are getting into. In fact, we are getting into a very unusual and poisonous climate in this country when these things can go on in reference to even a member of parliament and when we find they are almost condoned and accepted. If this matter should go beyond this great court, this parliament, I hope that any judge would declare such a statement inadmissible on the ground it had been obtained illegally. This was bugging—illegal bugging. No notice had been given, no authorization. There was a complete lie as to whether he was being bugged or not.

Therefore, with all the spirit I have and with all the intelligence at my command, I ask parliament to change the kind of law which is whittling away the privacy of Canadians every day. If the law is not serving the public, no one will have respect for it—and no one will obey it. The law is an ass.

● (1632)

Mr. Ian Watson (Laprairie): Will the hon. member for Calgary North (Mr. Woolliams) permit a question?

The Acting Speaker (Mr. Ethier): Will the hon. member for Calgary North (Mr. Woolliams) permit a question from the hon. member for Laprairie (Mr. Watson)?

Mr. Woolliams: Certainly, Mr. Speaker.

Mr. Watson: Mr. Speaker, my question relates to clause 2 of Bill C-227. In the instance where a lawyer is mixed up with the Mafia or any illegal organization, what would the hon. member for Calgary North do? We know that in Canada there is a handful of lawyers who work hand in hand with the Mafia and are part of the Mafia's planning process. For example, in West Germany a group of lawyers acted illegally with a group of terrorists. What would the hon. member do in that instance? How would he handle it?

Mr. Woolliams: Mr. Speaker, first of all I would require proof that these lawyers or solicitors are part of the Mafia. Even the Mafia is entitled to a fair trial and counsel. Everyone is. If the hon. member has any information which indicates that a lawyer is a member of the Mafia and is breaking the law, he should report it to the Law Society of the area in which the lawyer is practicing, whether it be Quebec, Ontario, Alberta or British Columbia. That question is very easy to answer.

Regarding consultation between lawyers and clients, there must be confidentiality. Lawyers cannot operate any other way. That is a fundamental rule. It did not come in just because of someone's whim. It has been the rule for 400 years under the British system of jurisprudence.

[*Translation*]

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, I am pleased to take part in this debate because I am interested in the matter, as the hon. member for Calgary North (Mr. Woolliams) realized during the sittings of the Committee on Justice and Legal Affairs last year. That committee was studying the Criminal Code amendments suggested by the government to clear up the Criminal Code provisions governing the protection of privacy and the use of wiretapping when its use is deemed to be necessary.

In any event in spite of my comments on his bill, I am convinced that the hon. member for Calgary North will not think that I am ill-intentioned. Indeed he is well aware of my own concern about those extraordinary investigation procedures when used indiscriminately. He remembers the very specific questions I had then put to the Minister of Justice concerning the use of those extraordinary investigation procedures and safeguards available to individuals involved once those means must be used.

Mr. Speaker, first we must understand why the government of Canada has considered it necessary to include in the Criminal Code provisions specifying circumstances and conditions when wiretapping or electronic surveillance may be used to fight the criminal elements of our society and particularly organized crime. Let us not forget that some years ago, there was no such provision in the Criminal Code. With the development of technology and particularly the increasingly elaborate devices at the disposal of criminal elements and particularly organized crime, it was essential that the government be able to fight the systematic erosion of our society by criminal elements through the use of similar devices just as elaborate, I admit, but necessary to help Canadian police forces to bring those criminals to court so that they be judged and sentenced to ensure a better protection of our society. This is the background of the inclusion of these provisions in the Criminal Code. Yet, after four years of implementation, we realized that criminals became more and more sophisticated in their

attacks against our society and that the existing provisions of the Criminal Code no longer allowed our police forces to fight organized crime efficiently because of the extremely severe restrictions included in the legislation to protect the civil liberties of Canadians.

In all that wiretapping issue, Mr. Speaker, it is absolutely essential that we try to balance as much as possible the protection of civil liberties and the possibility of giving our police forces the investigation tools needed to bring those very well organized criminals before the courts and convict them. This is the issue, the balance between the protection of civil liberties and on the other hand the war, I said "war", against organized criminals who are infiltrating our society to destroy it.

Mr. Speaker, we shall remember that the then minister of justice suggested to expand the scope of the legislation on the invasion of privacy, commonly referred to as the wiretapping law, in order to give the police forces of our country adequate means to fight organized crime. At the time, as recorded in *Hansard*, I had voiced the most serious reservations about those new possibilities provided to the police. I had expressed the wish that at second reading stage the Committee on Justice and Legal Affairs could examine that question in depth and try to strike that desirable balance between the two elements I just mentioned.

With leave, Mr. Speaker, I will limit myself to purely legal considerations. I somewhat deplore that when discussing a rather technical bill—and I know the hon. member for Calgary North has an obvious interest in that question, and I respect him all the more for that interest and the way he has in the past upheld his ideas in that area—he added at the end of his remarks some considerations that in my opinion have absolutely no bearing on the bill before us today, particularly when he referred to the problems we have had this week in the House when the hon. member for Leeds (Mr. Cossitt) raised a question of privilege, on which has not yet been decided upon.

So, except for this comment which I think shows that the question raised by the hon. member for Leeds has nothing to do with this bill, which is of an extremely technical nature, I shall proceed to simply explain the impact one of the clauses of Bill C-227 would have on our legal proceedings and also on the investigation methods available to our police forces.

Mr. Speaker, I refer to section 178(16) of the Criminal Code as worded now, and to the amendments proposed in clause 3 of Bill C-227 concerning this section 178(16). Section 178(16) clearly specifies the cases in which a judge can or cannot accept evidence obtained directly or indirectly by the bugging of a private communication. Mr. Speaker, the hon. member for Calgary North mentioned earlier the case law and the state of the law in common law as far as direct or indirect evidence obtained illegally is concerned. I respect him highly as a lawyer and a jurist and I wonder whether I misinterpreted his remarks, but he suggested that the present state of the law in common Law is that, as a rule, evidence obtained directly or indirectly by an illegal bugging device could not be admitted evidence.

Mr. Speaker, I feel that it is the opposite and that in 1972, when we introduced these provisions in the Criminal Code . . .

The Acting Speaker (Mr. Ethier): Order, please. Would the hon. member for Lafontaine-Rosemont allow the hon. member for Calgary North a question?

• (1642)

[*English*]

Mr. Woolliams: Mr. Speaker, I would just like to rise on a point of order, without intending to delay. I know the hon. member would not want me to misquote him. I quoted directly from Mr. Justice Martland's judgment. I said that anything which is relevant to the issue is admissible. I was applying that to the common law. What I did say was that to have another law would be contrary to the principles of the common law that governed. I am not saying that under the common law the evidence is not admissible. There is the distinction.

[*Translation*]

Mr. Lachance: Mr. Speaker, I thank the hon. member for these details concerning his intervention. I think it was important because he had given the House a different impression from what he has just explained. But Mr. Speaker, if I may, I want to come back to the matter I was discussing. In 1972, the government deviated from Common Law tradition by not allowing in wiretapping cases the submission of evidence obtained directly or indirectly through illegal wiretaps, and that was not in compliance with the Common Law at that time.

In 1977, the government did want to realign wiretapping practices with the Common Law tradition and once again I expressed very serious reservations at that time. And in the course of the debate within the Standing Committee on Justice and Legal Affairs which lasted several weeks, the Minister of Justice (Mr. Basford) explained why according to the Department of Justice and law enforcement agencies, it was important to return to the traditional rules of Common Law concerning evidence resulting directly or indirectly from illegal wiretapping. And that evidence was not subjected to legal voir dire, so that any judge could accept or reject such evidence in order that justice be done.

The reasons were quite simple Mr. Speaker, because those so-called voir dire instances during which the judge had to listen to illegal tapes on which the disputed information was recorded, would determine whether submitting, not the tape itself—because it cannot be accepted according to our present law when it is illegally obtained—but indirect evidence, that evidence was not allowed, would prevent doing justice and that therefore he would authorize at that time by law allowing that evidence, if he thought that justice could not be done if he did

not accept it. Which caused absolutely unbelievable legal delays and slowed down the normal process of justice, and I am only quoting facts, I am not making a judgment on the point in question and the soundness or not of the allegations that were made at the time. In any case, that was the reason for wanting to come back to the common law as it existed. At the time I raised a point of great concern to me, namely that from the time a judge must admit as evidence evidence obtained directly or indirectly from an illegal wiretap, the wiretap itself becomes irrelevant in the trial if the Crown decides not to introduce it as evidence. Consequently this opened the door to extremely dangerous police abuses, potential abuses, I admit, but still abuses. And here I agree with the hon. member for Calgary North that it is extremely important to protect our society against potential abuses, abuses that I do not fear in the present context of our society but, once again, the law is often there for difficult cases, crisis situations, and who knows when a crisis situation occurs if we can really rely on the established institutions.

Well, I had said, Mr. Speaker, this matter of the relevance of the tap itself was the crucial point of that whole issue because, on the one hand, once again, we want criminals to be sentenced. We do not want a relevant piece of evidence to be ruled inadmissible in a trial on the pretence that it was obtained from an illegal tap or any other means not provided for in the law and consequently for criminals to be able to get away with it and justice not being done. That is not what we want. We want to protect civil liberties and know how to protect them and be quite certain that if that evidence is accepted and a criminal is convicted on the introduction of that evidence, that on the other hand the person who acted illegally in the exercise of his duties, the policeman, the RCMP or anyone else, will not be able to get away with it since in any case as a result the introduction—and here I come to the basic point—of a small provision—it is quite small but it is fundamental—under section 178 (16) of the Criminal Code as it now stands, an amendment that was introduced by the minister before the Committee on Justice and Legal Affairs at my instigation, an amendment which reads as follows, and I quote:

> Notwithstanding subsection (1) (which provides for the cases of admissibility), the judge or magistrate presiding at any proceedings may refuse to admit evidence obtained directly or indirectly as a result of information acquired by interception of a private communication that is itself inadmissible as evidence where he is of the opinion that the admission thereof would bring the administration of justice into disrepute.

Here are four words which are absolutely fundamental to this debate. Why? Because they enable the court to call prosecution witnesses to the stand and to ask them: How did you obtain your evidence? Surveillance becomes relevant to the trial and I am convinced—and this may not be the opinion of other members—that we have inluded in the Criminal Code sufficient protection to prevent police forces or unscrupulous individuals from misusing the law and tainting our whole legal system. I know that this provision has not yet been tested before the Supreme Court and I am impatient for this to happen. For the moment however, what the hon. member for Calgary North (Mr. Woolliams) seems to want is the guarantee that henceforth the institutions no longer be free to commit inadmissible abuses. If this is what he wants, Mr. Speaker, and I also want it, I believe the provision in section 178 (16), as it now stands in our Criminal Code, is sufficient assurance on this, because at the trial stage evidence that is illegal in itself remains pertinent. Therefore the judge, although he must allow indirect evidence, will be in a position to ask the Crown: Where did you get that evidence? So he can find out whether it has been obtained illegally or not. And through this, the policemen or other law-breaking person that will have willingly abused the law to tarnish our image of justice can be charged at a later hearing, so that improprer practices may be denounced.

Were it not for that provision, Mr. Speaker, I would be in total agreement with the hon. member for Calgary North. He will not doubt remember that at that time, I cross-examined the minister for more than two months on the implications of the original proposals that would have allowed a judge to accept either direct or indirect evidence from illegal wiretapping. He could never satisfy me on the issue of the pertinence of wiretapping as such, and this is why this provision was finally introduced to meet my own objections and concerns.

Mr. Speaker, I would conclude on this. There are many other things in the bill. It is an interesting legislation, because it deals with two things of concern to Canadians, namely the protection of basic freedoms and the fight against organized crime. I commend him for discussing this today, but I feel that the concerns be voiced while commenting on the bill do not justify the suggestion that the door is now open for police forces to do as they please. Because judicial protection remains, and I myself as a member of this House am confident that our courts can enforce the law while protecting our basic liberties.

● (1652)

[*English*]

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I welcome the opportunity to speak on this bill because, as my colleague the hon. member for Calgary North (Mr. Woolliams) said, it is a serious question. I also welcomed the contribution, as I always do, of the hon. member for Lafontaine-Rosemont (Mr. Lachance). I do not always agree with him—I do not think that is always important—but I think the thoughtfulness behind his remarks is a good indication of how important it is that this be a subject matter which continues to be examined most appropriately in the Standing Committee on Justice and Legal Affairs.

Before I get to that, I want to make a remark on the intervention of the hon. member for Laprairie (Mr. Watson) because he put a very important question and I want to

enlarge on it, if I may. I do not remember his exact words, but I think he referred to solicitors or barristers who may be acting hand in hand with the Mafia. I think we are on dangerous ground when we talk about that. I am sure my colleague would know that there are barristers of great integrity and ability who might attract a series of clients of this nature. But I dare say he is not accusing that type of barrister of being part of the Mafia operation, and that was not what I took from his remarks. I would point out to him that it is darned hard to tell the difference sometimes.

I do not think the parallel would be a good one, but I will relate to the hon. member what happened to me when I was a very new barrister. I had the fortune—I am not sure whether the ill fortune or the good fortune—of securing an acquittal on a sex perversion charge. The next 15 months I had every sexual assault, indecent assault, incest and rape case in my county, until some other young solicitor managed to secure an acquittal on a similar charge and, thank heavens, they all went to him. Perhaps the comparison is not a remarkably good one, but I would hate to think that because I attracted all these cases, I was acting hand in hand with that type of criminal.

Let me come to what I believe is the importance of this bill. I believe in its substance but, more important, I believe it is a vehicle in which the matter can become the subject matter of discussion in the appropriate forum, namely the standing committee.

Much has been said about how well and diligently that committee has operated. I will not repeat that because it is almost trite now, and anyway, that is the way a committee should operate. I do not think we have to brag about that, and I hope it will continue. But I want the bill before the committee for one very important reason—at least to me it is important—and it is very seldom that I use the Prime Minister (Mr. Trudeau) as the basis for my argument. Among other things, at his press conference yesterday he said he detected a cynicism, a skepticism or suspicion—I cannot remember the exact words he used and I do not know in what context he put it. Well, I detect the same cynicism, skepticism or suspicion. I do not want to be overly partisan about it, but if we look at the national security side, at least one reason for that cynicism is that assurances which were given—perhaps with complete integrity, I do not know; perhaps in all good faith, I do not know—had to be withdrawn, changed or modified. I take no partisan satisfaction in saying that and I am sure I felt for the various solicitors general much the same as did my colleagues opposite. It is a very serious thing when you are giving assurances to the House and the Canadian people about a matter of national security and then several days later you have to withdraw them.

With respect to this type of legislation, obviously it can lead to suspicion and cynicism. On the side of the Official Secrets Act, the reporting is very limited. We have all received the report days or weeks ago and we know it is one page long because those are the provisions. One may say, and I might agree, that you cannot have a full report on national security matters because it would not be secret; but I say that we have no assurance whatsoever—as a matter of fact, we have evidence to the contrary—on such matters as wiretapping or the Official Secrets Act, that even the Solicitor General (Mr. Blais) knows of evidence to the contrary. No wonder people are suspicious.

On the criminal side, with respect to organized crime and such things, of course we have to fight sophisticated crime with sophisticated method. But there is a danger in thinking that a husband and wife taking bets in a cigar shop are part of organized crime. Only a vigilant, diligent study of the report that we receive annually will help. That report will have to be studied in committee. I am referring to the report required under the Criminal Code and the Protection of Privacy Act.

I commend this bill to the House as a good vehicle with which to put a serious and important matter before the proper forum, that forum being the Standing Committee on Justice and Legal Affairs.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, in joining the debate on Bill C-227 I wish to say that the hon. member who sponsored the bill has done a service by bringing it forward because it gives us another opportunity to debate this important matter.

In the very short time available to me, I want to look at the bill from the point of view of a layman rather than a practitioner of the art, so to speak. The reservations expressed by those who are solicitors with regard to the present statutes are understandable when you listen to their arguments, but I do not think the majority of the Canadian people who happen not to be lawyers are particularly impressed by these arguments. Obviously if a lawyer is in the business of defending people in a court of law, he will use every avenue open to him.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. The hour appointed for the consideration of private members' business has now expired. Its being five o'clock, this House stands adjourned until next Monday at 2 p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 6, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL SECURITY

WARREN HART—ACTION TAKEN VIS-À-VIS TAPE RECORDING—MOTION UNDER S.O. 43

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. On February 27 last, the Solicitor General (Mr. Blais) told Michael Duffy, of the CBC, in an interview regarding the taping of the then solicitor general by Warren Hart:

The recording was made known to the handler after it was done and collective action was taken immediately at that time.

In response to Mr. Duffy's next question as to whether the handler received the tape, the Solicitor General said:

The tape was received and destroyed.

Therefore, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Solicitor General, on motions, in connection with the affair of Warren Hart, state the name of the handler to whom he referred, identify the collective action mentioned, reveal who authorized the destruction of the tape, when this was done, by whom, and where.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

NOVA SCOTIA—GOVERNMENT URGED TO INITIATE COAL MINING OPERATIONS—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the announcement made by the Cape Breton Development Corporation last week on the matter of changing operations at the Prince Mine which will mean, among other things, that some 1,000 applicants for jobs in the coal mines now listed with Devco from the New Waterford area will be affected, in view of the fact that there are still 1,600 applicants from the Glace Bay area, since the Minister of Energy, Mines and Resources (Mr. Gillespie), in a recent meeting with the premiers, urged as part of the national energy policy that a new coal mine in the Donkin area of Cape Breton be started as soon as possible, and in view of the offshore coal drilling program which was begun but not completed last year in Cape Breton, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this government commence the construction part of the new Donkin mine by April of this year and, also, finish the offshore drilling program during the summer months in order to lay the basis for a secure coal operation in that area of Nova Scotia for at least another generation.

Mr. Speaker: Presentation of such a motion for debate is possible, pursuant to Standing Order 43, only with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

GRAIN TERMINAL AT YORKTON, SASK.—EXPANSION OF PORT OF CHURCHILL—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The commissioned report of a consulting firm headed by Mr. Rod Bryden, to the Minister of Transport (Mr. Lang), rejected an inland grain terminal for Yorkton, Saskatchewan and dismissed, as a consequence, any expansion of the port of Churchill. In view of the fact that this report flies in the face of recommendations of the Hall commission on grain handling and was prepared by a firm with a well known bias against improvement and expansion of grain handling and port facilities relating to the port of Churchill, I move, seconded by the hon. member for Lisgar (Mr. Murta):

● (1412)

That the minister be directed by this House to make a statement on motions at the next opportunity repudiating the conclusions of the Bryden report and to announce the retention of new consultants for the suggested Yorkton terminal in tune with western concerns.

Mr. Speaker: Presentation of such a motion requires unanimous consent? Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

INDUSTRY

REQUEST CAMPAIGN BE LAUNCHED TO PROMOTE TOURISM IN CANADA—MOTION UNDER S.O. 43

Mr. Gérard Laprise (Abitibi): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

In view of the constant tourist deficit in Canada, I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That the government demand the launching of a publicity campaign to promote tourism and encourage Canadians to travel and spend their holidays in Canada so that tourism becomes more thriving and profitable.

Mr. Speaker: Order. Under Standing Order 43, the presentation of such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

LABOUR CONDITIONS

LOCATION OF URANIUM REFINERY IN NORTHERN ONTARIO TO PROVIDE EMPLOYMENT—MOTION UNDER S.O. 43

Mr. Maurice Foster (Algoma): Mr. Speaker, I rise under the provisions of Standing Order 43 concerning a matter of urgent and pressing necessity. Considering the recommendation of the federal Environmental Assessment panel on February 28 against the location of the proposed Eldorado Nuclear Limited uranium refinery for Ontario being located in Port Granby, southern Ontario, and the need for jobs in the Algoma district of northern Ontario where most of the uranium for Canada is mined, I move, seconded by the hon. member for Madawaska-Victoria (Mr. Corbin):

That this House urges the government to direct Eldorado Nuclear to locate its new uranium refinery for Ontario in the Blind River-Elliot Lake area of northern Ontario where the plant is wanted, the jobs are needed and where the company should have planned to locate it in the first place.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

OLD AGE SECURITY

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on this day when we hope to be discussing equal rights for women, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

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

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

REQUESTED REDUCTION IN PUBLIC SERVICE HIRING AND GOVERNMENT SPENDING

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Finance: It relates to the most recent report of lay-offs reported by Canada employment centres. I should point out that they are reporting lay-offs only of 50 or more persons. They indicate that in the month of February this year, almost 13,000 Canadians were laid off, the great bulk of those in the province of Ontario which is supposed to be one of the healthy provinces in this confederation.

Given the fact that the Chrysler plant, which suffered some 6,800 of these lay-offs in Windsor, has reported that car sales in the first two months of this year are down 22 per cent, and given the large scale of lay-offs generally, I wonder if the Minister of Finance will not accept that these figures are an indication that the mild stimulus he presented in his mini-budget statement last fall has not worked and that there is need for more permanent stimulus. Will he now reconsider accepting the proposal of this party to bring in permanent tax cuts paid for by a freeze in public service hiring and other cuts in government spending?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think it is too early to come to the conclusion that the Leader of the Opposition is proposing in terms of what I would call a double-barrelled proposition to cut taxes by $2 billion and to cut expenditures by $2 billion. I would like to see a list of these expenditures cut. I have looked at that proposition and it does not match at all. He has put forward very few suggestions to

that effect. I suggest that he speak to his almost-seatmate from Grenville-Carleton and explain to the people of Ottawa that 20,000 positions in the public service would be lost in the next three years in Ottawa alone.

CALL FOR BUDGET TO IMPROVE SITUATION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, once again the Minister of Finance refuses to address himself to his responsibility of trying to generate jobs and growth in this economy. In the face of these new statistics which indicate at least another 13,000 Canadians out of work last year because of the policies of this government, it is very clear that it is far too late to simply sit back and do nothing.

Will the minister reconsider, and give us a clear commitment, now, that he will bring in a new budget quickly? If he will not accept my proposal, he should at least try to understand it instead of misrepresent it. Will the minister at least consider reducing the federal manufacturing sales tax as a means of specific stimulus to the Canadian manufacturing sector, where most of the lay-offs are occurring?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in terms of the reduction of sales tax, I discussed that proposition with the provinces in the fall. I urged the provinces to again look into that matter when we had our meeting in January. The provinces did not accept a cut in sales tax. One problem with cutting the federal sales tax is that we cannot be sure that the reduction in cost would be passed on to the consumer. That is why we decided on another type of incentive when we introduced our tax incentives last October 20. We have cut taxes in the Canadian economy to the tune of $2 billion since January 1, 1978.

Mr. Clark: The October tax incentive is gone: it obviously has not worked. The new figures indicate that, on the narrow reporting base, another 13,000 Canadians are out of work because of this government. If the minister will not act on a tax cut and reduce the federal sales tax, what does he propose to do to stop this continuing decline in the Canadian economy and give jobs to Canadians who have a right to expect jobs in an economy like ours?

Mr. Chrétien: Mr. Speaker, the best thing we can do is to ensure that Canadian products are more competitive than before. It is evident that the policies we are following are working toward that end. We have increased our trade surplus in foreign trade by more than $2 billion, and the competitive position in Canada is improving every month. That is the way to bring back stability and prosperity in this land.

Mr. Clark: Mr. Speaker, the Minister of Finance continues to try to play hocus-pocus with the real figures of the Canadian economy. I ask the Minister of Finance, or any other minister competent to answer, why Canadian Manpower statistics which normally, up until this month, were reporting lay-offs of 20 or more, are now reporting only lay-offs of 50 or more, so that the aggregate figures will look smaller and the impact of creating unemployment by this government will look less.

Why has there been a change in the reporting base of the Canada employment centres across the country? Is it simply to hide from Canadians the reality of the harm being done to the Canadian economy by this government?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I do not understand what the Leader of the Opposition is suggesting. Is he now accusing Statistics Canada of not issuing statistics that are relevant to Canada whereas a few days ago, when I was not in total agreement with the statistics, he was urging me to accept them even before the possible revision? I for one am not sure if he is accusing Statistics Canada, but I think he would be very ill advised to do so. At any rate, I will ask the Minister of Employment and Immigration to give further explanations to the Leader of the Opposition if possible.

[*English*]

REASON ONTARIO HAS SUFFERED HEAVY LAY-OFFS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is to the Minister of Finance. Faced with the worst lay-off report ever published by Canada Manpower—this was referred to by my leader—and bearing in mind that 87 per cent of the lay-offs reported in February were in the province of Ontario, would the minister indicate, first, whether he was aware of the impact on Ontario of these lay-offs and, second, can he suggest to the House and the people of Canada any reason why Ontario, in particular, should have suffered such heavy lay-offs?

● (1422)

Hon. Jean Chrétien (Minister of Finance): I have discussed the economic problems of Ontario many times with the Treasurer of Ontario. He will be disclosing his budget tomorrow, I believe, in his own House. We have tried to co-ordinate our economic policies, and following suggestions they have made to me, I have made a proposition to help the provinces to cut the sales tax in order to stimulate demand. But the other provinces have never accepted that proposition. Tomorrow we shall see what Mr. McKeough intends to propose specifically for Ontario. As far as present economic policies are concerned, we debated them with the ministers concerned and at the first ministers' conference and there was no pressure upon us to change them.

GOVERNMENT POLICY ON TARIFF REDUCTIONS

Mr. Sinclair Stevens (York-Simcoe): Speaking about co-ordination, the Minister of Industry, Trade and Commerce, in his "Report from Parliament Hill" appearing in the Hanna *Herald* on February 15 of this year, stated:

It now seems that the European Community, the United States and Canada will strive for a 40 per cent cut in tariffs.

Would the minister indicate, in the context of the February lay-offs, if it is Canadian policy to cut tariffs by 40 per cent?

Hon. Jean Chrétien (Minister of Finance): We are presently engaged at Geneva in tariff negotiations with other nations to make sure that international trade increases rather than diminishes. At this moment we have not decided what the final position of the government will be. I think it is very important that all the nations of the world make sure that there is a better climate for trading in the world, across the board, so that everyone will benefit, as opposed to going to extreme protectionist policies. What we should like to know is whether the opposition parties have any position between the free trade sympathies of the west and the protectionism of Ontario.

IMPACT OF FOOD PRICES ON CPI

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is directed to the Minister of Finance. A few days ago, the Minister of Industry, Trade and Commerce stated that the impact of food prices on the calculation of the consumer price index will be revised starting in early summer. He further stated that the food component, which presently accounts for about 28 per cent of the consumer price index, is likely to drop to 20 per cent. Will the hon. gentleman tell the House why the government has decided to mislead the public—I can only think of it in those terms—into believing a reduction in the cost of living will take place in the early summer by manipulating the consumer price index statistics in this obvious fashion?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think the government's policy consists in giving orders to Statistics Canada. That organization of the Canadian government has been working in a scientific and very professional way for many years. Nobody but the organization itself decides which base is best for the establishment of statistics relating to Canada's economic performance and traditionally, the government has never intervened in these matters. When I was Minister of Industry, Trade and Commerce, I defended on many occasions in the House the integrity, the sincerity and the competence of Statistics Canada and if the organization is now bringing changes in this field, a matter I am not aware of, I am sure that it proceeds this way for reasons of a purely scientific nature.

[*English*]

Mr. Broadbent: A number of countries, including the United States, use a variety of indexes to measure the cost of living. Will the minister not agree that the announced intention to change the statistical basis and reduce the weight of the food component, which has increased by more than 15 per cent in the last year, will likely have the effect of showing at least a decline in the rate of increase of the index, and that this change, particularly for pensioners and other low income people, could distort reality because these people spend a much higher proportion of their income on food than do upper income Canadians?

• (1427)

Mr. Chrétien: Mr. Speaker, I explained earlier that it is up to Statistics Canada to make those judgments in terms of their conscience and of trying to find out exactly what are the components in increases in the price of food in Canada. It could be that they have decided, because of realities, that Canadians are spending less of their income on food; I do not know, and I do not want to pass judgment. I would rather let Statistics Canada—an institution with a great reputation for making professional and scientific decisions—make that judgment, rather than myself pass judgment on the quality of work Statistics Canada is doing not for the government but for Canada.

Mr. Broadbent: Mr. Speaker, the minister knows very well that there have been studies on the possibility, for example, of a separate index for pensioners, as well as for other groups. The minister knows that the government can make a recommendation to Statistics Canada to publish a comparable, different set of figures showing what is really happening in the economy. Does the minister think that changing the procedures which are likely going to show a decline in the cost of living precisely at the time of the next election is a mere coincidence?

Mr. Chrétien: Mr. Speaker, I know of no instruction from the government on that matter. It is up to Statistics Canada to prepare the statistics the way they think is the fairest way for the people of Canada to be informed. We do not give instructions to Statistics Canada. I do not know of any such instruction. If Statistics Canada is changing its procedures, I suppose it is because they have a good, professional reason for doing so.

* * *

[*Translation*]

NATIONAL REVENUE

LOANS FOR PURCHASE OF RENTAL HOUSING—INQUIRY WHETHER CMHC APPROVAL NECESSARY

Mr. C. A. Gauthier (Roberval): Mr. Speaker, to give the Minister of Finance a chance to catch his breath, I shall put my question to the Minister of National Revenue.

I apologize to the minister for not having had time to send him my question but it is rather special.

Keeping in mind that when a citizen borrows money to build rental housing units he is allowed to deduct from his income part of the interest on the loan, can the minister tell us whether such a loan has to go through the Central Mortgage and Housing Corporation? And how can such a loan be refused which does not go through the corporation?

Hon. Joseph-Philippe Guay (Minister of National Revenue): I should like to take the hon. member's question as notice and answer it tomorrow, Mr. Speaker.

* * *

[*English*]

NATIONAL SECURITY

INQUIRY WHETHER LEGAL ACTION TAKEN AGAINST HON. MEMBER FOR LEEDS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Solicitor General. I know he is just filled with information today, and I want to see if I can find out what it is. First, has any charge been made, or information sworn to, against the hon. member for Leeds, or has one been prepared and is dependent on the events of today?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, there has not been any charge laid and none has been prepared. I am awaiting with anticipation, as is the right hon. gentleman, the announcement that will be made by the hon. member at three o'clock.

Mr. Diefenbaker: I am very happy to notice a change of attitude, on the part of the minister, from one of vengeance and vindictiveness. I should like to ask him a further question. If no charge has been laid or information prepared, on what basis and under what authority have the police been harassing the hon. member for Leeds and his wife during the last several days, following him here, there and everywhere? What is the basis for that action? What is the justification for it?

Mr. Blais: Mr. Speaker, I would indicate to the right hon. gentleman that if he looks at the record he will see that I have never exhibited any vindictiveness nor any vengeance. I say this simply to put the record straight. Second, I gave express directions to the security service, to the RCMP, not to carry out any surveillance of any nature on the hon. member for Leeds.

Mr. Diefenbaker: Does the minister now want the House and the country to believe that the police have been acting without the inspiration of the vindictiveness he has shown up to the present time?

Some hon. Members: Oh, oh!

Some hon. Members: Order.

Mr. Blais: Mr. Speaker, all I want the right hon. gentleman to know is that, indeed, if there has been the harassment which the hon. member alleges, I would ask him to provide me with any details or any information he has relating to that. I have every confidence that the RCMP have acted in accordance with my express directions and instructions.

● (1432)

An hon. Member: Yes, your directions.

Mr. Blais: Mr. Speaker, my express direction was that there be no surveillance of Mr. Cossitt, and I am sure they complied with that express direction.

REPORTED GOVERNMENT KNOWLEDGE OF SOVIET INTELLIGENCE ACTIVITIES IN CANADA

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General and relates to a news story, with which I am sure he is familiar, which appeared in the Toronto *Sun* of yesterday, written by Mr. Robert MacDonald. I would ask the minister about the investigations that presumably are taking place into the sources which formed the basis of that story—the information and documentary material. Can the Solicitor General tell us at what stage the investigations are now and, if completed, what steps does he propose to take as a result of those investigations?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, without appearing to give any indication of any attention I may give to that reporter's story, I would ask the hon. gentleman to be more specific in terms of the story to which he is referring. There have been a number of stories over the weekend.

Mr. Jarvis: I will do that, Mr. Speaker. At least one part of that story contains the serious allegation that the cabinet committee on security, a committee chaired by the Prime Minister, was warned at least two years ago regarding Soviet intelligence activities in Canada, of much greater spying and subversive attack on Canada than ever before. Can the Solicitor General confirm or deny that, in fact, the cabinet committee was warned at least two years ago of the stepped-up attack by the Soviets against our country, and why was nothing done in the last two years about it?

Mr. Blais: Mr. Speaker, I have not seen that particular story. I would like to review the facts the hon. gentleman maintains are alleged in the story. I would indicate, however, that after checking those facts there may be information contained in it that has been made available to me but which I cannot make available to the hon. gentleman.

* * *

ADMINISTRATION OF JUSTICE

ACTION TAKEN AGAINST VIOLATORS OF OFFICIAL SECRETS ACT

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Attorney General of Canada about a case under the Official Secrets Act concerning which questions were asked in this House. It is the case of Alexander Peter True. According to information I have—and I attempted to get more from the special assistant to the deputy minister of justice before coming in here—a bench warrant was issued for the appearance of Alexander Peter True when he did not appear for sentencing pursuant to the case under the Official Secrets Act which was tried in Montreal last December. His

Honour Judge Trudel allegedly put down February 24 for sentencing.

I understand from the special assistant in the office of the Minister of Justice that no such judgment or sentencing has ever taken place. I wonder whether the Attorney General of Canada, in view of the prominence of the Official Secrets Act and what appears to be strange handling and delay here, could give the House and the country any information about how this particular case under the Official Secrets Act is being handled?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, all I know at the present time is that the evidence has been put in both by the Crown and by the defence and that a decision on sentencing was reserved. Whether or not a bench warrant has been issued, I am not in possession of that information.

Mr. MacKay: Mr. Speaker, could the Attorney General of Canada, in view of the fact that the Official Secrets Act is receiving such emphasis lately, indicate whether there are any special circumstances, negotiations or matters that are in any way out of the ordinary, about which the House and the country ought to know in order to explain, first of all, the issuance of a bench warrant and, secondly, what appears to be a very strange delay in carrying out what would appear to be an important sentence in an important case under the Official Secrets Act?

Mr. Basford: Mr. Speaker, there are no special circumstances that my counsel has felt compelled to advise me of, but I will inquire into the facts in question.

* * *

NATIONAL SECURITY

ARMS SMUGGLED INTO CANADA BY CUBA—DIPLOMATIC ACTION TAKEN BY GOVERNMENT

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is directed to the Solicitor General: it relates to confirmation by him about recent allegations which include a specific charge that Cuban arms have been smuggled into Canada for the purpose of arming subversives in this country. Will the Solicitor General tell this House, now, why the government did not take diplomatic action in response to this very serious and hostile action by Cuba against our national security?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I have never confirmed that fact.

* * *

ADMINISTRATION OF JUSTICE

LAYING OF CHARGES UNDER OFFICIAL SECRETS ACT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask a question supplementary to and along the lines of those asked by the right hon. member for Prince Albert, the hon. member for Perth-Wilmot and the hon. member for Central Nova. Section 12 of the Official Secrets Act provides:

A prosecution for an offence under this act shall not be instituted except by or with the consent of the Attorney General—

In light of the answer given the right hon. member for Prince Albert by the Solicitor General, has the Attorney General of Canada been approached to give his consent to the laying of any charges against any persons or any newspapers during the last ten days?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, no such request has been made of me and, obviously, no concurrence has been granted.

Mr. Woolliams: Let me go one step further. Under that act a charge may be laid without the consent of the Attorney General, but before any proceedings can be proceeded with he must give his consent. Has he given consent of any kind, shape or colour, in reference to charges already pending, consenting that they proceed under due process of law against newspapers, against persons or anything else?

Mr. Basford: No, Mr. Speaker, and the normal practice is that those wishing to lay charges under the Official Secrets Act are to consult the law officers so that the charges, fiat or concurrence are issued at the same time.

Mr. Woolliams: Mr. Speaker, this is a serious matter and we have not really got the answer. Have the law officers of the Crown been consulted with reference to getting consent for the laying of any charges or proceeding with any charges that have already been laid? Will the minister answer "Yes" or "No"? Have they been consulted: let's have it?

Mr. Basford: Mr. Speaker, with the greatest respect to the hon. member, I think I have been very full in my answers. He is asking whether I have been requested to concur in the laying of charges or whether I have concurred in the laying of charges, and the answer to both those questions is "No".

* * *

EXTERNAL AFFAIRS

GOVERNMENT ACTION TO FACILITATE FAMILY REUNIFICATION

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. In view of the fact that the Belgrade Conference on European Security and Co-operation is now drawing to a close, in view of Canada's vigorous efforts there for over five months in following up the principle of family reunification, and knowing the anxiety of many Canadians with members of their families in the Soviet Union and eastern European countries to have them come to Canada, does the minister have plans to follow up this matter with the foreign ministers of European nations so as to

facilitate family visits and reunification in the spirit of the Helsinki Agreement?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, obviously there is a good deal of disappointment, not only on the part of Canada but of other western countries, that the meetings in Belgrade did not achieve more substantial results. Our aim had been to put family reunification virtually at the top of the list. We will now, as a result of what appears to be the failure of Belgrade to really come to grips with this question, continue to pursue our efforts with individual governments and also, of course, continue the monitoring process that has been established as a result of the Helsinki documents and to work through all the various means open to us in this regard.

* * *

CONSUMER AFFAIRS

BEEF—REASON FOR PRICE SPREAD AS BETWEEN PRODUCER AND CONSUMER

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs. I am sure the minister is aware of the strike by cattle producers in Saskatchewan and Manitoba. One reason for that strike, of course, is that cattle are selling at below the cost of production. In view of the fact that the latest CPI figures showed that the price of beef in this country had gone up by 33 per cent, January over January, while the price to the producer had gone up by only 19 per cent—and I assume his department has looked into the price spread—can the minister tell the House the reason for the tremendous price spread between the producer and the consumer?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, we are concerned about the situation of the beef boycott in western Canada and are watching it carefully. We are pleased in the sense that it has only been scheduled for a two-week period. I will obtain further information with particular respect to the question the hon. member has just put to me.

● (1442)

Mr. Nystrom:: Mr. Speaker, my question really concerned the price spread. To give the minister an example, a 1,000-pound steer, this year over last year, netted the farmer an extra $80, while it sold to the consumer for an extra $180. I should like to ask the minister where that spread is going. Is it the intention of his department to investigate that price spread and perhaps even establish a commission to look into it?

Mr. Allmand: Mr. Speaker, I am interested in that price spread as well. I do not have that information in the briefing material I have on the beef boycott. I am extremely interested in knowing the reasons for the spread. I will find out and let the House know.

NATIONAL SECURITY

SMUGGLING OF CUBAN ARMS INTO CANADA—USE THEREOF BY SUBVERSIVES

Mr. Erik Nielsen (Yukon): Mr. Speaker, my question is directed to the Solicitor General. Before putting it, may I remind him that soon after assuming the portfolio he now holds, I asked a series of questions in the House with respect to the infiltration of Indian organizations. I followed that up with a letter to him. At the time, he indicated that he would be replying to me. I am still waiting. My specific question with respect to Cuban arms is: Were arms illegally imported into Canada on Cuban vessels? If so, was it done with the knowledge and the participation of the Cuban government? To the knowledge of the government, were any of these weapons used by subversives in Canada for the purposes of disrupting our society?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, those are very, very specific questions indeed. As the hon. member well recognizes, the import of those questions is considerable in terms of our national security situation.

Miss MacDonald: Right on.

Mr. Blais: In view of the circumstances we are facing, evidently relating to the document or documents which are presently at issue, I hope the hon. member will accept my taking that question as notice and I will see if a response can be provided to him at a later time.

INQUIRY WHETHER MEMBER OF PRESS GALLERY AGENT OF KGB

Mr. Erik Nielsen (Yukon): Mr. Speaker, my final supplementary is directed to the Solicitor General. I should like to indicate, in the most friendly fashion I can, that I am grossly unhappy with the non-answer of the minister to that question. Can he confirm that Alexander Palladin, Novosti press, a representative in the press gallery, is in fact a KGB agent? If so, is the government now taking action to expel this individual?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, this is in the nature of the previous question which was asked. It refers directly to some of the allegations made by the hon. member for Leeds. I suggest at this time that I take the question as notice.

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TRANSPORT

INLAND TERMINAL AT YORKTON, SASK.—GOVERNMENT INTENTIONS REGARDING CONSTRUCTION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister of Transport: it relates to a rather disturbing report of a study presented to him by a firm of consultants headed by Mr. Rod Bryden. This study was commissioned in response to a Hall commission recommenda-

tion concerning the construction of an inland terminal at Yorkton, Saskatchewan, to augment shipment of precleaned grain to the port of Churchill. The findings of the report fly in the face of the recommendations of the Hall commission. Has the minister received this report? Has he repudiated the essence of it and the recommendations, or will he subscribe to the report as presented by Mr. Bryden?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member for Saskatoon-Biggar is completely wrong in his statement as to the conclusions of the report. It was a report into the question of the cost of developing either a single terminal elevator in the Yorkton area, or several in that region. It analyses those costs and indicates very significant costs indeed. That may be done either way, particularly if a large terminal is used as a feeder for the Churchill terminal which is available for only a very short season; therefore, the gathering of grain has to be concentrated in a short period.

That is what the report covered; it did not include the entire question, by any means. It was a necessary consultants' study about the complications of a terminal. It was prepared by the Bryden group, which had also been very much involved in the development of the feasibility studies for the Weyburn terminal and therefore had experience in that regard. Before any final conclusion can be drawn, we have to analyse the total rail handling costs from that area into Churchill, alternative methods of gathering grain for Churchill, and also the question of the advantage in Churchill to the Wheat Board of having grain for sale there. As I indicated to the 42 or so farm and prairie organizations with whom I met to discuss this matter a few months ago, there is no doubt further work will continue, and no conclusions have been reached at this point.

Mr. Hnatyshyn: Mr. Speaker, the fact of the matter is that this report came down on the side of no further expansion: it suggested no further expansion or improvement of the facilities at Churchill. Why would the minister take it upon himself to engage a consultant who had a very well known bias against the port of Churchill and who, in fact, did a study just two years ago for the Dominion Marine Association, which is pro-St. Lawrence Seaway, that recommended virtually the same situation; that the port of Churchill should not be expanded or improved? Why would the minister engage someone with an obvious bias?

Mr. Lang: Mr. Speaker, the hon. member's statement is really extraordinary. As a lawyer, he should know that a case may be taken for one side of a problem by a lawyer, and later on a case may be taken on the other side. Consultants operate in the same way. It is quite wrong for the hon. member to allege any kind of bias in the House on the part of any consultants. The fact of the matter is that in their work in relation to Churchill and in relation to inland terminals, they were knowledgeable about the entire situation.

As I said at the beginning, the hon. member is quite wrong in saying that this determined in some way that there was no future, or a dim future for Churchill. In fact, at this very moment we are continuing our programs of expansion for Churchill. Lighting systems are being installed to allow longer hours of work at Churchill. This year we are likely to set again, for the third year in a row, a record for the number of bushels handled at Churchill. That is the record of this government. I do not know why the hon. member wants to be cynical about it.

Mr. Hnatyshyn: Mr. Speaker, my final supplementary is directed to the Minister of Transport. In view of the fact that the port of Churchill has been downgraded by the removal of the head of that particular port, and in other ways, that the Hudson Bay Route Association and other people have said that Mr. Bryden went outside his terms of reference and were altogether very critical, and that these associations wanted to have somebody looking at this matter who would be in tune with western concerns, I ask the minister: in view of these observations and actions which have taken place in the past, why did he engage Mr. Bryden at all?

Mr. Lang: Mr. Speaker, there were no complaints about the engagement of the consultant while the studies were ongoing. If anyone accused them of anything, I suppose it might have been that they were pro-terminal because of the work they had done on the Weyburn terminal. They might have been just as easily accused of that. I have very close working relationships with the Hudson Bay Route Association and those interested in the development of that port. They know we are going ahead with our plans for work there. They know that in our rail rehabilitation program we have included major works for the expansion of the Herchmer subdivision on the way to Churchill. Thus, all these positive acts by the government fly in the face of the cynicism and the skepticism of the hon. member for Saskatoon-Biggar. I wish he would recognize the three-year record that we have in Churchill and the fact that we will continue to develop it.

Mr. Hees: Whose campaign manager was he, Otto?

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URBAN AFFAIRS

HOUSING—FUNDING OF NIP PROJECTS AFTER CESSATION OF PROGRAM

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. Under section 27.7 of the National Housing Act, funding for the Neighbourhood Improvement Program will cease on March 31, 1978. On December 1, 1977, before the Standing Committee on Health, Welfare and Social Affairs, the minister said: "I would like to be in a position to bring in an amendment that will extend NIP". Considering the usefulness of this self-help activity, and the problems caused by interruption of the program, can the minister inform the House what measures he plans to introduce to overcome the March 31 deadline?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, this week my deputy minister is meeting his provincial counterparts here in Ottawa; they will discuss that specific matter with a view to reaching a federal-provincial agreement on that program and similar ones from which the municipalities in Canada benefit.

● (1452)

[*English*]

Mrs. Pigott: Mr. Speaker, when the minister is discussing this matter, will he consider a change so we can talk about rural NIP and urban NIP, so that this program can be more effective?

[*Translation*]

Mr. Ouellet: Both programs, Mr. Speaker, will be discussed at those meetings this week.

* * *

[*English*]

NATIONAL DEFENCE

NUMBER OF BOEING 707 TO BE USED AT CFB, TRENTON

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is for the Minister of National Defence. Given the age of the aircraft, the need for regular checks and retrofits, the heavy workload and the growing number of demands on their time, does the minister intend to expand the number of Boeing 707s currently used by 737 Squadron based at the Canadian Forces Base, Trenton?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, there is no immediate intention to expand that fleet. We recognize that these aircraft are heavily taxed, but there are no definite plans for expansion at this time.

* * *

AIR TRANSPORT

FOREIGN TROOP CARRIERS USING DORVAL—AIR CANADA SERVICE TO MOSCOW AND PRAGUE

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Minister of Transport. Can the minister confirm if in the past few months there have been foreign aircraft with troop-carrying capability going through Dorval without the usual registration numbers and state demarcations?

Hon. Otto E. Lang (Minister of Transport): No, Mr. Speaker, I have no such information. I will be glad to check and inform the hon. member.

Mr. Ritchie: Mr. Speaker, in view of the large number of Russian, Cuban, Polish and Czech airliners using Mirabel and Dorval to carry commercial freight and passengers, will Air Canada be resuming its flights to Moscow and Prague? These flights were cancelled last year due to lack of passengers and freight.

Mr. Lang: Mr. Speaker, there is no intention on the part of Air Canada to do so at this time. Flights were discontinued because the very low level of seat occupancy meant that Air Canada was incurring losses. Those losses had to be borne by Air Canada in its other operations and that did not seem to us to be sensible. Air Canada stands ready to resume those services when there is a clear indication that the number of seats occupied will be higher.

* * *

NATIONAL SECURITY

NUMBER OF PERSONS BEING INVESTIGATED UNDER OFFICIAL SECRETS ACT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the Solicitor General. As I understand it, very extensive investigations by the security service, and perhaps the RCMP, are going on right now. I understand that persons and/or corporations are being investigated regarding the subject with which we are now dealing. Can the minister advise how many persons are involved, and whether this investigation has come to a close? How extensive is it?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I would like the hon. member to be a little more precise with regard to the particular investigation he is referring to.

Mr. Alexander: Mr. Speaker, I am talking about an investigation regarding the Official Secrets Act. We are talking about only one investigation at this time regarding the Official Secrets Act. We are talking about the involvement of the hon. member for Leeds. I indicated to the Solicitor General that there are some very extensive investigations going on, including investigations of persons, corporations and, particularly, members of the press. How many people have been investigated, and is the investigation complete?

Mr. Blais: Mr. Speaker, as the hon. gentleman has read, interviews were conducted over the weekend by the security service. Interviews were conducted with members of the press and other individuals who might shed light on some of the declarations which have been made from time to time by the hon. member for Leeds relating to the matter at issue. The investigation is being conducted with the usual practices which are followed by the security service. I am sure the investigation is being conducted competently and that the number of personnel involved is sufficient to carry out the responsibilities with which these personnel are charged.

Mr. Alexander: Mr. Speaker, I take it from the minister's answer that the investigation is very extensive. As a result of the investigation, have any notices been issued in the past two or three days for the production of documents or material? In

other words, as a result of this investigation, has anything come to the minister's attention so that he can determine now that notices demanding the production of documents have been issued?

Mr. Blais: Mr. Speaker, as investigations are being proceeded with, it would be unusual for me to comment. It has been the practice not to comment until such time as action is taken.

Mr. Alexander: I am very much aware of that. As a result of the investigations, and as a result of information before the minister, is he about to issue a notice demanding that documents be produced?

Mr. Blais: Not at this moment, Mr. Speaker.

* * *

[*Translation*]

THE CANADIAN ECONOMY

GOVERNMENT ACTION TO PREVENT FURTHER DROP IN VALUE OF DOLLAR

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of Finance. Since the issue of $720 million in Canadian bonds on the United States market announced by the Minister of Finance to sustain the Canadian dollar did not produce any effect and that Friday last our floating dollar was more like a sinking dollar, what does the minister intend to do about it?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I shall repeat once more that our dollar is floating on the market at the present time and that its level is determined by the market. Of course we have borrowed $750 million as I have indicated because we have a deficit in our current account balance of payments and because Canadians do not borrow enough on foreign markets but we do not intend to change our policy with regard to the dollar and when a currency is floating it can go up or down as the dollar has been doing for the last year and half.

Mr. Caouette (Témiscamingue): Mr. Speaker, considering that the dollar is having trouble staying afloat—indeed it is drowning—and that the minister's decision to issue some $750 million worth of bonds has failed to sustain the dollar, what other step is the minister contemplating now, or would he rather wait, before taking any action, until the value of the dollar drops as low as 5 cents?

Mr. Chrétien: Mr. Speaker, the dollar was worth about 90.13 cents over a month ago, and its value has not dropped very much since January. During February, we faced a reserve problem, but it has now stabilized. The value of the dollar is floating now and will continue to float, and in reply to the question from the hon. member opposite, I feel I can say that a floating dollar greatly favours Ontario industries which export to foreign markets.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

LAY-OFFS IN EASTERN CANADA—DONKIN COAL MINE PROJECT

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I want to address my question to the Minister of Regional Economic Expansion. I read the minister's answer to a question put to him on Friday by the hon. member for Cape Breton-The Sydneys. However, I want the minister to recognize that although it is apparently true that, as he says, there are no lay-offs, there is going to be a change in that mine. People are going to move to other mines. That would drastically affect people who have applied for jobs, for example, at Lingan.

I would like the minister to give us an assurance in this respect. I have spoken to coal consultants and others, who have said that they think the construction period could be pushed forward as far as the Donkin mine is concerned. This would reduce the general unemployment level in that area. As the minister knows, 3,500 people are still looking for jobs in coal mines in the area.

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, as I have indicated, it is obvious that following the decision to stop temporarily the operations as such of Prince mine, there will be readjustments among workers who will be assigned to other tasks in other places, always within Devco operations. But as for the hon. member's suggestion to hasten the possible construction of a new coal mine in the Donkin deposit, I must say to the hon. member that the study which is necessary before making this decision is not completed, and I think it would be a little premature and incautious to set immediately to build a mine before being sure about all its implications, in order not to be in a difficult situation, such as the one which we have now with the Prince mine. So I hope that the hon. member will go on supporting the efforts we are making, and we hope that in the next few months we shall be in a position to make decisions likely to please as many people as possible.

● (1502)

[*English*]

Mr. Hogan: Mr. Speaker, a supplementary question. I agree in part with what the minister said, but I repeat that there is the possibility, according to coal consultants who have studied this question in the past and with whom I consulted before I asked the question, that the feasibility study as far as Donkin is concerned can be pushed ahead without doing any damage. I realize it is partly lack of planning that got this mine into trouble. I ask the minister if Treasury Board intends to grant

the additional funds needed to continue next summer the offshore drilling which was not completed last year.

[*Translation*]

Mr. Lessard: Mr. Speaker, it is my understanding that under the agreement offshore drilling is to continue next year. But as for the consultants, I would like to tell the hon. member that Devco has also hired some, and that during the next few months we will probably have the opportunity to hire another consultant firm which will establish if we should encourage this new mine, based on its cost effectiveness and feasibility. It is my hope, Mr. Speaker, that we will be able to announce, in the coming weeks if not the coming months, the decisions taken in this matter.

* * *

[*English*]

PRIVILEGE

MR. COSSITT—NATIONAL SECURITY—DOCUMENT ALLEGED TO BE IN HON. MEMBER'S POSSESSION

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a question of privilege pertaining to a letter dated March 3, 1978, which I received from the Solicitor General of Canada (Mr. Blais) and a reply thereto which I now would request a parliamentary page to come forward to deliver to the Solicitor General across the floor of the House at this time.

While it is being delivered might I just say this: I confirm the remarks of the right hon. member for Prince Albert (Mr. Diefenbaker), made earlier in this question period, that I was under surveillance this past week end, beginning noticeably on Thursday evening, and also the fact that approximately 30 members of the press gallery have been interrogated since Thursday.

Over this past week end I have been conferring with my solicitors and certain members of parliament. Naturally I would like to express my appreciation to my colleagues in the Conservative caucus and to my solicitors, namely, from Brockville, the firm of Stewart, Corbett, Musclow and Barr, and my senior counsel here in Ottawa. I hope I may also be permitted, Mr. Speaker, to thank the hundreds of Canadians from coast to coast who have been communicating with me over the week end by telephone and telegram, agreeing with the stand that I have taken.

Some hon. Members: Hear, hear!

Mr. Cossitt: I also feel that I should add, Mr. Speaker, before I read the reply to the House that I have given to the Solicitor General, that this whole incident has been extremely curious, and I consider it has been a breach of my parliamentary privilege.

It is an acknowledged fact that there are a number of members of this House who, at various times, have openly stated that they possess, or are quoting from so-called secret material, or from information given to them verbally. To my knowledge none of these members has been threatened with possible arrest. None of these members has been threatened with the issuance of search warrants. As a consequence, the question in my case I think is obvious—why have I been singled out by this government for the treatment I have received?

The conclusion is, I believe, just as obvious. I have never been exactly known as one who approves of the Prime Minister's (Mr. Trudeau) methods of running the country, and it would appear that the whole thing has become a form of some vindictive persecution on his part as evidenced by the threats made upon me last week in my office, without notice of any kind, by General Dare and the Solicitor General, on instructions that were apparently handed to the Solicitor General by the Prime Minister.

The Prime Minister has said that the interests of the country are at stake—as if I had damaged the interests of the country—but in reality I believe it is the interests of the government that are at stake in view of the fact that revelations made by a number of members in this House, including myself, have shown time and again the failure of the government to act decisively in the interests of national security.

Some hon. Members: Hear, hear!

Mr. Cossitt: The Prime Minister spoke of dangers to the country in the things he alleges are in my possession, and he has displayed less interest in stopping the activities of the KGB and other subversive elements in Canada and far more interest in destroying Tom Cossitt.

Some hon. Members: Hear, hear!

Mr. Cossitt: Finally, I wish to assure this House that I have never acted in any manner which I consider prejudicial to the security of this country, nor will I ever do so.

Some hon. Members: Hear, hear!

Mr. Cossitt: Since coming here in 1972 I believe I have acted in the best interests of Canada and in the best interests of my constituents who elected me to this place.

It is not for me at this time to cite precedents of the British parliament which would indicate that, if they were to be applied here, they would show that I have not acted in any way detrimental to Canada. I wish to emphasize, as I have said many times, Mr. Speaker, that I feel it is my absolute duty to protect the identity of such persons who in any way communicate to me, as a member of the opposition, information that indicates the government is acting wrongly.

Some hon. Members: Hear, hear!

Mr. Cossitt: Mr. Speaker, I would now like to read to the House the letter dated March 3, 1978, delivered to me on that date at approximately 1.15 p.m. in the parliamentary dining room by a representative of the Solicitor General, along with my reply thereto.

The letter from the Solicitor General reads as follows:

Dear Sir:

I am satisfied that on the basis of statements made by you, both in and out of Parliament, that you are in possession of a document dated 24th March 1976, classified as 'Top Secret', entitled 'CANADIAN RELATED ACTIVITIES OF THE RUSSIAN INTELLIGENCE SERVICES' and published by the Intelligence Advisory Committee of the Government of Canada.

I am also satisfied that it would be prejudicial to the safety or interests of the State for you to retain possession of that official document. In the circumstances I consider it my duty as Solicitor General presiding over the Department of the Solicitor General to direct you, pursuant to the paragraph 4(4)(a) of the Official Secrets Act, to forthwith return the document together with any copies of it or extracts from it which you may have in your possession or which may be in the possession of others on your behalf.

You may be assured that this letter is being sent to you as a Member of Parliament only after my having given the matter very careful consideration and on my being absolutely convinced that it is necessary to do so in the interests of Canada.

I can be reached at any time through Government local 6-0220 or 2-4211.

Yours sincerely,

J.-J. Blais
Solicitor General

The reply I have sent the Solicitor General across the floor of the House, dated this day, March 6, reads as follows:

Dear Mr. Blais:

I acknowledge receipt of your letter of March 3, 1978, which was delivered to me at approximately 1.15 p.m. on that date in the Parliamentary Dining Room shortly before my departure to my home in Brockville.

In response to your said letter I have to advise you that I am not in possession of a document dated March 24, 1976, classified as 'TOP SECRET', entitled 'CANADIAN RELATED ACTIVITIES OF THE RUSSIAN INTELLIGENCE SERVICES'.

Yours sincerely,
Tom Cossitt

In other words, or in effect, to summarize the wordiness of both letters, the Solicitor General has requested me to return forthwith a document classified as top secret and entitled "Canadian Related Activities of the Russian Intelligence Services" and I have replied to him that I am not in possession of such a document.

● (1512)

In conclusion I should advise the House that I have maintained my undertaking completely that any materials in my possession would remain in safe custody, that I would reveal to nobody and in no way tamper with or destroy, etc. until such time as I complete the statement that I have now just made.

Some hon. Members: Hear, hear!

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, perhaps I could ask the hon. member for Leeds (Mr. Cossitt) a question for clarification in order to short circuit any long debate on this issue. The hon. member rose on a point of privilege and I would like him to intimate whether he indicated in his closing sentence that he would be returning all top secret documents he may have in his possession.

[Mr. Cossitt.]

Mr. Baker (Grenville-Carleton): The sentence speaks for itself.

Mr. Cossitt: Mr. Speaker, the Solicitor General (Mr. Blais) can read what I said in *Hansard*.

Mr. Blais: Mr. Speaker, in reply to the hon. gentleman, first of all with reference to his opening remarks that perhaps during the weekend he might have been under surveillance in some way, I would want him to provide me with all the information. I will reiterate the comment I made to the right hon. member for Prince Albert (Mr. Diefenbaker) that there were indeed expressed directions given by me that no surveillance of any sort be effected on the hon. member for Leeds, commencing Thursday.

With reference to the point the hon. gentleman had raised, I ask the hon. gentlemen not to limit their analysis of this situation, merely to the request that was sent on Friday over my signature dated March 3, because the question was raised on Thursday related to the possession by the hon. gentleman for Leeds of documents—

Mr. Cossitt: A document.

Mr. Blais: —top secret documents, Mr. Speaker. It is true that the letter he read speaks of one identified document. I call the hon. gentleman's attention to the fact that that letter also speaks of extracts from that document.

We are not dealing with matters of passing importance; we are dealing with questions involving national security. When I spoke to the hon. gentleman from Leeds on Thursday morning it was in order to secure the return of a document that we felt he had in his possession. He indicated to me at the time that he had two documents—one document he had two copies of, and another he had extracts from.

The case is quite clear that the hon. gentleman himself has admitted, and I cite from the *Citizen* of February 22 where it states on page 8:

Outside the House, the Tory MP showed reporters the original photostat of the RCMP document he was referring to. It was headed "For Canadian Eyes Only" and was stamped "Secret".

The document listed the following numbers in the Soviet diplomatic establishment in Canada by year with the number of "Soviet intelligence officers" in brackets:

In 1970, 60 (30); 1971, 60 (27); 1972, 59 (30); 1973, 54 (24); 1974, 59 (24); 1975, 59 (24); and 1976, 61 (28).

Again in the same article by *Citizen* staff writer Ian Hunter he stated that he was basing his allegations relating to certain matters involving the Soviet Union's diplomatic personnel in Canada on:

—secret RCMP documents passed on to him by a member of the force's security branch.

In part that information was the justification for my attending upon the hon. member for Leeds in order to secure the return of the documents. Now the hon. gentleman is attempting to pass a red herring across the trail, Mr. Speaker, by indicating that indeed the request we made, and the obligation he has, is limited only to a reply to the request that we made

last Friday. Surely that is not the only responsibility that he has.

Mr. Clark: If it was a red herring, you would give it a travel visa!

Mr. Blais: He has a responsibility to comply with the Official Secrets Act, as has any other member of this House. The hon. gentleman knows that when I attended his office on Thursday morning I had sufficient information in order to request the issuance of a search warrant. The purpose of attending at his office was to obviate any sort of legal recourse and to seek and solicit his own co-operation by the return of the documents.

Mr. Cossitt: You acknowledged you have been bugging my telephone.

Mr. Blais: Mr. Speaker, that is silliness. There was never any acknowledgement of that nature. All I am saying to the hon. gentleman is that he cannot today, as a result of this question of privilege, extract himself from the necessity of his being here and being dictated by the terms of the Official Secrets Act. That is exactly what he is attempting to do.

Mr. Stevens: You told him what you wanted.

Mr. Blais: I am sure that a number of arguments will be raised perhaps by some of his colleagues relating to the fact that, as a member of parliament, he ought to be provided with some exceptional privilege. Mr. Speaker, I suggest to you there is no such authority. Once documents have been established and admitted by him as being top secret documents, matters that were leaked to him from a source within the RCMP, I have yet to read any authority to allow his refusal to hand over those documents. And I would suggest, without passing any further comment than that, that he ought to seek counsel again in order to ascertain whether that is not a very visible and patent breach of the Official Secrets Act.

Some hon. Members: Hear, hear!

Mr. Speaker: I have a notice from the hon. member for Yukon (Mr. Nielsen) on a separate question of privilege.

To set this matter in its proper context, it was raised on Thursday and discussed further on Friday. When it was raised on Thursday it was raised as a result of a meeting that took place in the office of the hon. member for Leeds (Mr. Cossitt) when the hon. Solicitor General (Mr. Blais) attended there in company with General Dare. At that time a conversation was held between the parties relating to documents that were allegedly in the possession of the hon. member for Leeds. At that time there was some indication that official action of some sort might be necessary by the Solicitor General.

When the point was raised by the hon. member for Leeds he brought to the attention of the House his request that he be permitted to consult counsel over the course of the weekend to determine what position he would take in respect to whatever documents about which he gave an undertaking. He gave an undertaking that any documents in his possession which would be of a certain nature would be held in safekeeping over the weekend by him. That was his undertaking. In response to this undertaking the matter was argued extensively Thursday afternoon. On Friday morning I spoke with both parties and it was agreed that the matter would stand over until Monday. That would not inhibit the serving of an official notice upon the hon. member for Leeds by the Solicitor General.

In respect therefore to one of such documents a notice was served. The response of the hon. member for Leeds this afternoon is that he is not in possession of the document described in that official notice. This disposes in a complete way of the question relating to that particular document and the hon. member's response to the notice served. It may leave open questions about other documents which might have been discussed on Thursday afternoon about which the hon. member for Leeds gave an undertaking of safekeeping during the weekend. I do not know. I have no information about the number of documents that are in his possession. However, it seems to me that the matter, having stood over in respect to any other documents at this time, cannot go any further in terms of procedural action by the Chair unless and until some other action is taken by one side or the other.

● (1522)

At this point, the hon. member for Leeds (Mr. Cossitt) has raised by way of a question of privilege what is in effect his response to a specific notice under the Official Secrets Act, that is, a response to an official notice that the document is not in his possession. That may finalize that matter. It may also leave open the matters from Thursday with respect to other documents.

At the moment there is no procedural matter before the Chair for decision, and certainly no matter which has been formulated by the hon. member by way of a question of privilege that the Chair could deal with at this point. Whether or not that might arise in response to further action, now that this response by him has been made, is an open question. However, it is quite clear there is no action from a procedural point of view that the Chair can take at this moment.

MR. NIELSEN—APPLICABILITY OF OFFICIAL SECRETS ACT TO MEMBERS OF PARLIAMENT

Mr. Erik Nielsen (Yukon): Mr. Speaker, I wish to raise a separate question of privilege of which I have given Your Honour notice. I do so because of my increasing concern as an individual member of this House, which concern is shared generally by all members of the opposition, if not indeed by some on the other side of the House as well. It has to do with the coming into possession, the receiving of information in any form which might be classified as secret information under the Official Secrets Act.

Over the course of my years here I have come into possession of all sorts of that kind of information which could be so classified. It is quite obvious that other members on this side have as well. I know that I cannot get into the merits of my

motion now, but I am just explaining what gives rise to my very deep concern about the extent to which that act is going to negate the responsibilities of members of parliament, particularly those in the opposition.

If that act were to be applied literally, we would have to place the telephone back in its cradle each time we made an assessment as to whether information we were hearing was classified.

Because of the importance of this question and the applicability of the Official Secrets Act to members of parliament, and because there has been a precedent set in the Mother of Parliaments in 1939 by way of a decision of a select committee, I believe it is urgently timely for this matter to be brought current in this place so that members of parliament, in their freedom of speech and their freedom to act in what they feel to be in the best interests of the state, for after all there are some of us who believe that the interests of the state and those of the government are not necessarily synonymous—

Some hon. Members: Hear, hear!

Mr. Nielsen: Because of the urgent need to have this matter updated so that we can all feel free from arrest, free from search, and feel that we are fulfilling what are our responsibilities in this House, I move, seconded by the hon. member for Central Nova (Mr. MacKay), and these words are taken from the English precedent which is found in Beauchesne commencing at page 417:

That the applicability of the Official Secrets Act to members of the House in the discharge of their parliamentary duties, having regard to the undoubted privileges of the House as confirmed in Section 4 of the Senate of the House of Commons Act, Section 18 of the British North America Act and the ruling of Mr. Speaker of the House of Commons of Canada made on December 5, 1977 commencing at page 1539 of *Hansard* of that date and referring to the question of privilege raised by the hon. member for Grenville-Carleton commencing at page 935 of *Hansard* of November 16, 1977, be referred to the Standing Committee on Privileges and Elections and to report back to this House within 30 days.

Mr. Speaker: The hon. member gave the Chair notice of his question of privilege and now follows it with a substantive motion. I would, in an initial way, have a very grave reservation about any attempt to raise by way of a question of privilege a general proposition which is not founded on a particular case. Particularly do I say so in respect to a situation which appears to parallel another event that appears, at least for the moment, not to have reached its final conclusion.

In addition, I would want to remark to the House that a committee was established, under my chairmanship, of which the hon. member for Peace River (Mr. Baldwin) was very much the inspiration, as a special committee of the House on the question of the rights and immunities of members. It has made one report to the House and it has taken under consideration a number of equally important matters.

I want to give some consideration overnight to whether or not the proper resolution of this would be to refer, or at least request that committee, since it has already the authority of the House to study a number of matters affecting rights and immunities, to priorize this subject as its next report to the House, if at all possible within the time available, and to take into account events that are unfolding at the present time as well as all of the items referred to here.

That would, I hope, accomplish the same thing in an equally effective way and would not offend the proposition that the matter is really of too general a nature to found a question of privilege on the basis of the precedents, but it is certainly an important enough matter to be given immediate attention. After some reflection, that would be a general intention. However, I will give the matter 24 hours' reflection to see whether there is any difficulty with that.

Mr. Nielsen: Mr. Speaker, I wish to make two very brief comments. I hope Your Honour will hear submissions with regard to the validity of the question of privilege.

I might inform you, sir, I had originally drafted my motion to refer this matter to the special committee. It was because of my concern that it might somehow affect or compromise the Chair's position, because after all you are the chairman of that committee, that I avoided that. However, I would be perfectly happy to amend my motion to refer to that committee should that be the general consensus.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in view of the comments by the hon. member for Yukon (Mr. Nielsen) to the effect that he would hope that submissions might be made tomorrow on the matter of his motion, presumably to prove that his motion raises a *prima facie* case of privilege, I want to say at this point that I vigorously submit that this motion does not present a *prima facie* case of privilege in any way, shape, or form.

It could be a substantive motion that the hon. member could put on the order paper and have dealt with in that way. However, it is worth recalling to the House that Your Honour has already ruled that whatever question of privilege or alleged question of privilege has been raised by the hon. member for Leeds (Mr. Cossitt), either on Thursday or today, has been discharged. To put it another way, it has not been put forward in any way that it could constitute a proceeding of the House. I therefore take it that that episode, in so far as privilege is concerned, is closed in the way that it has been dealt with today.

The hon. member for Yukon is raising the very general question of the relationship of the Official Secrets Act to members of parliament. It is a very general proposition that is of great academic interest. However, it is not related to any question of privilege or any grievance, breach or complaint put forward by any member of parliament, not even the hon. member for Yukon. The hon. member for Yukon has not said that he has been imperilled or held back in the discharge of his duties because of the operation of the Official Secrets Act.

Having said that with regard to the motion, it seems to me that the suggestion Your Honour has made is an eminently sensible one, to have the committee which has already constituted itself regard this as an appropriate matter for priority

treatment. It would certainly have my support and the support of members on this side of the House if it were dealt with on a basis of priority with no motion or further action required on the part of the House.

I believe it is essential that we deal with this matter so that we can go on to the allotted day and deal with the matter standing before the House in the name of the hon. member for Oshawa-Whitby (Mr. Broadbent).

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I quite agree with the statements made by the government House leader with respect to the necessity of proceeding with the allotted day. However, I must say I am very heartened to hear two things.

The first is the importance which Your Honour attaches to the question of the relationship of the rights of a member of parliament and the Official Secrets Act, particularly with regard to the way in which a member of parliament can perform his duties and what limitations there may be on him. I am very pleased with the suggestion you have made and the idea of priorizing that in the Committee on Rights and Immunities which is chaired by Your Honour. That makes it even more important. I was very pleased to hear that suggestion.

I was particularly pleased to hear the approbation and endorsation of the suggestion by the government House leader. This is a matter of extreme importance, one with which all of us should be concerned. I want to thank the hon. member for that suggestion.

● (1532)

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I should like to lend my support to the idea which has been put forward by yourself and endorsed by the Deputy Prime Minister (Mr. MacEachen) and, now, by the official opposition as well. However, in resolving the matter at this point by a reference to the Committee on Rights and Immunities, under Your Honour's chairmanship, we should be clear in our minds about what the committee would be looking into.

As I see it, this is a matter which not only affects the rights and privileges of members of parliament and the security of the country as they relate to the Official Secrets Act but also a specifically related question, which is the limits, if any, which should be placed on the right of a member not to divulge his source of information. This is a fundamental question and one which has concerned members on both sides in this unfortunate circumstance—if I may use that adjective to describe it—the rather heavy-handed action taken by the government before the week end, an action which was justified, in the view of the administration, not on the assumption that it was necessary to obtain the information in the document or documents alleged to be in the hands of the hon. member for Leeds (Mr. Cossitt) but because the obtaining of that document or documents would be an important step in getting to the source of the leak. It was this—the question of sources which I took to be the essence of the government's interest at the time, and I also took it to be the essence of the interest of the hon. member for Leeds.

There is involved here a fundamental dilemma in a parliamentary democracy—the right of an hon. member on either side of the House to protect his or her sources of information. I need not only draw attention to the case dealt with in Great Britain, to which reference was made early this afternoon; a similar matter was before the Ontario legislature in recent months.

The committee over which Your Honour presides is particularly suited to deal with such a matter, not only because of the nature of the subject matter but in terms of its composition—its members are admirably suited to deal with such a reference. They include the hon. member for Peace River (Mr. Baldwin), the hon. member for Richmond (Mr. Beaudoin), the hon. member for Windsor West (Mr. Gray), the hon. member for Winnipeg North Centre (Mr. Knowles), the hon. member for Saint-Denis (Mr. Prud'homme), and the hon. member for Kenora-Rainy River (Mr. Reid). These members have shown by their past interest in such matters that they are admirably suited to deal with this question. They have shown an understanding of what is at the root of the problem, namely, the rights of members of parliament as opposed to, or in comparison with, the rights and responsibilities of the executive branch.

What is so perturbing is that the heavy-handed action of the government just prior to the week end revealed that the government—I am inclined to say this would apply to any government of the day, including one from my own party—is inclined to define national security in terms of its own party policy. If you hold power it is almost inescapable that, in national security matters, you will identify the security of the state with the policy of your own government. When such a situation arises and power is exercised in terms of a set of options, including the possibility of arrest, being presented to a member of parliament, serious questions are raised about the propriety of the executive branch of the government making a judgment in its own case, a judgment which possibly impinges upon the rights of that member. We find the government interpreting and applying the Official Secrets Act and saying, with regard to its own case, "This is a threat to the security of the state," and so on.

In this case the difficulty is compounded by the role which has been actively played by the hon. member for Leeds. To no one's surprise, and, many will think to his credit, he has zeroed in on the activities of the Prime Minister of the day (Mr. Trudeau). I am not passing judgment on that, but he certainly has done so. So when the government, through its power as the executive branch, decides to bring down the law of the state on a member, we have to keep in mind that in this instance we are not talking about an academic or hypothetical situation but about a very real one. The government, defining its own defence policy from a set of regulations, has equated it with the national interest, and the situation is not made easier by the fact that many of the activities of the hon. member concerned have been directed against the Prime Minister.

However, what is involved fundamentally in this issue is not the obtaining of documents for their own sake but getting to the source of the leak. This brings up the question of the rights of members of parliament. It is not the case, as was said by the Minister of Transport (Mr. Lang), that an hon. member has the same rights and privileges as any other citizen of Canada, and no more. We have added rights and privileges. For example, we can say things here in this chamber which, if said outside it, would be in violation of the law of libel. We have freedom here to criticize the government to an extent which, outside the House, would be described as licence.

To my mind the basic question is this: if we are to exercise our rights as members of parliament to express ourselves freely, to be vigorous critics of the government, if we are in opposition, or vigorous backbench members on the other side, it is of the highest importance that we protect our sources of information, especially when such information is frequently volunteered. I might say it is inevitable that it should be volunteered in a free society. This being the case, the question to be considered by the committee is: when that right to protect sources of information is weighed against the security of the state, where does one come down? Because I do not believe the executive branch is the authority which should decide that question, I support the proposal to refer the matter to the consideration of a committee of this House, the committee chaired by Your Honour. The committee would look at this possible conflict of rights or obligations, and weigh a member's right to information, and right to protect his sources, against the right of the state to maintain security.

● (1542)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would simply like to say to the hon. member for Oshawa-Whitby (Mr. Broadbent), the leader of the NDP, that he attributed to me quite incorrectly the notion that members do not have more privileges than citizens outside this House. If the hon. member will check the record, he will see that I made the point that more privileges had already been extended to the hon. member for Leeds (Mr. Cossitt). What I was making clear was that in arguing from outside the House the doctrine which the hon. member for Yukon (Mr. Nielsen) has about the right to counsel, and so on, he was arguing from outside the House principles of justice, but he was demanding in the House much more for members. The point I made was that when the hon. member for Leeds, as member of parliament, purports that he can break the law, I think that is an extraordinary doctrine indeed.

Mr. Paproski: He did not say that; you say that.

Mr. Baker (Grenville-Carleton): That is a shameful statement for a lawyer to make.

Mr. Speaker: I did not intend at this time that the House should launch into an argument on the merits of the case. I indicated that I had grave reservations about the procedural regularity of establishing a general proposition of this sort as a question of privilege. I indicated that I would take 24 hours in an effort to determine whether or not I could get the concurrence of the Committee on Rights and Immunities to examine the matter on a priority basis. If I can, this may be an agreeable solution to the House and one that would solve the problem. If I cannot, I will undertake to the hon. member for Yukon (Mr. Nielsen) to give him and other members tomorrow an opportunity to defend the procedural regularity of the motion, but I do not want to allow any further discussion at this time.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, may I say with great respect that no matter is more important than the rights of members of parliament, and for Your Honour to say, "I have made a certain decision dependent on events ahead" after the discussion that has taken place, and to deny members of the House who have some experience—and I am one in that position—the opportunity to place views before the House and the country, would be, I say with great deference, a denial of our rights in the House.

Mr. Speaker: If the right hon. member insists, I will ask him to argue now the merits of the motion, and if I have to rule it out of order on the basis of strict procedural grounds, I am afraid I will have to do so.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, there is nothing more important to members of parliament and to freedom itself than the maintenance of the basic principle that members of parliament do not have to reveal the source of their information. The Leader of the NDP (Mr. Broadbent) has dealt with that and I want to deal with it on the basis of experience.

Having been Prime Minister I know that matters arise that are prejudicial to government. Governments are human, and when matters like that arise, naturally they find a variety of opinions in order to offset the right of parliament. I will now quote the Sandys case. I know Sandys very well. He is today a member of the House of Lords, the son-in-law of Sir Winston Churchill. The view that he expressed on parliamentary privilege is as clear today as when he uttered these words. He relied, among other things, on expressions in the *Economist* of July 2, 1938, in the following passage:

> It is imperative even in a democracy that certain facts which might be helpful to a possible enemy should be kept secret. The government must be accorded adequate powers to ensure that, in such cases, this secrecy is safeguarded. But it is equally essential, both for the safety of the state and for the preservation of liberty, that the House of Commons and the press should not be hampered in exercising their traditional right—which is also their duty—of criticism. This function can only be effectively performed if members of parliament and journalists are well informed; hence it is part of their day-to-day business to secure information from all possible sources.

I do not place members of the press on the same level as members of parliament, nor do they themselves, but the fact remains that when governments do not want information to be made available to the people that may be prejudicial to them, often they assert it is prejudicial to the state. That is the danger, and once it is accepted that a government can say that a member of parliament shall reveal his sources of informa-

tion, freedom ends, because no one could communicate, no matter how serious the allegation the individual has in mind, if he realizes it would be revealed. It cannot be, it dare not be. We in this parliament accept that principle.

If the individual should be named and the information given so that all who read the information may understand who it was, parliament might as well close down. Information is received over and over again; it has to be checked to ascertain whether it is well based. Often the information that is sent in is allegedly reputable and dependable, but it turns out not to be such. What has happened in the present case is that the Government of Canada, through the Solicitor General (Mr. Blais), and the Prime Minister (Mr. Trudeau), would place members of parliament in a position of being in pawn to them. That cannot be accepted by parliament if this institution is to be preserved.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I mentioned my own experience. On one occasion it was said that it was a breach of the Official Secrets Act, to which I said, "Possibly, technically, and maybe", but the principle of the independence of parliament does not permit any government to say to any member, "You shall only speak what we want to accept, and you shall only speak what we believe is within the provisions of the Official Secrets Act".

Mr. Speaker, you have a tremendous responsibility in this. The determination of the course to be followed is one that rests with you. The preservation of our prerogative rights, the maintenance of the principles on which parliament is founded now rest with you in view of the acceptance today of the authority which you are prepared to accept, and I ask you, in the interests of this parliament, of this generation, and of generations to come, that you do not follow the request of the Government of Canada which, in effect, would place members of parliament in the position of being subservient to them, permitting the government to determine what is or is not within the regulations on the defence of Canada.

I do not want to belabour the point unnecessarily, but let me say that not since John Wilkes took his stand, and Duncan Sandys took his stand in 1938, as I have already mentioned, has any speaker in Canada been placed in the position in which Your Honour finds yourself, as the custodian and protector of the rights of the parliament of this country.

Some hon. Members: Hear, hear!

Mr. Speaker: As I indicated earlier during this discussion of the question raised by the hon. member for Yukon, I will give it 24 hours' reflection to see if there is a way of dealing with it as I have suggested.

Mr. MacEachen: Mr. Speaker, in my original comments on the question I took a very narrow view of what was before the House. Since then, two very substantive statements have been made by the hon. member for Oshawa-Whitby (Mr. Broadbent) and the right hon. member for Prince Albert (Mr. Diefenbaker). It seems to me essential that I should reply at this point, particularly to the comments that have been made by the right hon. member for Prince Albert. If the opportunity is available tomorrow, then I will take advantage of it, but I do not believe that the substantive comments which have been made with respect to the motivation of the government in this case can be left unchallenged, and I will abide by your discretion as to whether you will permit me to make these comments today or tomorrow. Your Honour, may I say that—

• (1552)

Mr. Speaker: Order, please. At the moment the President of the Privy Council (Mr. MacEachen) has made a contribution to the question of privilege, which has taken on much larger proportions since it began. I had indicated earlier that I would explore the possibility of developing some term of reference for the special Committee on Rights and Immunities that might be satisfactory.

The matter which was raised here now seems to have been dealt with in rather expanded terms in respect of sources of information and matters of that kind. It may be that some subject matter can be agreed upon for priorized treatment by the committee. If a satisfactory subject matter cannot be agreed to, it seems to me I have left open the subject of the merits of the question of privilege and, therefore, I would return to that point and provide some opportunity for argument tomorrow, but today I do not think I can permit a second intervention by any member unless I am prepared to do so all around the chamber.

Mr. MacEachen: Mr. Speaker, I am quite prepared to co-operate with you, but if the conclusion is, as a result of activity between this moment and tomorrow, that the committee already in being should deal with the subject matter of the motion proposed by the hon. member for Yukon, then there will be no opportunity to reply to the substantive allegations made by the hon. member for Prince Albert, namely, to the effect that this issue has been raised by the government in an effort to silence an hon. member on the opposition benches.

In respect of the suggestion that there is no security issue here, and that this is a matter of vindictiveness in respect of which the government, because it is in peril, as is argued by the hon. member for Leeds (Mr. Cossitt), is moving with the force of law against that hon. member, let me say this. The right hon. member for Prince Albert, who always tells us about the role of the RCMP in our society,and who always praises them up—

Mr. Diefenbaker: And I always have.

Mr. MacEachen: He always extolls them, but that hon. member for Prince Albert ought to be told today that it is on the advice of the security service and the chief of that security service of the RCMP that this particular action is being taken by the Government of Canada. If this matter goes before the committee in the way that may be possible, the right hon. member can go and question the Commissioner of the RCM Police and General Dare, who told the hon. member for Leeds that the document alleged to be in the possession of that hon.

member, if further disclosed, would constitute a grave threat to the national security of Canada.

The right hon. member for Prince Albert may not believe the government, and I do not complain about that, but he will then have the opportunity to listen to the Commissioner of the RCMP and the chief of the security service who went to explain to the hon. member for Leeds that the document, if further disclosed, would be a threat to the national security of Canada because it contained descriptions of the activities of foreign agents in this country; material which, if made available would be valuable to the security services of other nations, and that every step ought to be taken immediately to get that document back and to ensure that its contents would not be further disclosed.

The fundamental priority is the security of Canada.

Mr. Diefenbaker: The security of this government.

Mr. MacEachen: It is still a fundamental priority to ensure that top secret documents are returned.

Mr. Diefenbaker: To the Prime Minister.

Mr. MacEachen: Returned to the security service of Canada. I want to make it very clear, based upon the case the hon. member has cited, the Sandys case, it is very clear that, quite aside from whatever parliamentary action may be taken, and I have agreed to a certain type of parliamentary action, that is no substitute for the authority the statute gives the Attorney General of Canada, and in no case can any parliamentary action or agreement for parliamentary action be construed as a concurrence by the government that such parliamentary action is a substitute for further action that might be taken by the Attorney General of Canada.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

NATIONAL CAPITAL REGION

CONCURRENCE IN FIRST REPORT OF SPECIAL JOINT COMMITTEE

Mr. Ralph Stewart (Cochrane) moved that the first report of the Special Joint Committee of the Senate and the House of Commons on the National Capital Region, presented on Wednesday, March 1, 1978, be concurred in.

Motion agreed to.

[Mr. MacEachen.]

QUESTIONS ON THE ORDER PAPER

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 686, 828, 1,150, 1,154, 1,173, 1,180, 1,191 and 1,192. I would ask that the remaining questions be allowed to stand.

[*Text*]

LASER BEAMS

Question No. 686—**Mr. Howie:**

Since January 1, 1977, what amount did the government spend on research in fields related to laser beams?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as Health and Welfare Canada is concerned: $30,000.

In so far as the National Research Council is concerned: $3,644,000.

In so far as the Department of National Defence and Defence Construction (1951) Ltd. are concerned: $3,162,000.

RESEARCH AND DEVELOPMENT CONTRACTS TO BOWMAR CANADA LTD.

Question No. 828—**Mr. Howie:**

Since April 1, 1975, what amount was paid by the government to Bowmar Canada Ltd. for research and development?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Industry, Trade and Commerce is concerned: $31,783.

In so far as the Department of Supply and Services is concerned: $220,000.

Nil replies have been submitted by the following departments and agency: Communications; Science and Technology; National Research Council.

PROGRAMMES FOR ELDERLY ALCOHOLIC OR DRUG ABUSERS

Question No. 1,150—**Mr. Yewchuk:**

1. What percentage of the Department of National Health and Welfare funds were allotted to alcoholic prevention programmes in (a) 1972 (b) 1973 (c) 1974 (d) 1975 (e) 1976 (f) 1977?

2. Were federal funds put aside for rehabilitation and prevention programmes for elderly alcoholics and drug abusers and, if so, in what amount?

3. Were funds allotted to elderly alcoholic rehabilitation programmes conducted by Addiction Centres in the provinces and, if so (a) to which programmes (b) in each case, what was the amount?

4. Does the government intend to continue its participation in provincial elderly alcoholic rehabilitation programmes and, if so, to what extent?

Hon. Monique Bégin (Minister of National Health and Welfare): Percentage of Non-Medical Use of Drugs' grant and contribution fund allotted to Alcoholic Prevention Programmes. 1. (a) 1971/72, 5.2 per cent; (b) 1972/73, 2.4 per cent; (c) 1973/74, 17.7 per cent; (d) 1974/75, 19.8 per cent; (e) 1975/76, 31.8 per cent; (f) 1976/77, 52.4 per cent.

2. Federal funds have not been put aside specifically for programmes directed to elderly alcoholic or drug abusers. The thrust of prevention programmes has been aimed at Canadians in general. Rehabilitation programmes are the responsibility of the provinces.

3. (a) In 1976/77 the Non-Medical Use of Drugs Directorate funded a research project, through the Canadian Addictions Foundation, to determine the extent of alcohol-related problems of the elderly in Ottawa. (b) The project was funded through a contribution of $5,000.

4. The provinces are responsible for rehabilitation programmes. However, the Non-Medical Use of Drugs Directorate is planning, in conjuction with the Addiction Research Foundation of Ontario, to hold a workshop in March of this year to explore more fully the problems of the elderly and alcohol. The purpose of the workshop will be to increase awareness of the problems of the elderly and alcohol, leading to earlier identification and intervention in alcohol-related problems.

CANADIAN PENSION COMMISSION

Question No. 1,154—**Mr. Marshall:**

1. Is the average processing time for applications to the Canadian Pension Commission 171 days?

2. What is the cost of processing a claim?

3. (a) What is the number of backlog claims now on hand at the Commission (b) what is the breakdown of the numbers under (i) World War I (ii) World War II (iii) Korean War (c) what is the breakdown as to the length of time they have been on hand?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. As at January 31, 1978, the average processing time for First Applications for disability pensions was 207 days. For Survivor Benefits (widow's pensions) in those cases where the veteran had not been in receipt of pension at the rate of 48 per cent or more, the average processing time was 97 days.

2. Because of the many variable factors in the processing of a claim, a realistic average cost per claim cannot be determined. A claim may be related to more than one condition and be processed through several medical advisers. Medical examination by specialist consultants, special test, admittance to hospital may or may not be required. In addition a claim may be processed through the appeal system. In comparing the total administrative costs with the total pension expenditure, the administrative costs are 2.28 per cent of the pension expenditure.

3. (a) As at January 31, 1978, 3,800 claims were pending adjudication by the Commission. (b) and (c) Canadian Pension Commission records of pending claims are not kept on the basis of periods of service.

CROWN'S PRECISE FINANCIAL INTEREST IN OPCAN

Question No. 1,173—**Mr. Andre:**

1. What is the Crown's precise financial interest in Opcan as administered by the Treasury Board and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Robert K. Andras (President of the Treasury Board): 1. None. The Crown has entered into an agreement with Opcan under which the Crown will make a contribution of up to $10 million to Opcan for the administration, management and operation of a pilot-project volunteer youth programme called Katimavik. The agreement with Opcan was signed July 15, 1977.

2. Opcan is a private, non-profit corporation incorporated under Part II of the Canada Corporations Act without share capital. The Crown has no equity in Opcan.

3. As of January 23, 1978, the Crown has made a contribution of $4.770 million to Opcan. Opcan does not realize any profit from its operation thus the Crown does not realize any profit.

4. (a) An official of the Treasury Board is one of the 21 directors of Opcan. (b) The Crown is not represented by Opcan's senior management.

5. No. A decision on the future support of Opcan will be made by the Government after an evaluation of the pilot project volunteer youth programme is completed during the fall of 1978.

CROWN'S FINANCIAL INTEREST IN CUSTODIAN OF ENEMY PROPERTY

Question No. 1,180—**Mr. Andre:**

1. What is the Crown's precise financial interest in the Custodian of Enemy Property as administered by the Department of Supply and Services and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): The Custodian of Enemy Property is not a corporate type entity and the questions as phrased do not apply. The Custodian was appointed, pursuant to the Regulations respecting Trading with the Enemy established during World War II, to receive, hold, manage, release, dispose of and otherwise deal with all property that was reported to him, received or controlled by him or vested in him by virtue of the Regulations. These Regulations were continued in force by the Trading

with the Enemy (Transitional Powers) Act, chapter 24, Statutes of Canada, 1947. The Minister of Supply and Services administers this Act and is the Custodian. At the present time, the office is practically dormant and there are no full-time staff assigned. It requires only occasional activity by senior members of the Government of Canada Accounting Branch. However, in the past, the costs of administration have been fully paid out of earnings on property vested in the Custodian and from charges levied as a fee for services rendered to former owners.

CROWN'S INTEREST IN CANADIAN PATENTS AND DEVELOPMENT LIMITED

Question No. 1,191—**Mr. Andre:**

1. What is the Crown's precise financial interest in Canadian Patents and Development Limited as administered by the Ministry of State for Science and Technology and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as CPDL is concerned: 1. Original capital $100,000, March 31, 1977 capital—$296,199. CPDL is a Crown Corporation incorporated in 1947 under Part I of the Companies Act by the National Research Council of Canada pursuant to Section 17 of its Act to exploit patentable material of the Council and other government-financed research. The passage of the Public Servants Inventions Act in 1954 made CPDL the prime patenting and licensing agency for public servant inventions which by that Act, belong to the Canadian Government.

2. March 31, 1977—$999,120.

3. To March 31, 1977 (a) Total Crown investment—$296,-199; (b) Total contributions to operating funds—$400,000; (c) Surplus—$166,471.

4. The directors hold their single shares in trust for Her Majesty in right of Canada and are appointed by the shareholders. All personnel, including senior management are employed by NRC and seconded to CPDL.

5. When Bill C-26 is proclaimed, the shares of CPDL now held by NRC will be transferred to the Minister of Industry, Trade and Commerce.

[Mr. Goyer.]

DIRECTOR OF SOLDIER SETTLEMENT

Question No. 1,192—**Mr. Andre:**

1. What is the Crown's precise financial interest in the Director of Soldier Settlement as administered by the Department of Veteran's Affairs and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. The Soldier Settlement Act was a post World War I rehabilitation measure. At the present time the Director of Soldier Settlement holds title to only one remaining property on which the Crown's investment has been completely recovered. Title to this property will be released when the estate has settled.

2. No equity was acquired by the Soldier Settlement Board.

3. The information requested is not readily available. An extensive and costly study would be required to provide a complete answer to the question.

4. (a) There is no Board of Directors. (b) The Director Soldier Settlement is an Order in Council appointee.

5. There are no remaining interests.

[*English*]

Mr. Speaker: Is it agreed that the remaining questions shall be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—EQUALITY OF RIGHTS FOR WOMEN IN LABOUR FORCE

Mr. Edward Broadbent (Oshawa-Whitby) moved:

That this House asserts that the women of Canada ought to have fully equal rights in participating in the Canadian economy, and in relation thereto condemns the government for its discriminatory policies and statements regarding Canadian women in the labour force.

He said: Mr. Speaker, as leader of the New Democratic Party I have spoken many times about unemployment and its effects on the economy of our country and on every working as well as non-working Canadian. I have tried, particularly over the last two years, to get the Liberal government to provide economic opportunities for Canadians to work. Canadians

want the opportunity to work, they do not want to go on collecting handouts of one kind or another.

The opportunity to work is not only important because of its relationship to human dignity and what it means to be a human being, but also in terms of its net effect on the economy. When you have more than 1 million unemployed we lose millions of tax dollars that would otherwise be collected, and we lose the production of millions of dollars worth of goods and services that are not being produced. We also pay out, as we are now paying, some $4 billion a year in unemployment insurance. Unemployment, in short, is a major problem for both human and economic reasons.

As I have said, until today I have talked in the House of Commons about unemployment in general terms. Today I want to talk about what I call the forgotten victims of our unemployment, and I refer to the Canadian women. All of us in and outside this House at this point in our history are aware of such recent economic happenings as the lay-off of men by Inco in Sudbury, and at Thompson, Manitoba, and the shutdown by Alcan of its operations at St. Lawrence, Newfoundland. A few days ago in the House of Commons we learned of another shutdown of a mining operation in Stewart, British Columbia.

● (1602)

Few members of parliament are aware that Canadian women are greater victims of unemployment and the resultant poor economic situation than are men. I regret to say that most members of parliament still tend to think of men as being the only breadwinners in our society. That happens to be a reality in terms of the perceptions of most hon. members. Like so many beliefs about our economy and unemployment, this is a myth. It is a myth to believe that men are the only breadwinners in our present economy. I say that because more and more Canadian families require two incomes to survive in 1978, with the cost of living rising month after month, year after year.

Canadian women, who are the subject of this debate, work in the main for the same reasons as Canadian men. They work to buy groceries, to pay fuel bills, to buy clothes for their children, and to pay the mortgages on their homes. They work for the same reasons that their husbands work: to meet the necessities of life in Canada. Approximately one half of married women who are working are doing so because otherwise their husbands, children, and families would be at the poverty level. That is the reality of working wives in 1978.

The women working in fish plants in St. John's or working as cab drivers in Ottawa, such as the ones I spoke with not long ago, are frequently putting in 8, 10, 12 or 14 hour days, rather than the normal eight hour day. This is the case with many women who are doing various ordinary jobs throughout the breadth of this country. They are putting in these long hours for the same reasons as men in similar situations. It is not to buy a fur coat, nor to have the advantage of an extra bit of material well-being. They are doing it to meet the necessity of living from day to day in Canada. That is why they are working.

Some hon. Members: Hear, hear!

Mr. Broadbent: I am not referring just to married women. This debate has to be also concerned about the plight of single women. They are an important part of our society as well. And they are an important part of the Canadian economy today. In addition to the working wives, there are more than 1½ million single women working to earn a living. Among that 1½ million, 200,000 women are the sole support of their families. I am referring to the single parent families, which are increasing in number. They are the widows, the divorced, and the deserted. That is what makes up the 200,000 single parent households in this country. I want to stress that most of these women are working at wages which are not equal to nor in excess of those of men. In most cases they are working at wages which are below the poverty level. That is the situation with which working single women are faced.

At the outset of my comments, I said that the majority of women who are unemployed in Canada have become the forgotten victims of unemployment. That is not simply a bit of self-indulgent rhetoric. I assert that because it is a statistical reality. If one includes in the statistical unemployment figures all the men and women who would take jobs if they were available and possible, instead of the almost one million unemployed Canadians which Statistics Canada indicates, the real figure is 1.6 million. That part of our labour market, which includes men and women who are no longer in the official statistics but want work, can be referred to as the hidden unemployed. Among that almost countless number, who are not referred to in the official statistics, more than 700,000 women would like to have jobs, need work, but cannot get it. If these are included the real rate of unemployment for last month for women was 17 per cent. A government which was at all sensitive to human issues would consider that to be a statistical scandal. Just as the government tried originally many months ago to deny the existence and significance of the category of hidden unemployed, now it is attempting to hide the reality of the women within that category, whom I call the forgotten unemployed.

Not merely is the government ignoring the myths which are still prevalent in some circles concerning working women in the economy, unbelievably the government and its ministers are perpetuating those myths. In its manpower retraining programs and unemployment insurance offices it is actively discriminating against women. At this point in the twentieth century, surely that should be totally unacceptable to a civilized government.

Some hon. Members: Hear, hear!

Mr. Broadbent: I realize the minister responsible for the status of women will join in the debate this afternoon. Hon. members on this side of the House will listen with a great deal of interest. For the minister's benefit I should like to refer to some information that comes from the Advisory Council on

the Status of Women, which was responsible to his department. I refer to its annual report for 1976-1977 regarding the government's activities vis-à-vis women in government departments. Page 9 indicates that the last report revealed in the area of salaries that men were still far ahead of women, and that there had been a decrease in the number of women in senior executive positions.

In addition, the study noted that the concentration of women in certain job categories was even more marked. For example, more than three quarters of the administrative support positions are now filled by women, compared to only 68 per cent in 1974, which is the year the government launched its equal opportunities program. Those figures indicate the progress of that program. Under the category of appointments of women, over which the government and its ministers exercise complete authority, the report of that council is a very unhappy one. It indicates that the government has not lived up to the promises made some years ago in this regard. I will not quote at length from the report in that respect.

For the benefit of the minister, I should like to refer to the case of Miss Ritchie. I am sure all hon. members are aware of it. She served with distinction, skill, and indeed reforming zeal as vice-chairman of the Anti-Dumping Tribunal for the past five years. When the position of chairman became vacant, it was not offered to her in recognition of the outstanding job she did. The position was given to a man. There are many examples within government agencies to which I could refer. I should like to refer to one other instance which took place in my constituency.

● (1612)

Last October a young woman in my riding wrote to me. She was a distinguished high school student. She wanted to become a pilot in the air force. She had contacted the appropriate depot in Toronto to apply. She was surprised to learn in 1977—that is when it occured—that she would not be eligible. Why? Because she was a woman. She knew at the time that in other countries progress had been made in this respect. She knew that there were Russian astronauts who were women. She knew that the Americans were admitting female cadets to West Point and that the Americans were training pilots who were not exclusively male but included women.

I wrote to the Minister of National Defence (Mr. Danson) in this regard. Just the other day I received in reply a three-page single spaced letter. I knew why it was so long. I knew he was weasling his way to the conclusion of the letter and that at the end of the letter the minister would say that this young woman from my constituency would not be admitted to train as a pilot. Sure enough, that was the conclusion. There were a number of reasons given, most of them bad, but the one which offended me most was the assertion that the Americans were conducting experiments in this area. So, said the Minister of National Defence in reply to me, and the implication is clear: we will see what happens with the American experience, and if it turns out all right, it will be good enough for Canada. Surely that is not good enough. Are there not some areas in which a Liberal government can have enough courage and show enough imagination to lead instead of following American examples?

[Mr. Broadbent.]

In terms of his department's obligations the Minister of National Defence is by no means alone in discriminating against women. The Minister of Employment and Immigration (Mr. Cullen) is in a category all by himself in this respect. Both he and the Prime Minister (Mr. Trudeau) have been reported, not once but several times, as blaming youth and women for high unemployment rates in Canada. Specifically, a couple of weeks ago the Minister of Employment and Immigration said that the government, along with Liberal backbenchers, should explain unemployment away in 1978 with this little piece of euphemistic nonsense from a statement prepared by him:

> Unemployment no longer means what it used to—loss of all family income. Close to two thirds of the unemployed are in families with at least one other wage earner. In fact, over half the beneficiaries are secondary or tertiary wage earners.

That is from the gospel according to the Minister of Employment and Immigration. That is myth No. 1 which the government is trying not to correct but to perpetuate. The myth is that unemployment among married women does not really matter because they are secondary earners. Another interpretation of the same quotation is that if a husband loses his job, that too does not matter because his working partner can still be there to bring home the bacon. That is classic twisted and deceptive Liberal logic.

The reality is that 4 million working women today make up 40 per cent of the work force in Canada. They are not some marginal part of the Canadian economy. They are a major part, 40 per cent. The reality is that almost one half of them are not secondary wage earners at all but are the sole providers either for themselves or their families.

Of the 200,000 single parents with dependent children for whom we had statistics in 1975—and they are the most recent statistics—one half had incomes of less than $5,000, which is less than the poverty level. However, what about the married woman, the secondary earner to whom the Minister of Employment and Immigration callously refers? As I asked rhetorically earlier, is she working to get a holiday in some southern climate, to buy a fur coat, or to buy a new sports car? Of course not. As I pointed out earlier, she is working to buy essential requirements for her family. The $5,000 to $6,000 working wives typically earn in no way can be construed as mere pin money. These people are not buying frills. They are buying the essentials of human life.

I want to deal now with myth No. 20. We hear it not only in conversations around this chamber; we also hear it, I regret to say, from time to time in all our constituencies in all parts of Canada. The myth is that women are causing unemployment among men. Both the Minister of Employment and Immigration and the Prime Minister have referred a number of times to the allegation that increasing participation of women in the labour force has caused a recent growth in unemployment.

What are the facts? Between 1967 and 1977 the participation rate for women increased by 25 per cent, but the unemployment rate for men and women during the same period of time increased by 100 per cent. Even a Liberal economist should be able to understand the meaning of those figures. The meaning is that women coming onto the labour market are not creating unemployment among men. It is not only nonsense but cruel nonsense to blame women for doing so. However, the most alarming statistic in this regard is that for the past decade, while the participation rate for women increased by 25 per cent, their unemployment level went from 3.7 per cent to 9.5 per cent, an increase of 300 per cent over that period of time. That is a much greater increase than the increase in the rate of unemployment for men. No, Mr. Speaker, women have not been taking jobs away from men. I hope the minister who replies will deal with these issues.

Let us consider the occupations of most women in our country. The reality is that two thirds of women workers are in clerical, sales or service jobs. What is particularly significant about these jobs in the context of the argument that women are taking employment away from men? Almost all of them were rejected a long time ago by men, principally for the reason that the wages are lower than men consider to be acceptable. Those are the kinds of jobs most women still have in our society. I want to give some figures in that regard because they are important, and they are part of our attempt to document this problem. They are drawn from 1975 statistics again.

The average wage level in service occupations was $4,711. The average wage in sales occupations was $5,545. For clerical work the average wage was $7,157. The reality is that women are not stealing men's jobs at all. The reality is that they are still being held down to the lowest paying jobs in our society which, by and large, men have rejected. To twist this reality inside out by accusing women of taking men's jobs is simply to heap cruelty upon injustice. I say that to the government in all seriousness.

In the debate this afternoon I have used a number of statistics. More could have been brought forward to deepen the criticism of the government, but I will not do that. Other contributors to this debate will have an opportunity to add to that. I have used these statistics to portray through this forum to the people of Canada the picture of the economic reality for Canadian women.

I have attempted to present statistical hard core information which I hope will go some way to correct the myths which the government not only has allowed to persist but has perpetuated by its action, on the one hand, and by its inaction on the other.

I do not normally like to use personal examples in debate but, like many members of this House, I have both a son and a daughter. I have a son who is 18 years old and a daughter who has just turned five. What is so important to me is that my daughter as well as my son should have the opportunity and the expectation of not only a decent home, a decent retirement pension plan, but also a decent job. As a woman she should have that right.

• (1622)

So, Mr. Speaker, I say to you that it is time the government came to grips in general with the problem of unemployment for all the 1.6 million who are unemployed but, most specifically today, I say that in addressing ourselves at long last in parliament to the problems of unemployment, we should keep in mind that the dreams of Canadian women have a full and equal place in the scheme of things with the dreams of Canadian men.

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I am indeed very happy to have the opportunity of participating in this debate and to have, finally, the occasion to discuss the question of the status of women in this House. May I say also how astonished, yet pleased, I am that the Leader of the New Democratic Party (Mr. Broadbent) has at last discovered status of women issues.

The opposition appears to have asked more questions on the status of women during the past few weeks than during the last three years put together. I do not know whether there is any relationship between this new found interest on the part of the opposition and the possibility of some other event taking place during this year. When I see that even the Leader of the Opposition (Mr. Clark) is showing an interest in this matter and wants to participate in debate, I am forced to conclude that some things are happening.

Several members on this side will have the opportunity to participate in the debate during the day, so we will be able to put on record what this government has done over the last few years and what remains to be done in this regard.

The Leader of the New Democratic Party made some very derogatory comments about the government. I can understand that. He likes to consider himself a man of the left. Recently I had an opportunity to read a book by Françoise Giroud entitled "La Comédie du Pouvoir". She had many things to say about men of the left in France. She said:

[*Translation*]

The left has certain home tyrants and important misogynists ... Indeed we just have to look at what goes on at party and union headquarters.

[*English*]

I would not go as far as Françoise Giroud did about the politicians of the left in France when she wrote this, but I think it shows the importance of distinguishing between empty rhetoric and true action.

Mr. Broadbent: You are a specialist in that.

Mr. Lalonde: When the hon. member was speaking I heard interruptions from his own back bench referring to empty talk.

An hon. Member: What?

Mr. Lalonde: I was going to suggest to the hon. member that if he had that much concern about the status of women—and I listened to some of the cases he mentioned—he might do

something about this and start looking at his own office where, according to my analysis, I have found eight women working—for which I congratulate him—but as far as I can see, they are all secretaries. There is not one key woman staffer in his office.

Mr. Broadbent: Wrong. Dead wrong!

Mr. Lalonde: I am glad if I am wrong, but it must be a recent development because the official list does not seem to indicate a woman in a staff position.

As far as this government and this party are concerned, when it came to debating this issue this afternoon we wondered whether we should have all women participate in the debate. As the hon. member knows, there are enough women on this side of the House to speak in this debate alone. As a matter of fact, we could have had all cabinet ministers who are women occupy the debate this afternoon. This is a choice that the hon. member's party—or the opposition, for all I know—could not entertain.

Mr. Broadbent: The debate is at a lofty level so far.

Mr. Lalonde: I should like to put on the record in general terms some of the things done by this government in the last few years.

[*Translation*]

I would like to say that we, as a government, are proud of what we have done to improve the status of women in Canada in the last ten years. Long before governments of the western world started to concern themselves with this matter, the government of Canada, under the administration of the Hon. Lester B. Pearson, appointed an inquiry commission which gave us a blueprint under the basis of which we developed a comprehensive policy in this field, and we did not wait for International Women's Year to examine this question. Mr. Speaker, this royal commission submitted 122 recommendations to the federal government and the great majority, or about 98, have already been completely or partly implemented through legislative amendments or administrative changes.

Ours was also the first government of the western world to appoint a minister specifically responsible for the status of women in 1971. This was the Minister of Labour (Mr. Munro). Ours was the first government in Canada to create an independent advisory council on the status of women. Ours is the only government in the country to have established a responsibility center within the government, the Office of the Status of Women Coordinator. Moreover, much progress has been made to give women equal treatment before the law and to eliminate any discrimination, and I can give a few examples of this: the omnibus bill of 1975 to amend the Immigration Act, the Public Service Employment Act, the Unemployment Insurance Act, and the Canadian Labour Code, the amendments to the Canadian Citizenship Act, under which either parent can transmit citizenship and which were promulgated in February 1977, the 1976 amendments to the Criminal Code which amended the procedure in case of rape and increased the protection of women's rights.

Finally, we amended the Canada Pension Plan to guarantee the equality of status of contributors and beneficiaries of both sexes in 1975. There is also the amendment that provides for the possibility of sharing non-adjusted gains of a contributor in the case of divorce or annulment of marriage which was adopted in 1978. We wanted to go further in this amendment to the Canada Pension Plan so as not to penalize any person who must leave the labour force to raise children, but the Ontario government refused to co-operate in this regard.

And last, we had recently the Human Rights Act forbidding discrimination based on sex and family situation and salary differences between men and women doing similar work.

[*English*]

These are the steps that have been taken by this government in the last ten years. Just before that there was the creation of the Royal Commission on the Status of Women, and out of the 122 recommendations the commission made, 98 were implemented entirely or partially.

This is the first government in the western world to appoint a minister especially responsible for the status of women. This is the first government in Canada to create an Advisory Council on the Status of Women. We have been presenting amending legislation to this House year after year to eliminate discrimination in all our legislation, making sure that legal equality is guaranteed to women as well as to men.

• (1632)

We have amended the Citizenship Act, the Canada Pensions Act and the Criminal Code with respect to the status of women. But we have also acted in the area of appointment. The Leader of the New Democratic Party made a passing reference to this. I would like to point out that under the present Prime Minister (Mr. Trudeau) we are the first party to have elected eight women to parliament, in the last election.

We are the first government to have three outstanding women in the cabinet. We are the first government to have appointed a woman lieutenant governor, and we are the first government to have appointed a woman as an associate chief justice in this country.

The hon. member has referred to the Anti-Dumping Tribunal. I could refer him to the Tariff Board. In that instance we went outside to appoint a woman as president of that board over the head of a competent man who was a vice-chairman.

Mr. Clark: Maybe you can tell us about Dr. Ritchie.

Mr. Lalonde: It should be clear to the hon. member that he should not use a particular case and draw a wrong conclusion from it.

Miss MacDonald: Why?

Mr. Lalonde: Under this government during the last two years the appointment of women to boards and commissions

has risen by close to 50 per cent; and that includes several judges to the various supreme courts in the provinces.

An hon. Member: From two to three.

Mr. Lalonde: As well, the president of the Economic Council of Canada, two presidents of the National Gallery, the last two Speakers of the Senate have been women. The first women on the board of the Bank of Canada have been appointed. I could go on to name quite a few—the president of the Crown Assets Disposal Corporation and the two senior commissioners on the Human Rights Commission.

I think the record of this government, Mr. Speaker, in terms of action, not merely talk, with regard to women, stands very well and compares well to that of any other country in the world at the present time.

Mr. Paproski: Unbelievable. Incredible.

Mr. Lalonde: We are not saying that everything has been done. On the contrary there is much that remains to be done. We must remind ourselves of things that can be done and should be done at the provincial level—for example, the equitable matrimonial property legislation. I regret in that respect that the Conservative government in Manitoba is reneging on progressive legislation in this area which was passed by the previous NDP government.

Mr. Clark: You don't know what you are talking about again.

Mr. Lalonde: At the federal level we are very anxious to remove the last remnant of discrimination based on sex and still found in the Indian Act. We are committed to ensuring that the views of all Indian women are considered in discussions we are having with the National Indian Brotherhood. We will be giving the Indian Rights for Indian Women group some funds to enable them to have some input into this process which is taking place.

We still need to look at divorce legislation, income tax legislation, sexual offences in the Criminal Code, the position of women in the Armed Forces, and further means of helping women in the labour force and those who remain at home.

In order to have a fresh look at these and other questions which are of interest to women we have decided to develop a plan of action or global policy on the status of women. This will detail both legislation and practice necessary to achieve concrete goals between now and 1985, the end of the international decade for women. We have had initial discussions with the provinces on this question and we hope that many of them will be reviewing their own policies and programs with a view to responding to the needs of their citizens.

As far as we are concerned, there are 25 government departments and about 100 officials who are involved in a complete review of all recommendations made to the government in all areas under its jurisdiction.

Under the motion, the hon. member for Oshawa-Whitby has accused the government of "discriminatory policies and statements regarding Canadian women in the labour force". In fact this was the theme of a speech which he gave in Toronto on February 19, 1978. He stated that the government was trying to hide the reality of unemployment among women and that "instead of doing the appropriate job of exploding myths, the government is perpetuating them".

Well, I would like to respond to the charge of the hon. member for Oshawa-Whitby by quoting from the text of a speech that I gave to the federal-provincial territorial meeting on the status of women in Ottawa on February 16, 1978, which was reported in the media. This is what I had to say:

> The growing weight of evidence points to the fact that women are entering the labour force for the same reasons as men—out of a need for self-realization and in order to maintain themselves and their families. Close to half of the three million women in the work force support themselves or others. More than one third are single. Another 10 per cent are widowed, divorced or separated. Recent studies indicate that more and more families are basing their standard of living on two incomes. A Statistics Canada study on income inequality suggests that in the growing number of families with two wage earners, employed wives play a considerable role in alleviating financial hardship, and to a lesser extent, poverty. These facts explode the myth that all women are secondary wage earners.

Clearly the government is not trying to hide the problems that unemployment poses for women in the labour force. If anything we are trying to make Canadians aware of the reasons behind the entry of women into the work force. On this point my remarks obviously succeeded in raising the consciousness of the hon. member for Oshawa-Whitby, since three days later he echoed them in his speech.

What is happening in the economy? The hon. member referred to it in some parts of his speech. Since 1966 the Canadian labour force has increased by 37 per cent due to population growth, immigration, and rising participation rates. There has been a steady increase in the labour force participation rates of women of all ages, and adult women in particular. In the period between 1966 and 1976 the Canadian labour force participation rate of women rose from roughly 34 per cent to 45 per cent with the greatest increase in that age group often termed "prime age", that is, the age group between 25 and 44. The participation rate of adult women alone increased by 59 per cent over the same period and contributed significantly to the over-all labour force increase. In aggregate terms the economy responded well to the demands of women for employment. Employment growth among adult women relative to their population as compared to that among youth and adult males increased strongly over the last ten years.

As I pointed out, women have been entering the labour force not just out of a need for self-fulfilment, which is valid in itself, but increasingly for economic reasons to support themselves and their families. Whereas in the past women tended to enter the labour force during good times and drop out during bad times, their persistent high participation rates suggest that women in the work force are a phenomenon that is here to stay. This clearly invalidates the concept that all women are working for frills, as if they all had a "prime age male" to support them. We did not invent the "secondary wage earner" concept that economists use to describe the presence of women in the work place, nor are we stuck to it. Women want to, need to and, most importantly, have a right to work, and I agreed

with the hon. member for Oshawa-Whitby when he stated something similar a few minutes ago.

What is important to recall, however, is that this is not something that can be done by the federal government alone. The federal parliament has authority over about only 10 per cent of the work force in this country. That implies that the provincial governments have large responsibilities over the work force also, and in a free country there are various voluntary organizations that are involved. This obviously implies the participation and the responsibility of the provincial governments as well as the federal government. It also involves a large role for the unions. I would like to pay tribute here to the women leaders of the labour movement such as Shirley Clark and Grace Hartman.

● (1642)

Some hon. Members: Carr.

Mr. Lalonde: I am sorry, Shirley Carr.

Mr. Clark: Clark is on your mind.

Mr. Lalonde: They are very active in the labour movement and occupy very prominent positions. I also want to compliment a few of these prominent labour leaders in this regard.

Quite clearly, there are whole areas of action that are still required in the labour movement. Here I would refer my colleagues to a research paper made public in Winnipeg recently on the labour movement, particularly in the building trades and the difficulties that women have and meet in the area of apprenticeships with regard to entrance into building trades.

If the unions have a responsibility, the employers also have a large role to play. In this regard they have to be involved in order to ensure that equal employment opportunities and equal pay for women are available in their plants. There is clearly a large task to be completed in the area of institutional change and change of attitude. For example, this implies action in the school system. What about the lack of appreciation by the school system, particularly for girls, of the benefits of working in industry and the necessity for our educational system to give more attention and more importance to training of women for the types of jobs they may later be called upon to perform?

We have been trying to act at the level of the public service. This is an area for which we, as a government, are directly responsible. This covers a large number of employees. It is quite clear that a lot still remains to be done in this area, but I would like to stress that the government has taken steps within the law and within the limits provided by the Public Service Employment Act and the autority of the Public Service Commission to try to improve opportunities for women in the public service.

[*Translation*]

I should like indeed to bring to your attention measures taken in November 1975 for instance, when guidelines were issued by the cabinet and government departments were given the main responsibility for developing action programs to reach the objectives of the government, and I quote:

> That within a reasonable period of time, the distribution of men and women within the public service by department, occupational groups and levels be proportional to the number of available, interested and competent employees of both sexes.

And for fiscal year 1977-78, on top of their annual program, the various departments had to develop long term programs, that is five year programs and measurable objectives. A study of data contained in the annual reports of the Public Service Commission shows that the percentage of women is slowly increasing in all occupational groups except in the scientific and professional category, where it remains the same. It is in the administrative and external service category that we can note the higher increase concerning the representation as well as the global distribution of women.

[*English*]

Steps have been taken. In 1975 directives were issued to departments to ensure that they had clear plans with regard to the promotion of women. It was insisted that they provide a five year plan to Treasury Board, showing their plan of action vis-à-vis their promotion of women. These are two very important steps to ensure that women are provided real equality of opportunity in the public service.

These plans have begun to show some results. Obviously one cannot go as fast as one would like. We are dealing here with people occupying jobs, collective agreements, and a system in the public service which everyone supports, the merit system. Quite clearly one cannot expect dramatic changes from year to year. What is important is that the trend being established is a positive one. It is quite clearly established by the statistics that have been published and made available up until this time.

While we have dealt with the promotion of women in the public service and on boards and commissions, we have also taken into consideration, in areas other than legislation, the needs of women across this country. Specifically, we have made funds available to women's groups across this country so that they might be better organized and to enable them to participate more fully in Canada's economic development. We are the only government in this country that has set aside special funds for this purpose. Some provinces will fund certain services traditionally viewed as women's services such as day care centres. However, not one government gives funds to women's organizations.

To what kinds of projects am I referring? During International Women's Year we allocated $5 million to enable the women of Canada to become aware of and knowledgeable about all the issues of concern to them.

The Secretary of State's women's program has had $500,000 every year for the last three or four years to fund projects of interest to women across the country. In that same department $300,000 is set aside every year for the funding of native women's programs. As the minister responsible for the status of women, I have a small fund which has been increased this year from $75,000 to $90,000. It enables grants to be given to

national women's organizations for various activities that they might undertake. What have these been used for?

[*Translation*]

The Quebec Women Federation for instance has organized seminars and meetings to make Quebec women more aware of the political decision making process and encourage them to get more involved in politics and stand as candidates in municipal, provincial or federal elections—the fluency of the minister in both official languages.

[*English*]

In British Columbia a conference on women and economic development was held in November, 1977. Women from 42 single industry resource communities met to study the impact of economic development on women. In several parts of the country, workshops have been held. Public education programs have been organized. Newsletters have been published and annual meetings have been organized. All this is thanks to the federal funds.

In conclusion, while this issue has finally been raised at this late stage of this parliament, I wish to remind hon. members opposite that while they may be just awakening to the problems of women in the labour force, women themselves have long been taking the initiative to overcome these problems.

The National Action Committee on the Status of Women will be meeting in Ottawa in mid-March to discuss women and the economy. Women are also giving a great deal of attention to the choices girls of 12 and 13 make when they enter high school, for they know that all too often the choice of a commercial course will limit those girls to a lifetime of low-paid, clerical support work. Women themselves are addressing the fundamental questions, and have been doing so for well over the past decade.

Women know, only too well, that there are no short-cuts to gaining equality. We wish there were, but there are not. Women are not impressed by the new found lip service that members of the opposition are hatching in order to try to show their latter-day opportunistic concern for women.

• (1652)

Mr. Broadbent: Mr. Speaker, I rise on a question of privilege. I shall be very brief. Early in his comments the minister referred to my own office. He said he was pleased to note there were eight women in my office, but he did not mention that this number constitutes two thirds of my staff. He then went on to say that none of them were in senior positions. For his information, Mr. Speaker, I would tell him that of our senior positions on the staff, 50 per cent of them—two of them—are held by women. I also wish to tell him that of a research staff numbering eight, half of them are women. The director of organization of the NDP is a woman. The post of assistant federal secretary of our party, a senior administrative position, is filled by a woman. The media director for the coming election campaign is a woman. The assistant director of organization is a woman. Four provincial secretaries—major administrative positions in the New Democratic Party—are women. The major administrative officers in Ontario, British Columbia, Manitoba and Nova Scotia are women.

The Acting Speaker (Mr. Turner): Order, I would suggest to the hon. member for Oshawa-Whitby (Mr. Broadbent) that a dispute as to facts is not a question of privilege but, rather, a matter of debate.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the interjection by the hon. member for Oshawa-Whitby (Mr. Broadbent) indicated that the minister responsible for the status of women was as much in control of his facts in his speech just concluded as he usually is—which is not at all.

I want to begin my remarks by commending the Leader of the New Democratic Party for taking the initiative in introducing this very important debate into the House of Commons. I think that commendation is particularly deserved when the stand he took is contrasted with the attitude shown by the minister who, sadly for women and other people in Canada, is responsible for the status of women in this country. I was frankly shocked that a minister who has been talking so long about his plan of action, when provided with an opportunity to spell out to the people and the Parliament of Canada exactly what that plan of action is, resorted instead to petty, partisan attacks. What he has done is to show that he is prepared to demean any principle and demean any case.

Some hon. Members: Hear, hear!

Mr. Clark: I was struck by his observation that he was pleased the House of Commons finally had an opportunity to discuss these things. Well, as we know and as Canadians broadly should know, it is the Government of Canada which controls the agenda of the House of Commons, and if this government were really committed and really concerned about the status of women in this country it has had abundant opportunity to bring legislation before us—

Mrs. Holt: Hear, hear!

Mr. Clark: Instead, this minister goes around repeating recycled speeches and doing very little indeed for the women of this country.

Some hon. Members: Hear, hear!

Mr. Clark: In fact, I think the weakness of his case has been betrayed. We have had in this House for a long time the benefit of simultaneous translation. I have listened and have envied la facilité du ministre dans les deux langues officielles du pays.

But I think this is the first time that the minister has risen in this House and has said exactly the same thing in English as he said in French. He was doing that when he was reading the list of accomplishments of the Government of Canada in the field of women. They have done so little that he had to repeat the list.

Some hon. Members: Oh, oh!

Mr. Clark: Even though the minister chose not to deal with the substance of the motion before us, I wish to do so. The two fundamental points made clear in the motion put forward by the hon. member for Oshawa-Whitby are, first, that we continue to be a country where there is not equality in fact for the women of Canada and, second, that this condition becomes seriously and dangerously aggravated when we have serious economic problems such as we are facing at the present time. The women of Canada are the first to suffer when the economy is in decline; they are the first to suffer when unemployment is as acute as it is in this country now. Any government which refuses to recognize this fact, which refuses to take the opportunity to get the economy rolling, deserves the support of neither the women nor the men who comprise the electorate and citizenry of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: I was amused to hear the minister talk about the degree to which women themselves are addressing the subject of the status of women. There has never been any question about that. We did not need the editorial comment of the minister to know about it. The sad fact is that while women have been addressing their problems and doing what they can, the one entity in Canada which has the power to change the laws of Canada is the Government of Canada and it has done very very little to help women in their task. That is the reason for this motion; that is the reason for the consistent concern of those of us who intend to form the next government in Canada to put on the agenda of this country and of this parliament some of the specific reforms which we want to act on very quickly. We want to see that women no longer have to put up with recycled speeches from that minister, but will instead have an agenda for action which we in my party propose, by an amendment later today, to introduce onto the floor of the House of Commons.

The Leader of the New Democratic Party and the minister referred to some of the very real problems which exist for Canadian women. I want to deal with two of the myths which I believe, regretfully, have been put forward by members of the government in trying to defend themselves for not taking action to stimulate the Canadian economy in an attempt to defend the indefensible.

More than a million Canadians are out of work. We are in an economy in which we do not know how many more people would enter the work force were there an active work force for them to enter. Particularly do I refer to women. But two very vicious myths are now in circulation. One of those is that working women take jobs which would otherwise be taken by men. Another is that many of the women who work in this country do so simply as a luxury, not because they need to do so but simply because they want to—as if that were not reason enough. I want to deal with those two aspects if I may, first, the myth that married women take jobs from married men who have families to support. The statistics are clear.

In 1977 there were 2,212,000 married women in the Canadian labour force. In 1977 212,000 married men were unemployed. The fact is clear from those two figures that if married women stopped working two million jobs would be unfilled.

One of the points is the types of jobs to which Canadian women are too often confined. Although the number of women in the Canadian labour force is increasing, the types of jobs that they are doing have changed very little. The kinds of jobs are traditionally those of secretaries, nurses, tellers, teachers or clerks. These remain basically unchanged, and this underlines the point that simply decreasing the number of women in the labour force will not significantly help the unemployment situation for men in Canada. The jobs which would be vacated by women getting out of the labour force are certainly not the jobs which men would fill. That is the first myth.

The second, and perhaps the more pernicious, is the idea that women work simply for luxuries. Again, if I may refer to figures for January 28 of this year, there were 4,015,000 women in the labour force of whom 391,000 were either divorced, widowed or separated, supporting themselves or their dependents. Another 1,167,000 were single women supporting themselves. These people were clearly not looking upon work as a luxury but as a necessity, and the right to enjoy equal access to jobs is of fundamental importance to them. Again, in relation to married women who are working, according to an economist for the Advisory Council on the Status of Women, almost 45 per cent of the married women in the labour force belong to families which, but for their earnings, would be living well below the poverty line. It is these people who suffer most by the continual refusal of the government to accept its responsibilities and get the Canadian economy moving again.

● (1702)

I do not want to suggest that the problem is simply one the solution of which is at the feet of this government. I think there is no sector of society that can be proud of its record in recognizing the modern reality that women in this country deserve the right to work as equals with men. If we look at industry, the statistics show that discrimination continues very severely in many industries in the country. In 1976, Labour Canada statistics show that of people in management and administrative categories in the country only 18.6 per cent are women. Similarly of Canadians working in engineering, research and mathematics, categories that can be seen as being executive or senior positions, only 9.6 per cent are women. We have no absolute data on the private sector but we have some startling statistics which have to do with government incursions, particularly the incursions of the Government of Canada into the private sector relating to Crown corporations.

It might be useful to the House, since the minister who is so proud of the record of his government is here, to review the role of women in senior management in some of the Crown corporations in this country. In Canadian National Railways, in senior management positions there are 1,014 men and 2 women; in Air Canada, in senior management positions there are 158 men and 1 woman; in the Bank of Canada in senior management positions there are 17 men and 1 woman; in the National Harbours Board in senior positions there are 55 men

and 3 women. That is an indication of the degree of commitment of this government to ensure that emanations of the Government of Canada reflect in reality equality for the women of Canada.

Some hon. Members: Shame!

Mr. Goyer: How many women do you have in parliament?

Mr. Clark: We will have a great many more from the Dollard constituency.

Mr. Goyer: I invite you personally.

Mr. Clark: I am very pleased the Minister of Supply and Services (Mr. Goyer) has returned from Africa. I am sure that if an issue arises relating to his department regarding which questions might be placed to him, he will get out of the country again.

In relation to organized labour and to labour unions, I think it is appropriate for the minister to pay tribute to some of the women leaders in union movements in the country who have played a prominent role. But it is also important for us to recognize that labour unions have not been active enough in trying to organize among Canadians in lower income groups where working women tend to predominate. That is a record of which the unions of the country cannot be proud, just as industries in the country cannot be proud of their record in terms of ensuring that there is an adequate role and a more nearly equal role for women in the direction of Canadian industry.

Certainly in relation to the Public Service of Canada I will say, without getting into this matter at any length at this time, that the statistics speak for themselves. To the end of December 31, 1977, there were 95,922 women in the public service, only 33.9 per cent of the total public service labour force. What is even more striking than that is what those people earn. Of that, nearly 100,000 women in the public service only 299 earn more than $30,000 a year. That indicates again that we have not made nearly enough progress in industry, in unions, and in the government in trying to ensure a more nearly equal opportunity for the women of this country.

Naturally we intend to support the hon. member for Oshawa-Whitby. It is a motion which deserves support and I hope it will receive it from all corners of the House. But I think that the danger with that motion, its weakness and limitation, are that it is not sufficiently specific, and I can understand the reason for it. Later on I will be submitting an amendment which I hope will add some specific proposals on which the Government and the Parliament of Canada may act immediately. Certainly, with regard to the general nature of that motion, it is important that we recognize in the country how badly served Canadian women are by the current economic situation.

The most recent figures available to us indicate—I am quoting now from the document called "Women in the Labour Force":

> The average annual earnings of men employees who worked 50 to 52 weeks, increased $4,183 from 1969 to 1974 compared with $2,369 for women.

There is obviously a case of a double standard there. In the same publication we read:

> The average annual earnings of women employees who worked 40 to 49 weeks were $4,293 in 1974, compared with $8,463 for men. The earnings of men exceeded those of women by 97.1 per cent.

The publication goes on to state:

> Averaged across the country, average hourly industrial wage rates for men exceeded those of women in all similarly described occupations for which data were available in 1975.

Those are not new statistics. That is precisely the problem. That situation has been in existence for far too long, and this is the government which has mounted a campaign of public relations in place of action. It should have accepted its obligation to change those statistics which continue to condemn women to a secondary position in the life of Canada.

As I said, the motion of my friend, the hon. member for Oshawa-Whitby, is clearly accurate in its generality, but it is important that we specify some of the individual reforms on which we can act now and on which the government can act now, given its control of the agenda, and could introduce quickly in the House, if it actually wanted to give priority to these matters.

We have to bear in mind that even though the problems of women are aggravated by the serious economic problems of this country, even in good times there will continue to be a double standard which is discriminatory against women in this country, unless the government in Ottawa is prepared to accept more reforms, to be bolder and to honor its commitments and act, instead of talking, in direct contrast to the way this government has proceeded.

There are some reforms that are directly within the control of the government. One of them relates to the discriminatory practices of federal government agencies. Clearly one of them is the Unemployment Insurance Commission. In the comprehensive review of the unemployment insurance program in Canada women are referred to as "secondary income earners with unstable employment patterns", thus leaving the reader that strong impression that their salaries are not an essential part of the family income. The Advisory Council on the Status of Women indicates that it has received a number of complaints from women who have been discriminated against when applying for and receiving unemployment insurance benefits. One could go on at some length quoting from that record, but the fact is that we need to eliminate those discriminatory practices. We need new training and job placement assistance for unemployed women in Canada, and that should be acted upon by this government as a priority.

We have seriously discriminatory laws which could be changed with little trouble in this country. Colleagues of mine will be speaking at greater length later. One of the problems has to do with the tax situation of unincorporated small businesses and farms. It is not permitted now to extend salaries to working wives. My colleague, the hon. member for Kingston and the Islands (Miss MacDonald) will, I am sure, elaborate

on the problem that this causes for Canadian women. A second discriminatory law, which will be again a matter raised by the hon. member for Kingston and the Islands, has to do with the pension situation in this country. There are a number of matters that have to be changed there, but we want to give parliament an opportunity to address itself to the most unfair single instance of discrimination in the matter of pensions, that is, the instance of female spouses who receive spouse's allowance because their husbands are eligible by age for pensions. In this country, with a government which claims to care about women, that allowance is cut off when the spouse who receives the pension dies. This means that in the case of too many women across the country we have a situation where they are left without a spouse and without a pension at the same time. Clearly that must be changed, and any government which was prepared to honour its commitment truly to women would be acting on that change immediately and would receive quick support from this side of the House.

Some hon. Members: Hear, hear!

Mr. Clark: Within the direct responsibility of the government there are a number of programs where the government, instead of repeating old speeches, can set an example of equality. I think of the career assignment program. I understand that even though this program is designed to develop the individual for advancement into senior levels of the civil service, at present the maximum quota for women is 10 per cent. That is a clear discrimination established by the government itself.

● (1712)

Again, there should be changes in the approach to the administrative trainee program. In 1976 less than one per cent of those people eligible to participate in this program actually participated. This is a statistic from the annual report of the Public Service Commission. The reason given for this is that the very low participation by women can be accounted for by the fact that the program is not at all widely promoted, and people at that level are support people who are considered to be too valuable in their present capacities to be allowed the time to improve their qualifications.

With all that in mind, and those changes that can be introduced on behalf of and in the interests of the women in Canada, in approving of the general direction of the motion introduced by my colleague, the hon. member for Oshawa-Whitby, I should like to move, seconded by the hon. member for Kingston and the Islands:

That the motion be amended by adding thereto the following words:

and consequently directs the government immediately to act to end such discrimination and ensure equality for women particularly by developing policies:

(1) to eliminate discriminatory manpower and unemployment insurance commission practices and implement new training and job placement assistance for unemployed women;

(2) to encourage women's participation in unincorporated family farms and businesses by allowing the deduction of salaries paid to spouses;

(3) to ensure that women are not deprived of spouse's security pension benefits upon their husband's death; and,

(4) to accelerate the promotion of women to an equitable share of senior public service positions by guaranteeing their access to executive training such as the Career Advancement Program.

[Mr. Clark.]

In his remarks the minister admitted that not everything has been done. What we have done in this amendment is spell out four areas in which the government could act immediately. This amendment gives the Government of Canada an opportunity to take action today on a real agenda of reformation for the women of Canada. It is a place to start in making this a country of equal opportunity for Canadian women. I hope the minister and the government will remember the reality of their claim of interest in the women of Canada by supporting these specific recommendations for action on behalf of women, action that can be taken now if the Government of Canada chooses to do so.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. I trust the House will bear with me by allowing me to consider the amendment moved by the Leader of the Opposition (Mr. Clark). It does contain proposals that are perhaps extensions to the main motion. I should like to consider the motion between now and eight o'clock in order to make a decision. In the meantime I will recognize the hon. member for Roberval (Mr. Gauthier).

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, first I would want to commend the hon. member for Oshawa-Whitby (Mr. Broadbent) for putting to the House this motion that women ought to have the same rights as men, on a social level as well as in all economic sectors, and we want to condemn the present government, as well as all its predecessors, for its discriminatory policies regarding Canadian women.

This is not the first time we ask the government to table legislation which will free women from past myths and allow them to live freely in all spheres of this century of change. Quoting numerous pieces of legislation passed by the House, I stated that almost 75 per cent of our so-called social legislation is in fact anti-social legislation, from the oldest and most archaic to the most recent. The government tables an impeccable bill, which at first sight we would tend to approve, but further study reveals that it is only eyewash, although many hon. members fall for it.

The laws governing our economy were written for one purpose only, that of protecting the strong while crushing the weak; and when the weak are too poor, too much in debt, then the government acts the good Samaritan and comes to their help with a pittance to keep them from starving to death. That is the very basis of our beautiful capitalistic economy. Let us add to that the conviction that our society is made up of the stronger sex and the weaker one, and the picture is complete. Speaking of the weaker sex, Mr. Speaker, by which term we still designate today's woman, the newspapers told us the best one yet a few weeks ago by relaying some statistics. In Canada, country of traditions, the large majority of husbands

still beat their wives, while in the United States we have proof that more wives beat their husbands than vice versa. We can therefore say the United States beat us to the punch on that one. Will we see the day when women will become the stronger sex? Everything is possible with modern techniques!

In revising our few statutes on women, we are surprised to discover that some of them seem unalterable. Since I have been sitting in this House, and especially during the six election campaigns in which I have taken part, how many people have I heard plead the case against the secular discrimination which has been the lot of women? Men as well as women MP's have begged parliament to do justice to the women who work and the women who have chidren. And we will hear more of them even today but will that change anything? Not much if we go by past interventions. We had the Year of the Woman and no law of substance was passed; that is to say that we still hang on to the traditional laws that go back to Canada's beginnings, or were even transmitted directly to us from their countries of origin where women had no legal rights though they participated personally and to a large extent in the economy of the country.

• (1722)

Perhaps some will say that I am exaggerating and that today's woman is a first class member of our society. Let us rather consider the case of a legally wedded couple and let us suppose that both spouses are working outside and that they decide to buy a house. Do you know that legally speaking the husband alone can sign the contract? If the representative of the law invites the wife to sign it is merely a gesture of courtesy on his part for her signature has only a symbolic value. The true owner of the building is the husband even if his wife pays for two-thirds of it. Yet no one among our great legal wizards who are ruling us has the courage to rid our society of this backward tradition which is so humiliating for working women.

The same system applies to the rights regarding children. Although it is the mother who bears the child and gives him birth it is the father who exercises the basic rights. However, only the mother can confirm who is the father of a child for in our funny society, one has to realize that if the husband can fool his wife the opposite may also be true. So there is a risk of granting to the man rights which he never had on the child in the first place.

When the supporter of this motion blames the government for its discriminatory wage policy toward women in the labour force I concede that perhaps the government should have acted more rapidly. However one must not forget that it is the industrial sector which opened its doors to women first, and given the fact that after the thirties the big industries were the masters in the field of employment, since the unions had not yet started to organize the workers, you can conclude that it was not for humanitarian considerations that these same companies called on women workers but rather to get cheap labour.

In spite of tremendous hardships and obstacles, women, as well as men, have slowly organized to improve their working conditions. Some will ask why the governments of the time did not react. It was just impossible. Just as it is not yet possible today for the good reason that no one can serve two masters at a time. The governments have always been dependent on financiers. This is the main reason, although unavowed, why the government can not act directly to end discrimination against female workers in Canada.

We have always advocated equal pay for equal work. We will continue to say that a woman deserves equal retribution in relation with her work in any area of the economy. As so well stated the other day by the hon. member for Bellechasse (Mr. Lambert), we will continue to fight to obtain an income for the mother at home.

Mr. Speaker, we consider that if there is an an individual who takes part in the Canadian economy it is the mother who devotes every minute of her time to her home to protect the necessary human assets for the survival of Canada. As for myself, I feel that the part of the mother working at home to educate her children and take care of them is much superior to that of a social or industrial worker. This is why they deserve more from this country. In fact, we are dealing with discrimination against women in Canada, but the worst kind of discrimination involving the greatest number of women in Canada is the one faced by homemakers. For the most part they accepted their role of their free will and accord. They are accused of having chosen the ghetto. But shopwork would have condemned them to feeding machines, a 100 times more enslaving type of occupation. At least, they have no bosses, they are self-employed. And they perform the most marvelous, the most needed type of function in the country, to which that of senior bureaucrats is no match. In that respect, Mr. Speaker, I had the sad surprise of reading in *Hansard* for February 27, 1978 the statements by the hon. member for Vancouver-Kingsway (Mrs. Holt). She could not sit here and listen to this kind of tokenism, perpetuation of role locking a woman into the role of homemaker a place in life she may not choose. Utterly ridiculous, indeed utterly false. She even added, for the benefit of husbands, if you want to pay your wife, pay her yourself; the country should not have to pay the cost. As if the freely and consciously married woman were her husband's slave. I object to that suggestion.

Mr. Speaker, how could the husband pay his wife when he gets the same salary as a bachelor, and still he has one or two or three children to support on top of that? The hon. member no doubt will say, as did the minister this afternoon, that the husband has an income tax deduction for his wife and children. Do you believe a deduction will pay for the clothes and apparel needed by his wife? Family allowances will not even pay for children's food, let alone clothes and the cost of

education. Who would suggest this could balance the family budget? It is financially impossible. This financial aspect is responsible for the worst kind of discrimination at home, and the homemaker is the first victim because she will not be able to afford help for well deserved holidays. She will even have to do without things needed in order to ensure her children's future. This prompts us to urge homemakers' salaries.

As I said, I object to the comments by the hon. member for Vancouver-Kingsway. First, because outside work does not necessarily free women, and second, because homemakers, just like their husbands are committed to the care of their children the human stock needed by every country. Unless the hon. member for Vancouver-Kingsway feels human stock is less important than the stock of money, I cannot find an explanation to her reaction to the motion put forward by the hon. member for Bellechasse.

I see no discrimination in the fact that a mother would choose to stay home to take care of her children, since this would not be for her a ghetto, but a liberation, and a freely chosen liberation. Moreover, I do not believe that a mother who takes care exclusively of her family has been forced into it. This is not true! If the hon. member for Vancouver-Kingsway were to communicate with several of the charwomen who work at night in the Parliament buildings, perhaps she would change her mind because I contacted them myself and I know that 75 per cent of them would be very happy to stay home if they had a guaranteed income.

In reading the speech of the hon. member for Vancouver-Kingsway, I wondered if she had ever met happy families, and I mean by this a man, a woman and children. There still are households where there is no discrimination, where the father and mother are partners who live in harmony with the children because there is a dialogue based on mutual trust. We do not hear about those families, perhaps because, as the song says, happy people have no story while the unfortunate proclaim their misfortune. This is why they seem to outnumber happy people. If the hon. member for Vancouver-Kingsway came to my constituency, I could show her families with two, three, four and even five children who would tell her: We are happy. We are not millionnaires, but we have love and basic security. Of course, it is always necessary to improve the financial situation, but the social situation is healthy and this is the most important. Of course, the husband works hard in the fields, in the plant or thousands of feet under ground in the mines for 20 or 25 years, and I can assure you that he has no time for outside amusement like the hon. member suggests.

During all those years, the housewife has a marvellous role to play and she participates voluntarily in our Canadian economy. To this woman, I would say: You deserve more credit than all social workers, all women at work in industry, all secretaries and even many members of Parliament. If we honour the soldier who gives his life for his country, how should we reward the housewife who gives several lives to her country? When we speak about discrimination, we should be very careful, because we can often provoke it unknowningly, just like we are most often the cause of our own misfortune, because we often want too much when happiness is quite near. We must never forget that happiness is a state of mind in that those who look for it exclusively elsewhere expose themselves to terrible deceptions.

[Mr. Gauthier (Roberval).]

• (1732)

[*English*]

Mr. Deputy Speaker: Order, please. I will recognize the hon. member for York South (Mrs. Appolloni) in a moment. I have examined the amendment moved by the Leader of the Opposition (Mr. Clark). Instead of waiting until eight o'clock to announce a decision, I will make my ruling now. I feel that the amendment does not add any matter which is foreign to the basic proposal contained in the motion of the hon. member for Oshawa-Whitby (Mr. Broadbent). I admit that the amendment does single out specific alternatives, but it would achieve the same objective. I think it just adds to the first proposal. I am therefore putting now to the House the amendment proposed earlier by the hon. Leader of the Opposition.

Mrs. Ursula Appolloni (York South): Mr. Speaker, I am usually careful not to attribute motives to speakers, but I really wonder what we are all doing here today. I once said to a reporter that I felt we in Ottawa were living in a fishbowl. If that is true, I think today's fishbowl is full of red herrings.

The mover of this motion, the hon. member for Oshawa-Whitby (Mr. Broadbent), has been around this House for ten years. According to *Hansard*, in those ten years he has spent a grand total of 29 minutes speaking about the status of women. The Leader of the Opposition (Mr. Clark) has been in this parliament seven years, and he has spent the grand total of five minutes speaking about the status of women. At first a woman might think it is great that some people are really interested in our status, in our predicament and in our well being, and she might wonder what will come of all this, but the speakers who have given us their gems of wisdom so far have been highly selective with the statistics they have been using.

They have been even more selective with the types of women they would like to help. Members of the NDP discuss only working women. The motion before us today states the following:

> That this House asserts that the women of Canada ought to have fully equal rights in participating in the Canadian economy . . .

What a statement! Is that to say that up until now the women of Canada have had no participation in the Canadian economy? Shame! If it had not been for the women of Canada we would not have an economy at all, and hon. members should get that into their heads. The motion presumes that women have had nothing to do with the economy and have been so downtrodden that they have not done anything. The hon. member for Oshawa-Whitby forgets that the chairman of the Economic Council of Canada is a woman. Who appointed her? It was not the hon. member for Oshawa-Whitby—he

could not do that—but this government, which is now being soundly chastised for not having done its job with regard to women.

Is it not interesting that the member now speaking also happens to be a woman? I was not elected because I was a woman. I did not want that. I was elected because the people of York South thought I would be a good representative.

Some hon. Members: Hear, hear!

Mrs. Appolloni: I said I would try to overlook motives, even though there is something asking me whether this is really real or something phony like a $3 bill.

On December 14 we were discussing the Canada Labour Code in this House. As vice-chairman of the committee discussing the Canada Labour Code, Bill C-8—and I have been around all the time—I can say that one particular clause recognizes not only the importance of women but also the needs of women. One of those needs is maternity leave. One would think that the opposition parties, which are so concerned about us poor things, would welcome maternity leave. Not on your sweet life! On December 14 the hon. member for Dauphin (Mr. Ritchie) said the following:

Turning to the Canada Labour Code, I would like to point out that section 59(4) of the code currently prohibits the dismissal of pregnant employees . . .

Let me just stop there. In an effort to give us equal status hon. members have to find words other than "women". Let me point out that only women can be pregnant. In order to avoir being called sexist or something, he calls us "pregnant employees". Good for him. He went on:

● (1742)

. . . prohibits the dismissal of pregnant employees only if they have compiled twelve consecutive months of continuous employment. That condition—

The condition of employment, not of pregnancy.

—is now to be removed altogether, but I suggest the problem with regard to pregnancy is not solved that easily . . .

The hon. member for Dauphin (Mr. Ritchie) obviously knows that pregnancy is a very serious problem and it is not easy to solve. He continued:

I suppose legislators feel that being pregnant should not be a job disqualification under any circumstances.

I am trying hard not to laugh, Mr. Speaker.

However, with certain people pregnancy is almost incapacitating. As long as pregnant employees can do their usual work, no one complains;—

Isn't that nice!

—but in certain circumstances pregnant employees are often just 'around' and are not in a physical condition to contribute their usual work output. In some instances, this amounts to wages without any work being performed. The matter of pregnancy should be studied further.

I agree.

Pregnancy cannot be treated as a nonevent, and a pregnant person—

We are getting better, Mr. Speaker; now it is a "pregnant person".

—should not automatically receive the usual work benefits.

Mr. Speaker, is this the kind of view that would come from a person who is genuinely interested in the status of women? He could not even bring himself to say it is a woman who has a baby. If he does not understand the fundamental point it is rather superfluous to continue from there. I am not saying that his thinking is typical of the Tory party, heaven forbid! I could not bring myself to say that. I might think it on several occasions but I will never say it. This is the kind of thing that the women of Canada are faced with.

Hon. members opposite cannot even talk properly. This afternoon the Leader of the Opposition was trying not to laugh. Frankly, I think he was trying not to gag and it was his nervousness that made him seem as if he were trying not to laugh. Why are people so hung up? I can tell you why, Mr. Speaker, and this is what is at the bottom of the problems of women in Canada and in the world. People use rhetoric and phrases like "equal rights", "equal pay". The hon. member for Roberval (Mr. Gauthier) said "equal pay for equal work." If that is what he is looking for I think we are going to be in trouble not for the next ten years but for the next ten centuries.

What I want for the women of Canada is equality of status—to know that we are exactly the same, that we have the same dignity whether we choose to work outside the home or inside the home. If people are going to get hung up on big rhetorical sentences like "equal pay" and "equal job opportunities," that will be absolutely devastating to the women of Canada. Those who prefer to stay at home and mind their children—and God bless them, they are the foundation of our society—would get a complex. Must they go out and produce for the gross national product? That is a kind of thing they are being pushed into and they resent it. We must stop these pious utterances and get down to an understanding of where we are. If hon. members do not have that understanding they should have the humility to ask.

I listened to the hon. member for Oshawa-Whitby and thought that as a socialist he sounded terribly snobbish. He graded jobs and spoke of those that could be rejected by men. The jobs he rejected, the ones that he gave the impression he thought were a little bit below human dignity, were clerical jobs and sales jobs. What is the matter with any job at all as long as it is done by a person who enjoys doing it? The person who does the secretarial job or any other kind should never be told that he or she is inferior by reason of the job. That has nothing to do with human dignity. To tell a person that she or he is "down" is a self-fulfilling prophecy. If they want to move from jobs they should be encouraged.

How can this be done? Let us consider the work force again, and ask why most women have problems entering it. One reason is lack of education, and that it can be formal education. But more than, that it is attitude. The hon. member for Oshawa-Whitby spoke of his children, a boy of 18, and a girl of five. The girl is only five, Mr. Speaker, but he was worried about whether she would get a good job. If my child were still five I would be worried about whether she would be a happy human being. That is all there is to it. Does she want a job, or

does she want to stay home? If she decides to stay home, will she be given the same dignity as if she had a Ph.D. in sociology or something else? Will she be given opportunities not because she is a girl but because she is a person? That is what we want in this country—equality of status; we want all to be treated the same, whether male or female. I do not know if that is happening, Mr. Speaker.

I hope I heard the hon. member for Roberval correctly—or maybe it would be better if I had not heard him correctly. I think he told us that in Canada we have a very large percentage of battered wives. That is true and it is a terrible tragedy for society. Then he said things were better in the United States because they had battered husbands and maybe one day we would catch up to them. I want to tell the hon. member that if he thinks that getting equality of status for women means that Canadian women can batter their husbands, he should forget it. We do not want that kind of equality.

[*Translation*]

Mr. Gauthier (Roberval): On a point of order, Mr. Speaker.

Mr. Deputy Speaker: Order, please. The hon. member for Roberval (Mr. Gauthier) on a point of order.

Mr. Gauthier (Roberval): Mr. Speaker, I want to make myself clear because I have not said a great percentage. I wanted to make a joke, but she did not even understand the joke. How can she make herself understood?

An hon. Member: That's a good joke you have just made!

[*English*]

Mrs. Appolloni: I suggest he add that to the record, Mr. Speaker—joke, joke, joke. I was not amused but that is another point.

I hope that when speaking in this debate hon. members will try not to patronize; there is nothing we want less than a patronizing attitude, attitudes such as "Sure we will help you, little DP", as I have sometimes been called. We do not want a pat on the rear or any other part of the anatomy. We want help when we ask for it, and constructive help, not the patronizing help that we have had for so long, though not from this government.

Now I come back to motives, Mr. Speaker. I think the real cause of our problems is attitudes. We all know that attitudes cannot be legislated but they can be influenced by legislation. I have to say that this government does just that. Bill C-8 is a classic example of what the government is trying to do. Apart from the maternity leave clause, there is nothing in the bill that puts women lower than their male counterparts, and for that I am grateful.

The Leader of the Opposition said that his party is concerned about UIC. Maybe he did not know he was talking to a person who was chairman of the board of referees of the UIC. As hon. members can see, I happen to be female. But I did not get that job because I was female, I got it because I was a damned good chairman. That is what we should have all the time. Do not put us in just because we are female. You are not doing any good to any person by setting up society, Mr. Speaker. Put us in because you take the trouble to listen to what we are saying, and then act upon it.

• (1752)

I remember that in 1974, like every other candidate, I had to sign my nomination form in the returning officer's office. One part of the form asked for my occupation. I could have said I was a musician, which is true. I could have said I am a writer, which is also true. I could have said I am a social worker, which is also true. But I did not say I was any of those. I put down the occupation which has given me the most satisfaction in my life, that is, the rearing of my children. I could not say "child rearer" because they would have thought I was peculiar, so I put down "housewife". Mr. Speaker, you have no idea of the kind of reaction I have had to that since and during my campaign—"You, a housewife!"

I must say that this attitude, this negativeness, did not come only from men. I remember I was canvassing in one particularly rich, affluent part of my riding which contained beautiful big houses. I knocked at the door and this beautifully coiffured woman came to the door. Her nails were manicured. It had been raining that day and I had been canvassing. I probably looked like a drowned dog. I said: "Hi, I am your candidate". Behind her I could see a woman who was scrubbing the floors very hard. This woman at the door said: "I cannot vote for you, you are only a housewife, just like me".

I was not like her at all because I had no one at home scrubbing my floors and I did not have time to have my hair done or my nails manicured. The whole point was her attitude of putting me down. I could have argued and said that I am this and that, which was all true, but I decided that as a matter of privilege and principle I would not do that. I may have lost her vote, but quite frankly I do not think I was going to get it in the first place. This is the kind of attitude that we must get rid of. It is the kind of attitude that women face in the labour force everywhere. A woman applies for a job and first of all she is looked up and down. They wonder when she will become pregnant or if she will become pregnant. Whether a woman is married or not has nothing to do with that; we have got beyond that stage, thank heaven. That is the first thought, the biological one.

Then they wonder if the woman will become emotional in any given situation. Since when have women had the monopoly on emotion? This is the kind of stereotype which we have been prone to all our lives. Things are getting better, they are improving. Let us keep it like that.

I would ask members of the opposition, indeed members of all three parties, if they are sincere in their efforts, to do something concrete. But please do not give women any more platitudes. Do not patronize them. If hon. members want to find the real culprit, make sure they point the finger at the right person. It is not the government of Canada.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, when I listened to the two interventions this afternoon from the government benches I realized with sorrow just how far women have to go to attain equality in this country.

May I call it six o'clock at this time, sir?

Mr. Deputy Speaker: Shall we call it six o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being six o'clock I do now leave the chair till eight o'clock tonight.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Miss MacDonald: Mr. Speaker, March 8, this Wednesday, has been declared International Women's Day by the United Nations. Whether it is appropriate or not that in this day and age a day must be set aside for the recognition of the rights of half the world's population is debatable in itself, but surely it is less than appropriate, in fact downright degrading, that in the Canadian House of Commons in 1978 it should be necessary to discuss the discrimination and inequities against women in the labour force. We should long ago have arrived at the point where equality of women in the work force is a matter of fact and not a matter of debate. That this issue must still be debated, that the necessity for it exists, is a sad reflection on Canadian society.

The Leader of the Opposition (Mr. Clark) this afternoon clearly stated where the Progressive Conservative party stands and the concerns that we have on the motion presented in the House today. However, I would like to pay tribute to one of the continuing advocates of women's rights in this House, the hon. member for Winnipeg North Centre (Mr. Knowles).

Some hon. Members: Hear, hear!

Miss MacDonald: Consistently over the years he has spoken out on behalf of women, especially with regard to their woefully inadequate pension situation. I, along with thousands of Canadians, was appalled at the recent unkind and unnecessary reference by the Prime Minister (Mr. Trudeau) to the hon. member as a left-over from the depression days. I cannot emphasize enough that the country and certainly the government can do with much more of the concern and compassion shown by the hon. member for Winnipeg North Centre. That concern and compassion are rooted in his memories of the depression and the setback and resulting inequities that that depression caused the women in the labour force. The Prime Minister and his colleagues, who cannot or will not remember those injustices, seem only too willing to let them happen again now at a time when our economy is once more being hit by high prices and high unemployment.

In 1975 the United Nations General Assembly adopted the World Plan of Action as a guideline for the international decade for women, 1976-1985. The minister seemed to have heard about it for the first time this afternoon. Well, Canada supported that program. It supported the plan of action. One of the steps recommended at that time was set out in these terms:

> Governments should formulate policies and action programs, directed toward equality of opportunity and treatment for women workers, to guarantee their right to equal pay.

Further, to ensure that declaration, it recommended:

> Special efforts are needed to foster positive attitudes among employers, workers, men and women in society and to eliminate obstacles based on sex-typed divisions of labour.

When it comes to special efforts to foster positive attitudes, as the United Nations agreement recommended, this government's lack of concern and inaction are laid bare, because any special efforts that the government has undertaken in recent months seem to have been designed to foster negative, not positive, attitudes.

Why do I say that? At times of high unemployment, there is, unfortunately, tragically still a backlash against women in the work force. It has happened before and it is happening again now. Anyone who is aware of the social development and the changes of the twenties and thirties will be quick to see the comparison with today. In the twenties, women made great inroads into the labour force, but the lack of jobs in the thirties created social pressures on them and the result was that many women left the labour market.

● (2012)

Again in the sixties and seventies we saw women making inroads into the job market. But now at a time of high unemployment the old, socially ingrained assumptions about the status of women, assumptions which are being fostered by the government, are reappearing and serve to build up a guilt complex about whether women have the right to be full members of the labour force. Did the government fulfil its commitment to foster positive attitudes? No. Instead, the government has led the way in subtly applying pressure on women by equating the high unemployment figures with the increased participation of women in the work force.

The Minister of Finance (Mr. Chrétien) did this directly. In his speech in Toronto on January 16, he said:

> In the next year, unemployment will again depend to a considerable extent on the participation rate, especially among women and young people.

Then on February 16, the minister responsible for the status of women pointed to the rise in the participation of both women and youth in the labour force and said:

> This suggests a degree of competition for jobs between youth and women over 25, a hypothesis which tends to be supported by the fact that employment of young people and adult women is concentrated in similar industrial sectors.

On the surface these statements may not appear to be terribly damnable. Evidently the government does not think so.

The minister responsible for the status of women says such statements simply reflect reality. In response to a question I put to him on this matter, he replied:

> I rejoice, as does this government, in the fact that women are joining the work force in greater numbers but obviously one should not ignore this phenomenon in terms of its impact on unemployment.

In my view, these statements, which are so characteristic of the government, are damnable and they are doubly so. First, they encourage negative attitudes about women in the work force, creating social pressures on women to get out of the labour market and inciting fear in others that their jobs might be threatened.

In the second place, those statements are not true. They are myths masquerading as excuses for the government's lack of solutions to the country's economic ills. They are not borne out by the facts. Women are not taking jobs from men. Regrettable though it is, there is still job segregation in this country. Women are still filling, for the most part, clerical and service positions. They are stenographers, typists or receptionists, cooks, waitresses, hairdressers, teachers. Three quarters of all working women are employed in only five occupational categories—clerical, services, sales, nursing and teaching. The labour force is "ghettoized". Women hold the jobs that men have traditionally turned away from. Not only that, but the jobs in which the women in the work force are slotted are the lower paid ones. Women are locked into a system which pays them less when they work and less when they retire.

When I questioned the basis of that ministerial statement linking high unemployment to the participation of women in the work force, I did so with good reason. In what sectors are the highest pockets of male unemployment to be found? One immediately thinks of construction, forestry and logging, mining, fishing and trapping. We saw recently that 3,000 miners were laid off in Sudbury and Thompson. It was not women marching into the mines that put those men out of work. Adult women are not competing with young engineers or young graduates, or young welders and woodworkers. If there is, in fact, any competition going on for jobs between women and men, it is that because of the bad employment situation men are moving into areas which have traditionally been filled by women. This would be laudable if it reflected a change in attitude, if it really did mean desegregation of the job market rather than a mere reflection of the shortage of jobs. The Federation of Women Teachers' Associations of Ontario tells us that the traditional female occupation of elementary teaching has seen an increase of 10 per cent in the number of men and a drop of 5 per cent in the number of women in the past five years. Now I ask: Who is taking jobs from whom in this situation?

A second myth, one which goes hand in hand with the first, is that women are second wage earners and that their jobs are a luxury. This is simply not true. Over a million and a half are working women who are either single, widowed, separated or divorced. They do not have a husband's salary to fall back on. Many of these are single parents with just as many financial commitments as their male colleagues, perhaps more.

The worst myth of all, and the one that lurks behind the other two, is that women who work in the home and who are dependent on their husband's incomes are automatically taken care of for life. None of the myths about women fly so directly into the face of reality as does this one.

Let me tell the House something about these women, the ones who worked at home for husband, family and community and who are now widowed or divorced. Some of them are in the position in which they find themselves today because they gave in to the social pressures of the thirties and left the work force. The recent report of the Canadian Council on Social Development states, with regard to women and pensions, that the rate of poverty among the female elderly is shocking. Using the poverty line established by the Senate Committee on Poverty, $3,988 for a single person based on 1975 data, we find that almost two thirds of women aged between 65 and 70 and three-quarters of women aged 70 and over are poor; they do not receive an income of $3,988.

That is the situation of women over 65. The plight of women between 60 and 65 who are widowed, divorced or single is simply appalling. They are not entitled to the old age pension or to the guaranteed income supplement. They are not supported by a husband and they are often unable to get work because of their age. After years of faithful service to their homes and society, these women are at the mercy of the welfare rolls.

Let me read just one letter from one of these women, a widow who can no longer work and who lives on $1,850 a year. This woman was left a widow in 1953. She had three young children to look after. She writes:

● (2022)

> I went back to school . . . and looking after my children was all I could manage. My parents looked after my 3 while I was away at school for the few hours . . . when my oldest daughter turned 14 she went to work at Xmas, Easter and summer holidays. The same with the younger two. They all had no holidays including me. We all had to work to make ends meet.

Now, ill and elderly, her reward for her hard labour both at home and in the work force is a life of poverty.

Anyone who has been similarly following the reports of the hearings of the Ontario Royal Commission on the Status of Pensions will be only too familiar with the plight of the elderly, many of whom are as badly off as the one example of the 63-year old Toronto woman who is an unemployed stenographer. She is too young for the basic old age pension and says she lives on rhubarb and rice in the summer and onions and rice in the winter. This woman has worked steadily for 30 years and feels, quite rightly, that she is entitled to her pension now. "If they wait much longer", she says, "I'll be dead before I can collect it."

The situation about which I have been speaking is one in which women are losers whichever way they turn. If they work only in the home during their lifetime, our present pension laws do not favour them. In fact, it discriminates against them and, unless a benevolent husband has seen to their needs, they are not adequately provided for in old age.

Even the women who work outside the home get the short end of the pension stick. The Toronto woman to whom I just referred had been in the labour force for some 30 years, probably without any pension benefits. Whether or not private or public pension schemes actually discriminate against women, the fact remains that since women are disqualified from full and equal participation in the work force they are disadvantaged from the outset with regard to pensions. Their low paying jobs, their requirement to move in and out of the work force to care for children, the obstacles in their way to make it to the top of the career ladder; all of these factors work against women who seek financial independence both in their work and in their retirement. The deck is stacked against them.

Surely this government can and should be helping women to get out of this rut of dependence, this frustration of dependency. First of all, quite contrary to what the minister was talking about this afternoon, it can foster positive attitudes towards women in the work force by ceasing to equate the influx of women into the work force with the high unemployment rate. This is essential to women taking their rightful place in the economic life of the country and would work toward allowing them to better prepare themselves for their retirement, just as men are able to do.

Secondly, the government should allow women who choose to work at home to contribute to the Canada Pension Plan and to have pensions in their own right. Until the work of women in the home is recognized as a legitimate contribution to society and their need for retirement pay recognized equally with that of men, elderly women will continue to live in poverty.

I have spoken before in the House on this—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but her allotted time has expired. However, she may continue if there is unanimous consent.

Some hon. Members: Agreed.

Miss MacDonald: Thank you, sir, and I thank the House for that courtesy.

I have spoken in the House before on this subject of housewives and pensions. I have heard the arguments of the government against such an amendment to the Canada Pension Plan, and while there may be difficulties in implementing voluntary contributions for housewives, I suggest that the difficulties can be overcome if there is a will to do so. Both Germany and France have been able to accommodate voluntary contributions from housewives in their national pension schemes. Can we in Canada not find a way as well?

Finally, Mr. Speaker, the government can act now to alleviate the plight of single, divorced and widowed women in the 60 to 65 age bracket. So many of these women are living on less than $2,000 a year, most of it from welfare. The first step in this direction, and one that would cost the federal treasury less than $400,000 a year, would be to cease the Scrooge-like practice of withdrawing the spouse's allowance upon the death of one marriage partner.

What kind of a double standard do we have on the part of the government when it comes to making expenditures of its funds? We saw only last week that it allows a payment of some $2 million in fees to a sales agent for nuclear reactors without any work having been done, or any expected, and there is no effort to be made to retrieve that money, yet at the same time the government peremptorily cuts off the payment of less than half a million dollars in total to some 2,500 spouses who have worked hard all their lives in the interests of this country.

This heartless practice which causes tremendous hardship among those who least deserve it, and which represents such a paltry saving to the national budget, should be discontinued immediately. The surviving spouse should be allowed to keep her spouse's allowance.

I emphasize that this is just a preliminary step toward easing the financial burden of this particular group of people. It covers only widows and does not cover separated, divorced or single women living on inadequate incomes. It creates inequities, but it is a step in the right direction and would indicate a more positive attitude toward the needs and the rights of elderly women who have worked long and hard in the home.

If the present discrimination against women in the work force is allowed to continue, then we will still be dealing with these problems of pension discrimination in 50 years' time. Our society will be judged by how it eliminates discriminatory practices. I say to you, sir, that if that judgment were to be rendered now it would not be a favourable one.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the hon. member for Kingston and the Islands (Miss MacDonald) has pointed out, it is a sad commentary on our times that it is necessary to put down a motion in the House of Commons calling for recognition of equal rights for the women of Canada; yet the fact is that such a motion is necessary, and in my view the House should support the motion tonight in the name of the hon. member for Oshawa-Whitby (Mr. Broadbent).

We also welcome the amendment moved by the Official Opposition. We shall be voting for it when the time comes, and we hope the House as a whole will recognize the validity of the amendment as well as of the motion.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): The two speakers from the government side who took part in the debate this afternoon but are not here tonight tried to make something of the allegation that the interest in the well-being of women from this side of the House was something new. I noticed that the charge was not levelled in my direction. It so happens that during the first year I was in this House, which is now more than 35 years ago, I raised questions about the pensions or non-pensions of widows of veterans of the first world war. I

raised questions as to the inadequate pensions of the widows of civil servants; and I raised matters having to do with the low pay of the women doing the menial work in this building. In other words, I have been at this for a long time.

● (2032)

I also recall, and I checked the record this afternoon to make sure of it, that it was in 1950, 28 years ago, that I started the campaign for the establishment of a women's bureau within the Department of Labour. It was a five year battle.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I was supported by Miss Sybil Bennett and Mrs. Ellen Fairclough who gave tremendous help to that cause. Finally, in 1950, we got the government to establish a women's bureau. There have been some very distinguished women who have filled the position as directors of that bureau, and I think it was from then on that we began to get more interest in and concern for the welfare of the women of Canada.

In more recent years, when the report of the Royal Commission on the Status of Women was tabled it was this party that back in that year devoted one of its opposition days to the implementation of the recommendations in that report. I point out now that, in this session of the thirtieth parliament, we as the third party have only one opposition day that we can have with a vote, and we are giving that one day to this issue.

To go back two or three years, when the Anti-Inflation Board was established it was the leader of this party who directed one of his earliest criticisms at the failure of the regulations of that body to require arrangements to be made for a catch-up where the pay of women workers was deficient. Add to this the hundreds of times that some of us have argued for a better deal in terms of pensions for the women of this country and I think the record is a lot more clear than the government would like to recognize.

What I have said and what the speaker just before me has said underlines what I feel to be one of the areas in which discrimination against women is most severe. I feel that the time to correct discrimination is not in the next century, not 50 years from now, but right now. I am prepared to listen to speeches on the recommendations in the Florence Bird report which have been implemented, but I am more concerned about those that have not been touched; and I am particularly concerned about the unfairness and inequality that women suffer in their older years.

The hon. member for Kingston and the Islands pointed out that in terms of women by themselves, two-thirds of them between the ages of 65 and 70 are living at or below the poverty line and three-quarters of those over the age of 70 are living below the poverty line. That flows from certain definite causes. One is the fact that in the labour force they have fewer opportunities to get decent jobs with good pay, and so it follows that their pension income in later years is behind that of men.

It also follows from three or four situations that are built into our laws respecting pensions, and I want to spell out three or four of them and to insist that there should be no further delay in correcting these unfairnesses. First of all, the law and regulations regarding the spouse's allowance is about as cruel a law as there is on our statute books. The government makes out that there is something wonderfully equal about the spouse's allowance because it does not matter whether the spouse who gets that allowance is male or female; the younger husband can get it just as can the younger wife. But the statistics show that of the married couples in Canada between the ages of 60 and 65, in five out of six cases the husband is the older one; only in one case out of six is the husband the younger one. I suggest that in most of those cases where the husband is the younger member of the married couple he is able to keep working. So for all practical purposes, the spouse's allowance is a special provision for women.

Let us not get carried away with talk about the law in this respect being equal—it is a special provision for women. Look at what that legislation does to women. It does not give them a pension because they are women, because they are persons; it gives them a pension or allowance in relation to their attachment to a man. The woman does not stand on her own feet. She does not get something because she is entitled to it, because she needs it or has a right to it. She gets it only if she is attached to a man, only if she has a spouse 65 years of age or over. How can you justify a piece of legislation which, as I say, in practical terms is for women between the ages of 60 and 65 and then turn around and draw the line between those who have an older spouse and those who are single, divorced or separated?

The hon. member who preceded me and the wording of the amendment which has been proposed concentrate on a particular evil, namely the fact that if a woman in the age bracket of 60 to 65 loses her husband, she loses the spouse's allowance and she has nothing until the age of 65. That is so cruel that one wonders how it ever got enacted. We complained about this when it was brought in, but I say it is just as cruel to the woman who starts in her sixties as a widow or to the woman who is a spinster in her sixties. This whole piece of legislation is so fraught with unfairness and cruelty that in my view it should be taken back to the drawing boards and rewritten right away.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): The hon. member for York South (Mrs. Appolloni) made an impassioned plea this afternoon for women to be recognized as persons of equal status. I must say to her credit that when we had this legislation before the Standing Committee on Health, Welfare and Social Affairs she did not like its provisions. But she also said this afternoon that we should not blame the government for these things but rather blame the attitude of society.

I do blame the government for a piece of legislation which discriminates against women in the way that the spouse's allowance does. As I say, the government tries to make out

that the regulation is equal because the situation is the same for a man as it is for a woman. That is a piece of nonsense. As a matter of fact, the government tries to carry this through by refusing to give us statistics on how many recipients of the spouse's allowance are male and how many are female. It even goes a step further. When a woman loses her husband, it could be the same as a man losing his wife, although I interject to say that I get letters on this every month and every letter I have had since this provision came into effect has been from a woman. I have never had a man between the ages of 60 and 65 write to me: "My old woman died and I lost my pension". No, it is women who suffer. The letter sent out from the department is one of those he/she letters: "Dear sir/madam, we are sorry that you lost your wife/husband", and so on down the line. It is completely heartless and the excuse for that is that the government does not like to keep statistics in terms of sex. This is the day of unisex. This is the day of equality. The result of this apparent attempt at equality is that women suffer in that respect, and suffer seriously.

I move on to the Canada Pension Plan, and here again I am completely in accord with the position taken by the hon. member for Kingston and the Islands, the position that I have been taking since the days back in 1964 and 1965 when we were putting that legislation through. No matter how much you try to say that the Canada Pension Plan is based on earnings from employment and therefore you cannot enrol housewives in it, Mr. Speaker, you are still denying the very thing that the Liberal member for York South wanted this afternoon, and that is the recognition of women as persons because of what they do, whether out in the work force or at home raising a family. If we are going to believe in that principle, if it is going to be asserted even, as I say, from the Liberal side of the House, it is time that we found a way to meet that situation.

I know all the arguments about the way it is set up in terms of a contribution based on income from employment, and maybe it has to be worked out in some other ways. When I make motions about this under Standing Order 43, I call for the equivalent of the Canada Pension Plan entitlement to be made available to women who are in the home. Certainly that should be done, or motions like this will have to be made year after year. The kind of speeches which were made this afternoon by the hon. Minister of State for Federal-Provincial Relations (Mr. Lalonde) and the hon. member for York South do not get away from this sort of situation. The Canada Pension Plan denial of any benefit to women who stay home and raise their families is a complete setting aside of all the fine words we heard this afternoon from the minister responsible for the status of women or from the hon. member for York South. I contend that is an area where improvements must be made right away.

● (2042)

I remind the House of my emphasis at the start, along with the statistics given earlier. We are concerned about the large majority of women who are at the poverty line in their retirement years. The reasons that happens are several, including the kinds of things I have already talked about—the unfairness of the spouse's allowance and, particularly, the unfairness of the Canada Pension Plan in its denial of recognition that women in the home are contributing to our society just as much as women out in the work force.

This afternoon the hon. member for York South did not like the leader of my party placing so much emphasis on the right of women to have jobs. She wants women to be free to make their choice: to go out in the work force or stay at home. It is fine to have that choice, but if choosing to go out in the work force means a pension and some protection for old age, and staying at home means no adequate pension in old age, then certainly it is not a free choice at all. I contend the Canada Pension Plan needs to be improved in that respect without delay.

The minister responsible for the status of women this afternoon boasted about the amendments made to the Canada Pension Plan a year or so ago, under which at marriage breakdown the assets the two parties have accumulated can be split 50-50. In other words, they have to die or break up their marriages to receive the benefit. What about women having rights as women, rights as persons, rights as half the people of our population?

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): There is another area where we have been grossly unfair to women. It runs through our society. It has been in existence for years and years. That does not make it right, just because society has accepted it. I am referring to the stupid arrangement under the public service superannuation plan, and most private pension plans, which works as follows. A man and a woman live together, build their home, assets and all the rest of it. They reach retirement and go on pension. He was not the only one to earn it. He and she earned it together. If she dies, his pension is 100 per cent; but if he dies first, her pension is 50 per cent. In any place where people believe in common sense, how can that arrangement be justified? It was a nice concession! We were doing something for the poor widows by giving them 50 per cent of their husbands' pensions! But it is not just, and it accounts for these ghastly statistics showing that two-thirds of our women between ages 65 and 70 and three-quarters of the women over 70 are in this situation. The place to correct that is in the public service superannuation plan. The reason it should be started there is to give the lead to private plans.

We have done a little better for the widows of members of parliament. Our pension plan is better in all respects than other pension plans. We provide 60 per cent for our widows. Why should it not be 75 or 80 per cent for all widows? Why should it not be 80 or 90 per cent for the wife if she survives, and 80 or 90 per cent for the man if he survives? The idea of 100 per cent for the man and 50 per cent for the woman, or even 100 per cent for the member of parliament and 60 per cent for the widow of a member of parliament, just does not stand up. It cannot be justified at all. As long as that kind of

arrangement exists in public service pensions, of course it will exist in the plans of the private world as well. The Canadian National Railways pension plan and the Canadian Pacific Railway pension plan operate in that manner as well. As a matter of fact, there are still pension plans which do not make all provisions for women and those which provide different conditions for women than for men.

A few nights ago that excellent documentary on the life of Nellie McClung was replayed. Those who watched it will remember the horror which was expressed by Nellie McClung when it was discovered that disability policies sold in those days provided a benefit in the case of death for a man or a woman, but there was no benefit for a woman in the case of disability, only for a man. The argument was that if women knew they could receive a benefit for disability, they might disfigure themselves or do something like that. In the documentary Mr. McClung was transferred to Alberta, because he was in the insurance business and his company could not stand the complaints his wife was making about that discriminatory provision.

That was in the dark ages which some of us remember, but it is still true that provisions exist in pension plans out in the private world which are unfair to women, and there are women who still do not receive the same benefits as men. It was not long ago that there were more inequalities in the public service system. Some of them have been ironed out, but the basic fact is still there: we provide better pensions for men than we do for women. When the death of one partner or the other occurs, it is the man who receives the gravy and it is the woman who receives only one-half of her rights.

With regard to the veterans' legislation, the same is true. That legislation is being improved. It is becoming pretty good compared with what it was a few years ago. But the widows of veterans still receive their pension rights only in terms of what the men's rights were. The woman who was a wife and looked after a veteran on a pension of 50 per cent or more upon his death receives the full widow's pension; but the wife who looked after a veteran on a pension of 45 or 47 per cent upon his death receives nothing. It is not what she may need, nor what she has done, which entitles her to a certain pension. It is what her attachment was to a man.

I would like to agree with the statements made by the hon. member for York South tonight concerning the desire that women be treated as persons and not because of their relationship to men, but I challenge her statement that the government is not to be blamed for this. These elements of discrimination are running through government legislation. We have been pressing for these improvements for a long time. As my leader pointed out this afternoon, we are concerned about the employment situation as well as the rights of native women. We have supported their moves and their organizations, as we have supported women in all of their efforts.

If your Honour will permit me another 30 seconds, I should like to indicate that discrimination is at its worst at the time of retirement where it ought not to be at all. We want these pension inequalities corrected. This can be brought about by passing both the amendment and the motion now before the House.

[Mr. Knowles (Winnipeg North Centre).]

[*Translation*]

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I have only one reproach for the members of the opposition who have started in the House today a debate on the status of women and it is that they should have done so earlier. That is what the minister responsible for the status of women said on February 17 last in response to questions asked by the hon. member for Egmont (Mr. MacDonald) whom he was congratulating for his sudden interest in the status of women, reminding him that as the new Human Rights Commission was about to begin its operations two of the three commissioners were women.

Mr. Speaker, the fate of the Canadian woman attracts the envy of women the world over; this is news to nobody in the House. It is clear that the situation can and must be considerably improved, but if we look at what the situation is in other countries, we see that we have numerous reasons to be proud and to look forward to future improvements. As a matter of fact, in my capacity as Parliamentary Secretary to the Minister of Employment and Immigration, I would like to point out today what has happened not only within the commission but for the benefit of the population as a whole through various manpower and unemployment insurance services. But I will preface my remarks with a brief outlook of the situation of women within the labour force. The minister in charge of the status of women has dwelt at quite some length on this matter, so I will limit myself to the main facts.

In 1966, 34 per cent of women participated in the paid labour force. In 1977, this rate of participation reached 46 per cent. Most of this increase originated in the 24 to 44 age group whose participation rate has gone up 59 per cent during the last decade. As mentioned before, unfortunately the rate of unemployment among women has also increased rapidly. In 1977, there were more women within the idle work force, at 45 per cent, than in the whole labour force, at 37 per cent. It has been suggested at times that female unemployment is not really alarming since their work contributes more to make up the family revenue and can serve at best to make some ready money or to allow for some luxuries. Statistics on the rate of employment and family income easily refute those allegations. Of the 4,022,000 women who worked in 1977, 30.1 per cent were single and 8.5 per cent were separated, widowed or divorced.

Mr. Speaker, the fact that those women have to work, strictly from an economic point of view, has never been doubted. Still, the work of women as second wage-earners in the family has at times been met with skepticism. That attitude does not take economic realities into account. In 1975, 70 per cent of all families in which women worked for pay had an income of less than $15,000 from the husband while the average family income was $16,113. In other words, the family

income would have been lower than the average income had the woman not worked. It is also sometimes said that women take over men's jobs. Mr. Speaker, the truth is entirely different. As the minister in charge of the status of women pointed out, women unfortunately still hold jobs that are generally considered as women's jobs, and are still generally nowhere to be seen in job areas traditionally reserved for men. We know, for instance, that if all the women in professional jobs were to leave the labour force tomorrow, without registering for unemployment insurance, the rate of unemployment would not go down by .5 per cent. Mr. Speaker, I hurry to add that the existence of ghettos in the field of employment seems most regrettable to us, and we spare no effort to remedy that situation. One must come to the conclusion that, in the future, men and women will increasingly perform the same type of work. We are nevertheless convinced that, to be prosperous, our economy will need all its resources.

● (2052)

Mr. Speaker, I should like to deal briefly with what the employment and immigration commission could do to improve the lot of women in the labour force. As far as favouring equal job opportunities is concerned, it should actively promote the expansion of the labour market which makes full use of womanpower potential and help workers seeking more rewarding and self-fulfilling jobs find them.

Mr. Speaker, this main objective can be divided into five sub-objectives: one, help women get the necessary knowledge and experience to join or rejoin the labour force; two, help women find jobs in line with their qualifications and abilities; three, help women make a more sophisticated choice in the whole spectrum of trades and professions which are in demand on the Canadian labour market; four, help employers identify and eliminate impediments to the hiring and promotion of women; five, encourage women to apply for work in industries for better paid jobs in the fields where they have traditionally been under-represented.

Mr. Speaker, my intention here is not to give a detailed account of the steps we are taking to fight discriminatory practices in the labour market, nor of the steps taken to counterbalance the effects of discriminatory practices which have affected women at the economic level. I would rather give some precise facts. In 1975-76, 33.9 per cent of successful applicants for the Canada manpower training program were women. However we must point out that the distribution of these women varied very much according to the type of training. They represented 53 per cent of trainees in the basic training for skill development, generally called upgrading course, 38.5 per cent in the vocational training program but only 2.8 per cent in the apprenticeship training program.

This problem is particularly difficult to solve since it is in the industry's new ventures that most openings will be found. The Foothills project, which has been referred to earlier today, is a good example of our future ventures. It becomes essential that women receive a formation that will help them benefit from this evolution. To help women acquire these skills, the commission has greatly increased the number of courses given for their benefit. In one of these courses, women interested in trades traditionally reserved for men can gain practical experience in those trades. I want to mention two examples of this type of course: the basic trade courses for women given in Manitoba, and the introductory courses to so-called "non feminine" professions given in several centers in Ontario and Manitoba. There are also some vocational guidance courses directed to older women interested in joining the labour force for the first time or in returning to it.

Here is an example: the vocational guidance course for women given at Fredericton, New Brunswick. There is a similar program in Quebec, which is financed under the Canada manpower development program. Its goal is to develop and test various training instruments and programs that would help women better benefit from the training they have received under the Canada manpower development program, in view of their future return to the labour force.

Mr. Speaker, we ask our various manpower centers to establish a quota for female participation in the vocational guidance program, in a number of areas that are generally men's strongholds. We hope the provinces will do the same for their apprenticeship programs. Until the established quota is reached, women will be given priority for enrollment in these courses. A general information campaign will be set up accordingly.

As for the industrial manpower training program, we point out in our regional offices those trades where women are under-represented. We have asked each employment centre to designate one adviser charged with the promotion of industrial training programs among women. Objectives are chosen according to the number of women that have real chances of finding a job in those trades.

The community employment strategy is also used to encourage women to participate in training programs in various areas, including the contemporaneous program for woman heads of families in Regina, the native women's co-operative and also a program in Nova Scotia for women heads of families. The latter program has been in existence for some time. It includes workshops for women wishing to rejoin the work force, job training courses on housing renovation, employer-employee workshops on barriers to employment, and a co-operative training program in co-operation with the city of Halifax. While progress is made in our training programs, there remains an area where numerous efforts are still needed, namely apprenticeship as I mentioned earlier. Although apprenticeship is entirely under provincial jurisdiction, the federal government makes substantial financial contributions toward it. Mr. Speaker, we hope that the provinces will take the necessary steps to eliminate the discriminatory practices

that are traditionally taking place against women in that kind of programs. We asked all our regional officers to appoint a senior officer responsible for co-ordinating the activities of the various regional apprenticeship programs to promote women's participation in those programs. Business leaders and unions must also change their practices in this area.

Let us now turn to counselling. Our employment offices have often been blamed for not providing an adequate service to women. The Employment and Immigration Commission is taking the necessary measures to correct the situation. A special training section on the problems of women will be included in the counsellors' vocational extension program. That section will be operational this spring. Mr. Speaker, I would like to draw your attention on several new and important facts that took place in recent months which will enable us to help women fully develop their potential in the labour market.

That program is Affirmative Action which can now be implemented at the federal level as well as in most provinces as a result of the passage of the Canadian Human Rights Act. The Affirmative Action concept which comes from the United States is now being considered in Canada as the only effective way of dealing with systems, attitudes and behaviour promoting inequities between men and women in the labour market. This approach or methodology is not restricted to women and could be used by other groups which could come under systematic discrimination. It is also intended to remove discrimination in hiring consisting in excluding certain groups or people when this is not warranted by any practical imperative, whether it be at the business level or the job to be filled. In other words, Affirmative Action deals with the roots rather than the symptoms of the problem.

Even if we do not know yet which body will finally be charged with carrying out federal activity in that regard, it is obvious that the commission will have a leading role to play and it is already getting prepared with tune-up operations. The Minister asked the commission to set up an Affirmative Action division to polarize the efforts of the commission in that respect.

It should also be pointed out that the status of working women is also being considered in the more important studies being made on unemployment. The studies examine among other things employment and unemployment statistics for women, their effort as the main breadwinner as well as the social and institutional barriers impeding their full participation in the labour market.

● (2102)

[*English*]

Mr. Speaker, I should now like to speak for a few moments about the efforts of the employment and immigration commission as an employer in terms of what is being done to improve opportunities for female employees.

The commission's equal opportunities for women program began in 1972 and progress was slow but steady in increasing female representation. Nevertheless, the commission was anxious to achieve even greater results and therefore in 1977, in order to speed up the process, it developed a five-year equal opportunities for women plan. This plan was based on the rationale that female representation in all categories, groups and levels should reflect women's representation in the national and provincial full-time labour forces. In fact, this rationale became the official policy of the organization concerning its work force. In other words, we are aiming for a work force which is in similar proportion to that of the labour force.

Using the rationale as described, goals were set for each of the major occupational groups in the commission. Our plan is ambitious but the minister and senior management of the commission are determined that concentrated effort can make it successful. Already, we see encouraging results. For example, there has been a gradual shift in the distribution of women throughout the organization. Last year at this time approximately 75 per cent of all female employees were in the administrative support category—the category which is often described as the ghetto category. This year we find that this distribution has dropped to 75 per cent, and we also find that women are at the higher levels of the category in increasing proportions.

Another example is the administrative and foreign service category, generally perceived as the middle management category. Last year women comprised only 26 per cent of its total. This has now risen to 28 per cent.

As well we find that, within the category itself, women have considerably improved their standing in every major group. To give but two examples, in the program administration group and the personnel administration group particularly women have been appointed for the first time at the highest levels.

There is also abundant evidence that women are improving their career mobility opportunities through mechanisms such as staff training programs. These vehicles are assisting substantial numbers of women in moving from the so-called ghetto category to the officer levels.

Concerning the senior executive category, the commission is aiming to have 10 per cent of that category represented by women by 1982. At this point there are only three women in the category but I am confident the goal will be reached.

The sample results which I have just described have not come about by accident. Rather, they are the culmination of efforts to build the concerns of women directly into the overall management system. I am proud to say that the commission is creating a personnel system, the mechanisms of which ensure that equal opportunities for women are taken into account in all its ensuing policies, practices and procedures. As well, I might mention that there are active programs in every region which support our objectives. Individual managers are responsible for the improved representation of women and are being held accountable for their results.

Without further elaboration I would only add that, as an employer, the department and commission have concrete plans to improve the position of women, that it is vigorously implementing those plans, and that it is experiencing very positive results. We believe that we can display methodology and results to both public and private sector employers as an example to be followed.

In conclusion, I would leave the House with two clear messages: first, the employment and immigration commission will continue its efforts to improve the situation of women in the labour force; second, it shall continue to create within the commission an environment in which women will be encouraged to realize their full potential.

• (2112)

Mr. David MacDonald (Egmont): Mr. Speaker, I would certainly want to identify at the outset with the remarks made by my colleague from Kingston and the Islands (Miss MacDonald) as well as those of the hon. member for Winnipeg North Centre (Mr. Knowles) when they both mentioned it was the height of irony that we should need a special debate to deal with more than 50 per cent of the population of this country who still continue to suffer from some real discrimination in the area of economic matters.

I must admit when I listened this afternoon to the minister responsible for women, the Minister of State for Federal-Provincial Relations (Mr. Lalonde), that my first reaction was one of anger, then one of amazement and finally one of sadness. For any minister to present such a pathetic diatribe on such a vital issue is really a shocking case of irresponsibility. In view of the problems that many thousands of women are faced with today both in the private sector and in the public service respecting employment, that kind of a speech does them a disservice.

For the minister to try and extricate himself by making cheap political shots at members on this side of the House or anywhere is nothing short of amazing. I find his response both shallow and hollow to a great degree, more than I would have expected from him. I am sorry the minister is not here to hear me say this this evening. Quite frankly, I would have had more respect for this minister had he not made that kind of presentation today.

I make no apologies for taking part in this debate, Mr. Speaker, nor for the interest I have shown in recent weeks with respect to the problems which women are encountering, particularly in the public service. Members may know that it was some time last fall when I assumed responsibility as the opposition spokensman for the status of women, taking over that assignment from my colleague for the former hon. member for Fundy-Royal, Mr. Gordon Fairweather. He now chairs, in a very distinguished way, the new Human Rights Commission. I hope I follow him in the line of his particular interest and commitment in terms of trying to deal responsibly and rationally with a major problem that confronts us in society today.

When the minister begins to use statistics, as he did this afternoon, and talks about a 50 per cent improvement with respect to government appointments through orders in council, I find this is about the most meaningless kind of endeavour he could engage in. He is not even being consistent with himself. Earlier through a quarterly newsletter he claimed that figures show 115 per cent more women appointed in 1976. Perhaps he is becoming more cautious in the use of these meaningless statistics. As we all know, statistics can say anything you want them to.

Nothing has been more the focus of attention in recent weeks that appointments to senior levels of the public service, the SX category. In a letter that I received dated October 17, 1977 from the research and analysis officer of the Public Service Commission, these statistics were stated. As I say, statistics can be used any way you want. In 1973 in the senior executive category of the Public Service Commission we had 859 men and nine women. In 1974 there were 1,053 men and 18 women. In 1975 there were 1,165 men and 21 women; and in 1976, 1,238 men and 30 women. You could, of course, mention that between 1973 and 1974, the year the minister took office, there was a 100 per cent increase in women in the SX category; the figure went from nine to 18. The fact that the number only increased from 18 to 21 women from 1974 to 1975 means the percentage increase was 16⅔ per cent. In 1976 the increase from 21 to 30 women meant there was a 45 per cent increase over 1975. In other words, in that time period in 1974 there was an increase of 194 men in the SX category and nine women, in 1975, 112 men and 12 women, and in 1976, 173 men and women. One thing is abundantly clear from those statistics: there is no great plan of action on the part of this government to remove discrimination at senior levels of the public service.

When the minister wants to score Brownie points by attacking members on this side for discovering a latent interest in the status of women, I suppose we have to accept that. That is the nature of political warfare. But what I am more concerned with is the situation that forces a number of female public servants to issue the kind of anonymous report which ironically enough I released the same day the minister was exposing his great "plan of action" for documenting, through the use of the statistics of the Public Service Commission itself, not only the present discrimination that exists with respect to public service employment but the increasing discrimination that is taking place at middle and upper level of management.

There is no way in the world that the minister responsible for the status of women, or any other minister in this House, can explain those statistics away unless they are prepared to be a good deal more forthright than they have been to date. I mentioned that the minister has now released his latest plan of action which is to take us to 1985 with respect to equal opportunities. But the minister has in no way indicated what all these various experts and task forces are actually going to do by way of any clear cut goals, strategy or any methods of implementation. Even more, he has not had the courtesy to issue the kind of report that he himself said would be necessary

some years ago. The report of the advisory council on the status of women dated June, 1977, in documenting the situation of women in the public service, concludes:

> Publication of the Advisory Council's first study on Women in the Public Service in the fall of 1975 prompted the Minister responsible for the Status of Women to say publicly "it is quite apparent that a more explicit and aggressive policy is required which will involve the active commitment of departments to accelerate the desegregation of the Public Service work force." The special measures announced by the Minister in October 1975 included an annual review of the progress achieved by each department.

Where are those annual reviews? Where is the public accounting that was to take place that the minister publicly endorsed and said would take place in succeedings years in 1976 and 1977? What we have is the minister hoping, by some kind of subterfuge, by some new announcement of more experts and more task forces, to indicate that at some time, perhaps in 1985, we will have a clear accounting as to the actual situation of women in the public service. There are thousands and thousands of women in the public service who will not wait that long. As proven by this report, they are already acknowledging that there are signs of increasing discrimination against women workers.

It is a fallacy that women are the cause of the high unemployment rate today. My colleague, the hon. member for Kingston and the Islands, I think very effectively and eloquently in her speech exposed the kind of damaging myth that is fostered when that kind of attribution is made. Certainly the Minister for Employment and Immigration (Mr. Cullen), the Minister of Finance (Mr. Chrétien) and even the Prime Minister (Mr. Trudeau) have furthered the mythology that in some way or other women are the cause of the present unemployment difficulties that this country is faced with and with which the government is failing to deal adequately.

In a recent publication from Statistics Canada it was clearly shown that, contrary to what the minister responsible for the status of women has said, the entrance rate into the work force has declined in recent years simply because women are faced, as everyone is, with increasing difficulty in finding any kind of meaningful employment. Where are women finding employment? They are finding it at less than adequate wages and they do the kinds of servile tasks that for the most part men are simply not willing to do.

My colleague from Kingston and the Islands has also mentioned the particularly acute problem faced by women over the age of 60 and the failure of this government to deal adequately with that problem. I suppose if there is any one tragic aspect to the minister's speech this afternoon, from my point of view as well as that of all members of this House it was that the minister missed a golden opportunity. It is generally acknowledged, except by the most blind, that there are particular problems today in the work force both in the private sector and in the public sector with respect to the employment of women. It would have been a service in his capacity as minister responsible to have identified those pressures, those myths referred to by my colleague, the problems making it more difficult at the present time to implement equal opportunity programs. Instead, what did the minister do? He ran through a shopping list that, as the Leader of the Opposition (Mr. Clark) said, was so barren that he had to repeat it in both official languages.

● (2122)

The minister did not even take the opportunity to identify some of the key pressure points and problems today for women in the work force. He at no time tried to identify what the specific goals must be of a society really trying to achieve some kind of economic justice. There was no clear accounting as to his role since 1974 when he was appointed to this important post, and no indication of the particular problems we are faced with today. I do not know whether the government still does not know or whether it just does not care, but certainly it is very clear it is not acting. In not acting, it is contributing to the situation, certainly to a very great misunderstanding.

I sent a copy of the report that I released on February 16 to the minister. That is about two and a half weeks ago. To my knowledge, he has in no way attempted to respond to that report. The only response that I have seen in fact came from no minister at all but from somebody speaking for the chairman of the Public Service Commission, Johanna Hickey, director of the Office of Equal Opportunity. She said that this report was full of distortion, blatant error and emotionalism. I wonder when we will get the facts to document those kinds of charges, either from Ms. Hickey or anyone else who speaks for the Public Service Commission.

Within a few days of that comment, on February 22, these public servants, again through me, issued a further comment in response to that criticism. I quote one part of it:

> Well, as we said, we have nothing to hide so here are the facts: as of December 1976, there were 2,927 persons in the Personnel Administration (PE) group in the federal public service of Canada. Of these, 778 were women (nearly 27 per cent). The PE group has seven levels, with PE 1 being the lowest level. In most departments, the Director of Personnel would be a PE 7 or an SX, but in some smaller organizations, he or she (we couldn't find a "she"!) might be a PE 6. The breakdown for the PE group is as follows. Again the information is from the Public Service Staff Relations Board Pay Research Bureau Report.

What we find is that in levels one through four the participation is very heavily loaded toward women; but as it increases through levels five, six and seven we notice a rapidly dropping percentage of women and a rapidly increasing one for men. That is within the public service itself. I am waiting anxiously to find out what kind of report we are going to get on that statistic from the minister or from somebody who will speak on behalf of the Public Service Commission.

Just today I received some further information with regard to the post office. I am sorry the Postmaster General (Mr. Lamontagne) is not here this evening; he was here for a while this afternoon. The post office seems to be one of the most blatant areas in terms of discrimination against women in the work force.

In the earlier report that was released, in the listing of senior employees at the SX level it will be noticed that the post office is the largest employing department in the federal government, employing some 55,000 people, 20 per cent of whom are

women. There are 43 people at the SX category, but to my knowledge there is still not one woman.

I want to read a few observations that have been made with regard to the situation in the post office at the present time. For women at the PE or 04 level and above, for 1973 and 1977 there is almost no change. In fact, in that four year period the increase has been something like .91 per cent. That means that perhaps the number has gone from something like three women in 1973 to something like nine in 1977.

In most samples of this size—that is, a group of over 500—this would be called negligible. In fact, an increase of 1 per cent is really not worth anything. That is the situation that prevails in the post office, an area where there has been literally no act of representation or equal opportunity program at work. The other interesting comment as a result of this later document came from the Minister of Employment and Immigration, who I am sorry is not here tonight. He took the opportunity of issuing a press release, again with a number of self-serving and partial percentages, on March 2 and took serious issue with some of the things said in the two earlier reports and releases.

I will not take the time of the House this evening to review the kind of misleading data that the Minister of Employment and Immigration put on the record. The information in the press release does in his own case. On the second page of his press release, which deals with the administrative support category representation, he talks about the CR 5. It is interesting to note—and this is obviously not a major management and decision making area—that whereas in 1976 there were 30.1 per cent males and 69.9 per cent females, in 1977 the figure for males had dropped to 28.6 per cent and the figure for females had increased to 71.4 per cent. That is an obvious female ghetto if ever there was one!

This is the kind of misleading information that the government to this date is putting on the record with regard to its stewardship in terms of equal opportunity programs for women in the public service. What we obviously need, and what I thought we would get when I saw the motion put down last week by the hon. member for Oshawa-Whitby (Mr. Broadbent), is a frank accounting of the government's responsibility in this area for at least the period that this government, and particularly this minister, have been responsible for the status of women, which is about three and a half years. But what did we get? We got a pathetic political diatribe and nothing else.

No other minister has taken part in this debate. We had a speech from one parliamentary secretary. Perhaps we will have another. We have certainly had nothing substantial from the members of the government who carry responsibility in this area.

Mr. Crouse: There is not a minister in the House.

Mr. MacDonald (Egmont): That further amplifies their disinterest or disdain for this topic. Surely the government must now state publicly what its goals are. It is not enough for a minister to have a meeting outside the House in the Pearson building with those who are his fans or friends in terms of the status of women and not come before this House as the minister responsible to make a clear-cut statement as to his goals objectives.

Why did he not have the courage and common sense to say what the strategy of the government will be with regard to the serious problems confronting women? What has he to tell us about the kinds of costs and benefits that will result from substantial change within the public service? The government is simply failing in its leadership in this area. In fact, the leadership is simply non-existent.

In 1975 we had International Women's Year. We have had literally nothing similar since then. In fact, as these women public servants have acknowledged, we see a deteriorating situation with regard to attitudes and programs within the public service.

In addition to the motion of the New Democratic Party, we have put down some suggestions by way of amendment which now seem to be generally accepted, at least on this side of the House. These are some specifics that we had hoped the minister or others would have talked on. Certainly the advisory council on the status of women has filled hundreds of pages with clear-cut recommendations. The minister said they would like to take action on the amendment to the Indian Act. How often do we have to hear him make that kind of statement before anything substantial happens? I happen to have a private member's bill on that subject. If the minister really wanted to do something, it could be moved forward to the standing committee.

With regard to the tax changes that have been suggested, surely a clear inequity is the problem of women who work with their husbands on farms, in rural situations, in fishing operations or in small businesses. They are not provided with the same benefits they would have in a legal partnership or an incorporated set up. The advisory council on the status of women made ample recommendations in this regard.

My colleague, the hon. member for Medicine Hat (Mr. Hargrave), recently received a letter from one of his constituents. With his permission and yours, Mr. Speaker, I will quote a couple of phrases from it. This woman writes:

> I work on the farm full time (this often means 12 or more hours per day) during calving, seeding, summer fallowing and harvesting as well as doing all the bookkeeping and helping whenever necessary during other times. You will find that this is also the case with most of the women in this area, as it is no doubt in every farming community throughout Canada . . .
>
> My husband has threatened to divorce me, and then hire me as a farm worker and so claim wages for me as an expense for income tax purposes. I am only joking, but I do think that the fact that this could be a solution, points out the foolishness of the present tax law. Just as silly is the fact that I could do the same work I do on our farm for a neighbour and get paid for it and my husband could hire a neighbour's wife to do the work I am doing here, pay her and deduct her wages as an expense.
>
> It also hurts to know that women who work at their own job can file their own income tax. I have a teacher's certificate, but when I got married I decided to give up teaching to raise a family and help out on the farm. I feel this has been a good decision as far as the family is concerned and has meant a rewarding way of life to me but the present tax laws do not encourage anyone to make such a choice.

• (2132)

In the face of that reasonable proposition, could not the minister urge his colleague the Minister of Finance to include a provision of the kind suggested in a budgetary announcement? If this debate today does nothing else, I hope it will wake up the minister and the government who seem to be immobilized at the present time in the face of a pressing national issue.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, in the light of the comments just made by the hon. member for Egmont (Mr. MacDonald) I think I should say at the outset of my remarks that several ministers have been unable to be here today. The Minister of Employment and Immigration (Mr. Cullen) is unable to be here. The Minister of Justice (Mr. Basford) is ill and I am speaking in his place. I would also point out that there are two ministers sitting here now and that they were sitting here at the time the hon. member made his complaint that there were no ministers in the House.

An hon. Member: We want real ministers!

Mr. MacGuigan: All of us on this side of the House were pleasantly surprised that the NDP were presenting us with an opportunity to speak about our record in the field of women's rights, because that record is one of which the government has a right to be proud.

Some hon. Members: Hear, hear!

Mr. MacGuigan: I would not want to be misunderstood, Mr. Speaker. There are many things which need to be done in this area, especially on the side of implementation. The opposition has rightly been drawing attention to these things. There will always be weaknesses to remedy, Mr. Speaker, because here we are faced with a great historic inequity, probably the greatest inequity existing in the world today. An inequity of this dimension is not something which can be cleared up overnight. Nevertheless, Canada is on the leading edge of the movement to advance women's rights throughout the world and this government certainly has by far the best record of any government in Canada in this field.

Some hon. Members: Hear, hear!

Mr. MacGuigan: I am sure the NDP faced something of a dilemma when making women's rights the subject of today's debate. They wanted to get in on a good thing but obviously did not wish to give the government the credit which its record deserves. I thought the solution of the hon. member for Oshawa-Whitby (Mr. Broadbent) was rather ingenuous. He got around this difficulty by avoiding the subject entirely, by dealing with peripheral aspects of the problem, by making comments which from his limited viewpoint he could have made about any minority group in the country—youth, Cape Breton miners, the urban poor or what have you. He really did not deal with the question of women's rights at all.

In the words of the motion before us today, the NDP asserts that the women of Canada ought to have fully equal rights in participating in the Canadian economy. Mr. Speaker, where was that party last spring when the government brought forward the Canadian Human Rights Act? If the hon. member for New Westminster (Mr. Leggatt) had been able to be here today I know he would have brought to the attention of his colleagues section two of that legislation which was passed by the House. It reads as follows:

> Every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able or wishes to have consistent with his or her duties and obligations as a member of society without being hindered in or prevented from doing so by discriminatory practices.

An hon. Member: Fine words!

Mr. MacGuigan: They are indeed fine words and a former member of this House has been given the authority to enforce those words.

Three elements of the Human Rights Act are of particular interest to women. First, sex is made a prohibited ground of discrimination in employment and in the provision of services. Second, provision is made for affirmative action programs and the Human Rights Commission is enabled to advise on and encourage the setting up of these special programs. Third, and most significant, the legislation establishes the principle of equal pay for work of equal value. This is the first government and the only government in the country to take this step. Enactment of this principle is one of the most significant advances in recent years in the march for equality for women and puts Canada ahead of almost every jurisdiction in the world.

The wording "equal pay for work of equal value" is significant and is more effective in its formulation than that used in other jurisdictions whose legislation may appear to be similar but is not because it uses the concept of equal pay for similar work. When the government was drafting the Human Rights Act it listened to women's organizations who explained how under the similar work formulation women employees could be laid off into the low pay job ghettos where they would never have a chance to do work similar to that of men, job ghettos where women could be paid less even though their work was of equal value. The government accepted this principle of equal value and put it into the legislation.

The over-all significance of the affirmative action power of the commission can hardly be overestimated. In addition to the right to make recommendations as to special programs, the commission also has the power, where discrimination has been established against an employer by a hearing tribunal, to order an affirmative action program to be instituted at the expense of the employer. In this area the American experience has suggested that affirmative action programs are a much more useful device to disadvantaged minorities than are a host of individual complaints which, even collectively, cannot usually bring about a change in the practice of an employer.

I would point out, Mr. Speaker, that the record of the NDP in this area has been dismal. They have had many opportunities over the last five years to respond to the needs of women. In British Columbia under the former premier, Mr. Barrett, in

Manitoba under the former premier, Mr. Schreyer, and still in Saskatchewan for a short time, under the premiership of Mr. Blakeney, they could have enacted legislation to give effect to the concept of equal pay for work of equal value.

Did that party which today preaches in its motion that the women of Canada ought to have fully equal rights participating in the Canadian economy ever lift a finger when it had the power to do so in those provinces? Did it ever put in place such legislation? Not once. A sad comment on a party which used to think of itself as a leading force of social reform in Canada.

Perhaps I should also draw attention to the new committee which the Conservative party has established in this election year—a caucus committee on the status of women. I believe the first public pronouncement of that body was that no serious consideration had been given to women's issues in parliament for the past two years. Well, where was the Conservative party last summer when we enacted the Human Rights Act? The hon. member for Egmont mentioned the former member for Fundy-Royal who played a very vital part in that. He is playing an even more important part in it now that it has been enacted.

Where was the Conservative party when the Criminal Code was reformed to prevent the unnecessary harassment of rape victims appearing as witnesses? Where was it when we brought about the reforms outlined earlier in this debate by my colleagues?

The assertion that we have given no serious consideration to women's issues has a hollow ring to it in the face of all this. Hon. members in the official opposition would have served Canadian women better had they directed their criticisms at their colleagues in the government of Ontario, who have so far flatly refused to adopt the principle of equal pay for work of equal value.

One of the amendments proposed by the Leader of the Opposition (Mr. Clark) suggested the government should take some action in relation to the tax situation of spouses working in unincorporated small businesses. This is an issue the government has been looking into. Unfortunately, it is not one which lends itself to a simple solution since it would be very difficult to monitor the payment of wages to a spouse. Nevertheless, a step in this direction has, in fact, been taken by Revenue Canada. A recent Revenue Canada interpretation bulletin goes some way toward equality of the sexes under income tax rules. It makes it easier for a husband and wife to establish a partnership to carry on a business and for the wife to receive income from the business which is treated for income tax purposes as her own. Without going into the detailed provisions of the policy statement, let me simply say that among other things it provides that, if a loan is made from husband to wife on terms which are comparable to those which one businessman might offer another operating at arm's length, such loan will be treated as a contribution of capital by the wife. In other words, this major policy change will allow a husband to finance his wife's capital contribution, albeit on a commercial basis, and for the wife to be considered a fully fledged partner for income tax purposes.

• (2142)

This recent bulletin is an indication that efforts are continuing to be made by the government to recognize the new realities relating to women in the work force. It suggests a new approach to tax treatment of husbands and wives while attempting to prevent tax fraud through artificial arrangements.

In conclusion, I want to draw attention to the fact that the individual and social cost of unfair discrimination on the basis of sex in our society is staggering. A person's ability to contribute to society is not determined by whether that person is a man or a woman; nor is his or her value to his or her employer so measured.

An hon. Member: Now you're telling it the way it is.

Mr. MacGuigan: I have been doing it all along.

Some hon. Members: Hear, hear!

Mr. Gilbert: You sound like Bryce Mackasey. Take over Bryce's job.

Mr. MacGuigan: I should say to members of the opposition that I find my present job most satisfying. It will be a long time before they are going to get jobs on this side of the House.

As I mentioned, we are dealing with a great and historic social inequality. In fact, this is not really a problem of women's rights at all; it is a problem of common human rights because the various forms of sexual inequality involve our common humanity and are harmful to all people. It cannot be tolerated by society, and government and society must work together over the years to eliminate these problems.

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, the motion before the House gives sad evidence of the unemployment and underemployment of women in Canada today. In spite of the existence of the advisory council on the status of women, International Women's Year, and the minister in cabinet assigned to develop a national plan of action to respond to the needs of women in Canada, we have not, to paraphrase a popular ad, "come a long way, baby".

A few women have broken through the man-made barriers to participate fully in Canadian life. I am one of the lucky ones and I have found myself walking in new areas which have traditionally been men's preserves. I have found myself involved in making decisions that will affect the lifestyle of generations to come. I have felt pride and satisfaction, as it is right for women to be involved in decisions affecting society.

As the waves of rapid change have lately increased in their intensity, I am glad we are having a debate about the role of women so we can gain a sense of perspective about the world today, its challenges and how they affect women, why it is different for women today than at any other time in history, and what tasks must now be tackled by women together with men, faced with the fact that the population of the world will double in the space of a lifetime. By the time my 15 year old

daughter is my age, the population of this planet will have doubled to seven billion.

The capital, technology and management skills required to meet present needs were accumulated over thousands of years, but now we must more than double our productive capacity in the world as a whole, not simply in the rich countries but throughout the world, in a space of one lifetime. Planners looking at the resources needed to meet this incredible challenge are realizing that the most valuable untapped creative and management resource they have is womanpower.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: I regret to interrupt the hon. member.

[*Translation*]

Order, please. It being 9:45 p.m., it is my duty, pursuant to Standing Order 58(9), to interrupt the proceedings and forthwith put every question necessary to dispose of the proceedings now before the House.

[*English*]

The question is on the amendment of the Leader of the Opposition (Mr. Clark).

All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the amendment (Mr. Clark), which was negatived on the following division:

● (2152)

(*Division No. 27*)

YEAS

Messrs.

Alexander
Alkenbrack
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Benjamin
Blackburn
Brisco
Broadbent
Cadieu
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crouse
Douglas (Nanaimo-Cowichan-The Islands)
Ellis
Elzinga
Forrestall
Gauthier (Roberval)
Gilbert
Grafftey
Halliday
Hamilton (Swift Current-Maple Creek)
Hargrave
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Hurlburt
Jarvis
Johnston
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Korchinski
Laprise
Lawrence
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)

Messrs.

Masniuk
Mazankowski
McCain
McKenzie
McKinley
McKinnon
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nystrom
Oberle
Orlikow
Paproski
Peters
Pigott (Mrs.)
Ritchie
Saltsman
Schumacher
Scott
Stanfield
Stevens
Towers
Wenman
Wise
Woolliams—65.

NAYS

Messrs.

Allmand
Baker (Gander-Twillingate)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Caccia
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Comtois
Condon
Corbin
Corriveau
Côté
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Dupont
Dupras
Duquet
Ethier
Faulkner
Fleming
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guay (St. Boniface)
Haidasz
Harquail
Herbert
Hopkins
Isabelle
Lachance
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Marchand
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Pearsall
Penner
Philbrook
Portelance
Poulin
Prud'homme
Railton
Reid
Roberts
Robinson
Rooney
Roy (Timmins)
Roy (Laval)
Savard
Sharp
Smith (Saint-Jean)
Tessier
Trudel
Turner
Watson
Wood
Yanakis
Young—96.

● (2212)

Mr. Speaker: I declare the amendment lost. The question is on the main motion.

The House divided on the motion (Mr. Broadbent) which was negatived on the following division:

(*Division No. 28*)

YEAS

Messrs.

Alexander
Alkenbrack
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Benjamin
Blackburn
Brisco
Broadbent
Cadieu
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Cossitt
Crouse
Douglas (Nanaimo-Cowichan-The Islands)
Ellis
Elzinga
Forrestall
Gauthier (Roberval)
Gilbert
Grafftey
Halliday
Hamilton (Swift Current-Maple Creek)
Hargrave
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Hurlburt
Jarvis
Johnston
Knowles (Winnipeg North Centre)

Messrs.

Knowles (Norfolk-Haldimand)
Korchinski
Laprise
Lawrence
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
Masniuk
Mazankowski
McCain
McKenzie
McKinley
McKinnon
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nystrom
Oberle
Orlikow
Paproski
Peters
Pigott (Mrs.)
Ritchie
Saltsman
Schumacher
Scott
Stanfield
Stevens
Towers
Wenman
Wise
Woolliams—66.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Caccia
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Comtois
Condon
Corbin
Corriveau
Côté
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Dupont
Dupras
Duquet
Ethier
Faulkner
Fleming
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guay (St. Boniface)
Haidasz
Harquail
Herbert
Hopkins
Isabelle
Lachance
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Marchand
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Pearsall
Penner
Philbrook
Portelance
Poulin
Prud'homme
Railton
Reid
Roberts
Robinson
Rooney
Roy (Timmins)
Roy (Laval)
Savard
Sharp
Smith (Saint-Jean)
Tessier
Trudel
Turner
Watson
Wood
Yanakis
Young—98.

● (2217)

Mr. Speaker: I therefore declare the motion lost.

It being after ten o'clock the House stands adjourned until two o'clock tomorrow afternoon.

At 10.21 the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 7, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

CALL FOR RETURN OF CAPITAL PUNISHMENT FOR CERTAIN MURDERS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. One of the accused killers of Emanuel Jaques, the Toronto shoeshine boy who was so brutally murdered last year, admitted to a court last Friday that if capital punishment had been in effect at the time, the boy may not have been killed. As the law now stands, these deranged individuals will more than likely once again endanger our society with their presence in just a matter of years. Therefore, for the sake of preventing such killing, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That this House reinstate forthwith capital punishment in respect of sex-related killings as well as all other first degree, premeditated murders.

Mr. Speaker: A requirement of Standing Order 43 is that there be unanimous consent for the presentation of such a motion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRADE

IMPORT QUOTAS TO PROTECT FOOTWEAR MANUFACTURERS—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that import quotas to protect footwear manufacturers in eastern Canada are causing cowboy boot retailers in Edmonton to sing the blues, since only one Canadian manufacturer of cowboy boots exists and it cannot meet the volume or the speciality demands of the western consumer, and in view of the fact that any proper cowboy boot store must have at least 300 styles of boots, as does Mr. Porayko in Edmonton, ranging in price from $65 to more than $600 and including 40 lines of boots crafted in ostrich, crocodile, alligator and other exotic leathers, I move, seconded by the hon. member for Capilano (Mr. Huntington):

That this House direct the Minister of Industry, Trade and Commerce to pull on his boots, pick up his lariat and corral the rest of the cabinet to a round-up where the problems of cowboy boot sellers and consumers will be recognized and the import restrictions loosened before the said minister and his colleagues are loosened from office by the western electorate.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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BROADCASTING

TELEVISION NETWORKS IGNORING IMPORTANT CANADIAN NEWS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, although I assure the House his condition is not a serious one, it so happens that my leader, the hon. member for Oshawa-Whitby (Mr. Broadbent), was taken to hospital an hour ago. It seems that as they were wheeling him out of this building, or into the hospital, his fervent request was, "Be sure that Stanley moves my 43".

Mr. MacEachen: It had better be a good one.

Mr. Knowles (Winnipeg North Centre): So the House will recognize it is not my language. This motion has to do with the failure of the three television networks to give any coverage last night to yesterday's debate on the status of women. On behalf of the hon. member for Oshawa-Whitby, and seconded by the hon. member for Yorkton-Melville (Mr. Nystrom), I move:

That this House awards the Male Chauvinist Black Star to the three television networks but directs that the Male Chauvinist Gold Star be reserved for CBC radio which deliriously exceeded every conceivable male chauvinist expectation on the "World at Eight" this morning by ignoring important Canadian news, yet taking time to mention that Princess Anne took part in a debate in England yesterday on the subject of "A Woman's Place is in the Harem", miraculously compressing in one item both a colonial and a chauvinist attitude, truly a remarkable achievement.

Mr. Speaker: The hon. member for Oshawa-Whitby will have to have a better ruse than that to get that kind of a motion put under the provisions of Standing Order 43.

S.O. 43

● (1412)

[*Translation*]

FINANCE

SUGGESTED ESTABLISHMENT OF COMPENSATORY DISCOUNT ON RETAIL SALES—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

In reply to a question put by the Leader of the Opposition yesterday, the Minister of Finance (Mr. Chrétien) stated the following:

One problem with cutting the federal sales tax is that we cannot be sure that the reduction would be passed on to the consumer.

In view of the present depression and since the Minister of Finance is undecided, I move, seconded by the hon. member for Champlain (Mr. Matte):

That the House immediately enjoin the government to issue a rebate to consumers—a compensatory discount—on consumer goods and thus stimulate the economy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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MANPOWER

YOUNG CANADA WORKS PROGRAM—REQUEST FOR INCREASED FUNDS—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an urgent matter of considerable importance to the students of our country.

As the funds earmarked for the Young Canada Works program will give the green light to only about 20 per cent of the projects already submitted, as it is of prime importance that students work during their holidays to earn a bit of money and help defray the cost of their studies, as it is extremely difficult for the students, in the present situation, to find summer work, and as from the very start Canadian youths have been very enthusiastic about the Young Canada Works program, I move, seconded by the hon. member for Brome-Missisquoi (Mr. Grafftey):

[Mr. Speaker.]

That this House invite the minister responsible to look into the possibility of doubling the budget for the Young Canada Works program so that a higher proportion of our students can work this coming summer.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

REQUEST FOR MEASURES TO PROTECT AQUATIC FAUNA—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to present a motion relating to a matter of urgent and pressing necessity.

In light of a report made by a conservation agent according to which units of the Canadian army have blown dynamite charges between January 15 and 24 last in three lakes located in the riding of Pontiac, Quebec, and have thereby probably destroyed the aquatic fauna in these lakes, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That the Minister of National Defence immediately proceed to investigate this matter and, if the report is accurate, that the minister intervene to put an end to these practices which threaten the aquatic fauna of our lakes and rivers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

TRANSPORT

RESTORATION OF GRAIN SHIPPING SERVICE TO MANITOBA ELEVATORS—MOTION UNDER S.O. 43

Mr. Peter P. Masniuk (Portage): Mr. Speaker, I rise under the provisions of Standing Order 43 to propose a motion of urgent and pressing necessity. In view of the fact that on CNR's Inwood subdivision, in the Interlake area of Manitoba, there has been no train service since last December, with the consequence that farmers of the area are now being forced to haul their grain by truck, up to 60 miles in some cases, to elevators on other branch lines on which there is service, and in view of the fact that all storage areas are full and some grain is

even stored out in the open, where it will rot if it is not soon shipped, I move, seconded by the hon. member for Dauphin (Mr. Ritchie):

That this House direct the minister responsible for the Canadian Wheat Board to act immediately to restore grain quotas and grain shipping service to the elevators at Fisher Branch, Manitoba, on CNR's Inwood subdivision, and in view of the fact that this line is slated for probable abandonment in 1979, that the government immediately establish the Prairie Rail Authority so that the off-line loading experiment can be instituted at Fisher Branch, as recommended by the Hall commission, and the farmers of the area can continue to deliver their grain to the elevators at Fisher Branch with the assurance that it will be shipped out of the Interlake via commercial truck to CPR's Arborg rail line, financially assisted and co-ordinated by the federal government through the Prairie Rail Authority.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

Mr. Speaker: The hon. Leader of the Oppposition.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question had been for the Minister of Finance, whom I understand is due in the House for the question period. I wonder if I could reserve my right to ask the question when he arrives. I ask that Your Honour recognize, in my place, the hon. member for Perth-Wilmot.

* * *

● (1417)

NATIONAL SECURITY

REPORTED GOVERNMENT KNOWLEDGE OF SOVIET INTELLIGENCE ACTIVITIES IN CANADA

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, yesterday I put a question to the Solicitor General regarding a news story which appeared in the Toronto *Sun* over the weekend respecting subversive activities in Canada. In reply, the Solicitor General asked for more specific references to that story. Today, there appeared in the same newspaper a list of 16 individual instances of subversive activity directed against our country. My question to the Solicitor General is this: Are those specific allegations, to use the hon. gentleman's phrase, accurate in all material particulars?

Hon. J.-J. Blais (Solicitor General): I did read the article to which the hon. gentleman has referred. I have also been advised there is a further article in today's edition. It is not the practice of the government to comment on anything of that nature.

Mr. Diefenbaker: There are none so blind as those who will not see.

CUBAN INVOLVEMENT IN SMUGGLING ARMS INTO CANADA

Mr. Bill Jarvis (Perth-Wilmot): We shall soon have to allot a day to questions taken as notice by the Solicitor General. With respect to the shipment of arms into Canada, allegedly by the Cuban government, the Solicitor General indicated yesterday that he would take a question on this subject as notice. Were the Cubans instrumental in importing these arms into Canada, and did any of those arms reach the hands of subversives operating in our country?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I took that question as notice because I wanted to familiarize myself with its nature. As I see it, the question falls directly within the category of the previous question, and this being so I shall not comment on it.

Mr. Jarvis: We shall just keep trying, Mr. Speaker. May I ask the Solicitor General a question which has absolutely nothing to do with national security, in the hope it may alleviate his timidity? Is the hon. gentleman in a position to advise the House whether he continues to approve the government's policy of supporting financially and politically the present government of Cuba at the same time as that government is conducting activities subversive to the integrity and national security of our country?

Mr. Blais: I am amazed that the hon. gentleman would pose a question in those terms.

Mr. Jarvis: You amaze easily. Just tell us.

Mr. Blais: There is no indication that the government does other than what is announced from time to time by the Secretary of State for External Affairs in relation to Cuba.

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THE CANADIAN ECONOMY

CANADA-U.S. DISCUSSIONS ON REPORTED U.S. MEASURES TO INHIBIT FLOW OF FUNDS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Minister of Finance, who is now in the chamber. It is prompted by two circumstances: one is the fact that the Canadian dollar has now gone through the barrier of 89 cents U.S.; the second is the meeting this week between the Minister of Finance and the Secretary of the U.S. Treasury, Mr. Blumenthal. Undoubtedly, the minister has made preparations for this meeting, and undoubtedly he is aware of reports in Washington that the United States is considering reimposing the interest equalization tax which would inhibit the flow of funds into Canada and cause a further decline in the value of our dollar.

Is it the hon. gentleman's intention to raise this matter in discussions with Mr. Blumenthal, and is it his intention to request from Mr. Blumenthal an assurance that if the United States does take the course to which I have referred, Canada will be exempt?

Hon. Jean Chrétien (Minister of Finance): I am aware of those rumours. This is one of the matters I intend to discuss with Mr. Blumenthal and Mr. Schultze when they are in Ottawa.

Mr. Clark: I hope the minister will answer the other part of my question: whether or not it is the policy of the government to seek a commitment that Canada will be spared the impact of that course should it be followed by the United States.

● (1422)

In light of further rumours circulating in Washington to the effect that there will be a U.S. surtax on imports, has the government of Canada looked at the impact upon this country of an action like that by the United States, and will the Minister of Finance be discussing in detail—I emphasize, in detail—the potential impact on Canada of such an action, with Mr. Blumenthal and Mr. Schultze later this week?

Mr. Chrétien: Mr. Speaker, the Leader of the Opposition is dealing with hypothetical questions. These rumours are not decisions of the administration. I will discuss many matters which are of concern to the Canadian government, but I do not think those rumours will be put into legislation in the United States.

Mr. Clark: I see that the minister is as well prepared as usual and is showing as much foresight as he usually does in not taking advantage of this opportunity of a high level meeting with U.S. Treasury officials to express the very real concerns Canada would have in the event that these things did occur.

Some hon. Members: Hear, hear!

VALUE OF CANADIAN DOLLAR—PROSPECTUS TO BE FILED WITH U.S. SECURITIES AND EXCHANGE COMMISSION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I want to deal with another matter relating to reliance upon the relationship of Canada with another agency of the United States, namely, the Securities and Exchange Commission, to which the government of Canada is having unusual recourse in an attempt to bolster our dollar. As the minister has admitted, he will have to file a prospectus with the SEC. I asked him the other day—once again, he did not answer—whether he would be prepared to make available to the House of Commons information on plans for the Canadian economy and plans of this government relative to the Candian dollar which he will be making available to the SEC. In other words, will he give parliament and Canada the same information he is going to give the SEC and the United States, and will he give that information to us before he goes to that foreign agency?

[Mr. Clark.]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not know of any request with regard to this prospectus which we will be filing which will force us to give any more information than is already available to the House of Commons.

VALUE OF CANADIAN DOLLAR—INTERNATIONAL INVESTMENT IN CANADA

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is to the Minister of Finance. Reports emanating from money markets around the world indicate that while the Canadian government has been attempting to defend the dollar, it has been buffeted by certain international investors. One particular investor from Kuwait has dumped hundreds of millions of dollars against the foreign exchange reserves of this country. Would the minister indicate whether these reports are in fact true and, if so, how did we become so exposed to this type of relatively short-term obligation?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the information related by the hon. member has no basis in fact. Last month we had some problems with Canadian reserves, and that is why, in order to make sure the Canadian dollar floated in the normal manner, some of our reserves were lost. However, the type of rumours spread by the hon. member are not factual or useful in the present circumstances.

Mr. Stevens: As we have lost another $120 million of our United States reserves so far in the month of March, and as our wobbly dollar—which is now hovering in the 88-cent range—is due in part to the fall in our credit rating as far as international investors are concerned, would the minister indicate if he is aware that today, in Toronto, loan companies such as IAC and GMAC are able to borrow at a lower rate of interest than the government of Canada as far as treasury bills are concerned? If the minister is aware of this, does he expect it to continue?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I think the hon. member likes to spread all kinds of rumours and to create false impressions. The Canadian government has a very good credit rating and the real problem is that the number of people who want to lend money to Canada exceeds our borrowing needs.

[*English*]

Mr. Stevens: Mr. Speaker, the supplementary question I just put to the minister is no rumour. In their last report, Wood Gundy pointed out that this may happen, and the report states that for some considerable period of time Canada's credit rating may in fact be lower than commercial credit rating in Toronto. As I have indicated, as of today this has occurred, with Canada having to pay 7.33 per cent on 90-day money, compared with GMAC and certain other companies having to pay 7.25 per cent. Is the minister aware of this fact and, if so, when will he be making a proper statement to this

House concerning the government's present credit standing and our foreign exchange reserves problems?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have given information to the House every day. In the last two weeks, I was asked questions every single day and I was always glad to provide every information I had. When my estimates are considered in committee, I will be happy to answer all the questions of the hon. member, even if the same keep cropping up month after month.

* * *

● (1427)

[*English*]

STATUS OF WOMEN

CONSIDERATION GIVEN TO REPORT OF ADVISORY COUNCIL

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in light of yesterday's debate on the status of women, I should like to put a question to the Minister of Employment and Immigration. Has the minister received the report of the Advisory Council on the Status of Women which, among other things, indicates that women in Canada Manpower training programs are over-represented in language and upgrading courses and under-represented in apprenticeship and skill training.

The report also notes that sex typing is still practised by Canada Manpower, so that women are under-represented in courses for managerial and administrative occupations. Can the minister say whether he has given consideration to these elements in the report? What steps does he plan to take to correct these two shortcomings?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have not seen that particular report. I can assure the hon. member, given the respect we have for that particular group, that it will be studied very, very carefully by my department.

Some hon. Members: Oh, oh!

Mr. Cullen: I see the opposition does not feel we should be studying it; they just make unkind cuts and remarks.

Mr. Baker (Grenville-Carleton): Let us see something being done.

Mr. Cullen: In fact, we have done a tremendous amount. Certainly, we have spent more than five minutes, as the hon. Leader of the Opposition did, speaking about the rights of women.

Miss MacDonald: Where was the Prime Minister yesterday?

Mr. MacDonald (Egmont): Where was the hon. minister yesterday?

GOVERNMENT'S COMMITMENT TO EQUAL OPPORTUNITY FOR WOMEN

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I trust the minister will give those matters serious study and that he will report to the House on the results of that study within a reasonable period of time. I wanted to put a question to the minister responsible for the status of women, which arises out of the same report. In his absence, I will direct my question to either the Deputy Prime Minister and President of Privy Council or to the President of the Treasury Board.

In view of the criticism in the report of the Advisory Council on the Status of Women to the effect that the government's performance with regard to appointing qualified women to the boards of federal Crown corporations, to commissions, and so on, is unsatisfactory, may I ask what new policies the government will be adopting to change what the Advisory Council calls inaction on the question of the government's commitment to equal opportunity for women in Canada?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I will take the hon. member's representation as notice and see what I can do to give him a satisfactory answer later.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am just wondering, has no minister bothered to read this important report? Are the ministers not interested?

Some hon. Members: Oh, oh!

* * *

[*Translation*]

LABOUR RELATIONS

STRIKE OF QUEBEC NEWSPAPERS—GOVERNMENT POSITION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to put a question to the Minister of Labour.

I am sorry to disturb the minister in his conversation but considering that the work has been interrupted for several months at *La Presse* in Montreal, at *Montréal Matin* and at *Le Soleil* in Quebec City, although those newspapers do not always publish what is going on in the House of Commons with regard to the work of the Social Credit Party of Canada and even if this matter falls under provincial jurisdiction, it is nevertheless a matter of justice. So I would ask the Minister of Labour if he had any discussions with his Quebec counterpart with a view to finding a solution to that serious problem which has been lasting for several months. If so, could he tell the House whether or not he expects these strikes to come to a conclusion in the near future?

● (1432)

[*English*]

Hon. John C. Munro (Minister of Labour): Mr. Speaker, the hon. member has already answered his own question. My Quebec colleague, the minister of labour for Quebec, indicated that he does not like or want federal intrusion into areas of purely Quebec jurisdiction. All the work stoppages which the hon. member just mentioned are in his jurisdiction and any intervention on my part would be highly resented.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, taking into account the answer of the minister, we must nevertheless consider the situation of the people involved in that strike. Would the hon. gentleman be prepared to offer his service as a mediator to find a solution to this serious problem so that we do not let the economic situation of these people deteriorate since they have the right to live and to have the means to do so?

[*English*]

Mr. Munro (Hamilton East): Any request for mediation services from the federal government in this dispute would be an abdication of responsibility by the province of Quebec in an area of its exclusive jurisdiction. That being so, I think it is highly unlikely that any such request would be made.

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NATIONAL SECURITY

REQUESTED INCREASE IN RESOURCES FOR SECURITY SERVICE

Mr. Otto Jelinek (High Park-Humber Valley): My question supplementary to that asked by my colleague, the hon. member for Perth-Wilmot, is directed to the Solicitor General. It refers to reports in the press reputedly emanating from senior security service forces. They state that internal security in this country is so lax that Soviet agents use Canada as a training ground for much tougher assignments in the United States and Great Britain.

In light of this assessment of our internal security situation by experts in our own security service and the KGB as well, will the Solicitor General tell the House whether he will now increase the resources available to the counterespionage work of the security service and, at the same time, take a far tougher position with regard to screening procedures for foreign diplomats operating in Canada under false pretences?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, may I say in reply to the hon. gentleman that I think the expulsion of the 13 Russian operatives less than a month ago was an indication of the efficacious service that is being provided in terms of our national security. With reference to the allegations made by the hon. gentleman, I have no comment.

Mr. Jelinek: The action which the minister took some weeks ago regarding the 13 diplomats was just the tip of the iceberg. The minister himself knows that the RCMP are very well aware of KGB individuals operating in Canada under false pretences, posing as diplomats. I should like to know whether the government will at last change its policy and take a tougher stand in its screening procedures, as well as in allowing fewer passes for travelling outside the capital region by these individuals who are known to the RCMP as KGB agents. Will the minister change his position, or not?

Mr. Blais: Mr. Speaker, that question was sufficiently addressed by the Secretary of State for External Affairs when a question of like nature was put by the hon. member following the expulsion of the 13 Russian operatives.

PRIME MINISTER'S VISIT TO CUBA—KNOWLEDGE OF ARMS SMUGGLING

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is supplementary to that of that of the hon. member for Perth-Wilmot, and it relates in particular to the answer given by the Solicitor General in respect of the government's relationship with the republic of Cuba. When the Prime Minister visited Cuba, giving international legitimacy to the regime there, he said that Cuba "is a model that will be followed by other developing countries". He went on to proclaim: "Long live prime minister commander Fidel Castro; long live the friendship of Cuba and Canada".

I should like to ask the Solicitor General whether the Prime Minister, before he left our country to visit Cuba, was briefed about the arms shipments to help subversives in our country, whether the Prime Minister was aware at the time he made these statements of the subversive support in our country, and what has he done about it?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am sure the hon. gentleman could have asked those questions of the right hon. Prime Minister at the time he returned from his visit to Cuba. Undoubtedly, questions of such an inflammatory nature must have been put to the Prime Minister by the hon. member and some of his colleagues.

Mr. Oberle: Whether or not these statements are inflammatory, the fact is—and the Solicitor General confirmed the reports in the press in his letter to the hon. member for Leeds—that there were arms shipments to Canada from Cuba in support of subversive elements in our country, and that this is a very serious threat to our national security. I should like to ask the hon. gentleman whether, in addition to the shipments that have arrived here from Cuba, other nations have been identified as carrying on similar activities. Could the Solicitor General enlighten us as to whether that matter is under investigation?

Mr. Blais: Yesterday I replied to a question of similar nature from the hon. member for Halton-Wentworth. Furthermore, I have never confirmed any allegation of that nature in any correspondence that I have ever had with the hon. member for Leeds.

AIR TRANSPORT

DC-8 AIRCRAFT LEASED TO CUBA—PRESENT POSITION

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is for the Minister of Transport. I would like to know the *quid pro quo* for the two DC-8s which we leased to Cuba two years ago. Have we received the DC-8s back, or what exactly did they do with them?

Hon. Otto E. Lang (Minister of Transport): The hon. member for Edmonton Centre is using "we" in the royal fashion, I suppose. The fact is that Air Canada entered into a commercial arrangement with Cuba. They did so on the basis of those aircraft being no longer required in their fleet at that time. It was a completely commercial transaction between Air Canada and Cuba.

Mr. Paproski: Does the minister know whether the planes were used to transport troops to Angola or to do any other military work for the Cuban government?

Mr. Lang: Mr. Speaker, I would have to ask Air Canada whether they have any such information.

* * *

ENERGY

SMOKE DETECTION DEVICES—EFFECT OF RADIOACTIVE MATERIAL THEREIN

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the enormous benefits to life and property of smoke detection devices installed in homes, and in view of the fact that some smoke detectors use small amounts of radioactive material, with the result that their manufacture, use and, in particular, their disposal are controlled by the Atomic Energy Control Board of Canada, will the minister review the adequacy of the inspection and disposal procedures followed in Canada and particularly the information and warning notices available to the public concerning this type of smoke detector?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I should like to thank the hon. member for notice of this technical question. I shall be very pleased to review the disposal and labelling arrangements with AECB and with my colleagues, particularly the Minister of Consumer and Corporate Affairs.

At the same time, I should like to reassure the hon. member that I have checked into this question and have been assured that there is no threat to health and safety and that the radioactivity present in these smoke detectors is of minute proportions.

IMMIGRATION

ACCEPTANCE BY CANADA OF U.S. CITIZENS FOR CANADIAN JOBS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Employment and Immigration. Yesterday, the minister announced that a U.S. citizen, R. Sherrell, was granted permission to enter Canada to become president of the Insurance Corporation of British Columbia, with an annual salary of $80,000 a year. The minister was quoted in the press as saying:

—the fact remains that an adequate search in Canada was not made and there is evidence that at least one qualified Canadian was available.

I should like to ask, if this was indeed the case, why did the minister not take his own advice, and why did he permit a U.S. citizen to take this job when, obviously, there are qualified Canadians available?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, first and foremost, I think I should point out that the Price Waterhouse Company, who usually do an excellent job in this area, flubbed in this particular case and did not contact our Manpower and Immigration offices. It was not until the day before we heard that an announcement was to be made that we contacted cabinet minister for the province of British Columbia and indicated the difficulties involved, that we had not been contacted, did not know whether an adequate search had been made, and wanted to be satisfied that that had taken place.

On the basis of evidence that we had, we were satisfied that an adequate search had not been made, so we refused to grant the necessary points to Mr. Sherrell—who, incidentally, is the innocent party in this situation. Following that, I met with the selection committee of ICBC and went through, with them and representatives from Price Waterhouse, the number of candidates they had contacted across Canada, some 274 or 275. I was satisfied that they had not made an adequate search. They had not done any advertising east of British Columbia other than one ad in the *Globe and Mail*.

● (1442)

Having been given all this information and the present dilemma that the company finds itself in, namely, with $400 million in premiums and the necessity of finding a person for this particular job, I think the fact that they appointed a Canadian as chairman of the board is a direct result of the intervention we made. I was satisfied it was an appropriate time to exercise discretion and allow Mr. Sherrell to take this particular job and, at the same time, put provincial authorities on notice that in future they will have to go through the procedures or they will be more embarrassed than they have been in this case.

Mr. Nystrom: A supplementary question, Mr. Speaker. It is my understanding that some 90,000 non-residents were working in this country last year, mainly white-collar, professional workers. In light of the high unemployment for this group as well as other Canadians, is the minister about to tighten up the

regulations so that the first priority will go to Canadians who need these jobs?

Mr. Cullen: Very definitely, Mr. Speaker, but I hope I will have the backing of the opposition parties when we take this particular stance, and will not have constant representations to the effect that an exception can be made in particular instances. We have indicated it is "Canadians first". It does not matter whether we are talking about offshore labour, blue- or white-collar workers—we do take that particular stance. It is quite often necessary to bring people from outside our boundaries in order to maintain jobs in Canada. There was an instance in my own riding where 600 Americans were brought in to sustain a work force of 5,500 Canadians.

* * *

PUBLIC SERVICE

COST OF LIVING INCREASES FOR RETIRED EMPLOYEES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the President of the Treasury Board which arises from a report in today's Ottawa *Journal* that the government will publish a study this Thursday suggesting limits are necessary on cost of living increases for retired public servants. Could the minister confirm or deny the report? If the answer to the question is yes, will he be making a statement at the time he tables the document in the House?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, without confirming the specific suggestion in the apparent news article, I can tell the hon. member and members of the House that I intend to make a statement in the House on the subject of public service pensions before the end of this week.

Mr. Baker (Grenville-Carleton): A supplementary question, Mr. Speaker, dealing with the statement itself. The report indicates that an official of the Prime Minister's office says it will be accompanied by recommendations by the government, whereas in another part of the article the author of the Tomenson-Alexander study says that the report "does not contain recommendations as such" but, rather, it is a working paper. Could the minister state which of those representations is true?

Mr. Andras: Mr. Speaker, I think they are both inclined to be correct. The Tomenson-Alexander report is a working paper and advice to the government, which we are going to make public—an actuarial study—but there will also be a government statement accompanying the tabling of that report at the appropriate time this week.

[Mr. Nystrom.]

EXTERNAL AFFAIRS

CANADA'S POSITION ON NEGOTIATED SETTLEMENTS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is for the Secretary of State for External Affairs, who has so often spoken in glowing terms in favour of negotiated settlements especially when Canada has been one of the parties. Now that there has been a negotiated settlement in Rhodesia, will the minister tell the House how he has made Canada's position known in favour of negotiated settlements rather than settlements through arms, terrorism and murder?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the hon. member is quite right; I have expressed my support for negotiated settlements. They only work, however, when all the parties involved are also involved in the negotiations. In that sense, therefore, the message that I have conveyed, and that I am sure will carry the support of all parties in the House, is that I hope this beginning toward a settlement in Rhodesia will be extended. I hope that Mr. Nkomo, Mr. Mugabe and the others concerned can be brought into the negotiation process. I am equally urging that group to accept the invitation to become involved in the negotiating process so that in every sense it can be a negotiated settlement.

Mr. Munro (Esquimalt-Saanich): A supplementary question, Mr. Speaker. In specific terms, would the minister say whether instructions to that effect have been sent to our delegation at the Security Council? Are they working to ensure that it is a negotiated settlement which rules in Rhodesia, and not one of force of arms?

Mr. Jamieson: Mr. Speaker, in the way in which that question was phrased, I do not think it would be necessary to send new instructions. That has always been our position. The situation there is changing daily and there is a whole series of communications back and forth. At the moment, I think the advice of my colleague the British foreign minister is wise; that is, that we should not move too quickly or in any precipitate way at the moment, but that we should allow the matter an opportunity to settle and see what all the parties are doing and how they are going to react.

I emphasize again that it is our judgment that a settlement along the lines the hon. member has outlined, namely, one negotiated as opposed to one involving confrontation and hostility, is clearly the desired option. We will be using all the influence at our disposal to try to bring about that goal.

* * *

AGRICULTURE

PRICE OF POTATOES LESS THAN COST OF PRODUCTION—ACTION TO ALLEVIATE

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is for the Minister of Agriculture and it is about potatoes. In view of the fact that potato producers in eastern Canada have been since last summer supplying fresh produce

to the kitchens, tables and processing plants of this area of the nation at prices substantially below the cost of production, and because no apparent improvement in present market trends is foreseeable, will the minister—the farmer's best friend—consider an early initiative to alleviate the grave uneasiness and critical financial pressures now experienced by hundreds of family farm units which are more depressed than the markets?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am very much aware of the plight that some potato producers in Canada are suffering, all the way from $4 per hundredweight in the rich province of Alberta to $1.75 per hundredweight in the poor province of New Brunswick. We are concerned about this and are monitoring it. We will consider stabilization. It may be of interest to the hon. member, if he is not aware of it, that they had a vote to form some kind of marketing authority or board in that area, and it carried by a huge majority.

* * *

TRANSPORT

MOVEMENT OF POTATOES FROM EASTERN TO CENTRAL CANADA

Mr. David MacDonald (Egmont): Mr. Speaker, I have a supplementary question for the Minister of Transport with respect to the very grave situation that exists in terms of adequate transportation for the movement of potatoes from the eastern provinces to central Canadian markets. Since this matter has been under consideration by the minister and a special task force of his department for well over a year, and since its initial report on the recommendation for new units was made as long ago as last summer, can the minister indicate why it has taken so long to come to this crucial decision?

In addition to the recommendation made last summer for new cars, is consideration being given to purchasing, on an interim basis at least, the 300 cars available from Hanover Trust, in the United States, at roughly a quarter of the cost of purchasing new cars now on order or the 700 cars that are presently available for shipment this shipping season?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, as the hon. member knows, the report last summer indicated there would be adequate cars in the fleet for the movement of potatoes during this winter period, but that a problem would have to be faced before the shipment season next year. We have been addressing that question, including the issue of where we can get cars most effectively which would be most useful for the movement of potatoes. We are very close to results in that regard and an announcement may be made within a couple of weeks.

In the meantime, of course, we have been working very effectively with the potato producers, and in many other ways, to ensure better movement of potatoes. In that regard we have greatly improved the handling facilities at some of our main ports.

* * *

TRADE

DATE AND AMOUNT OF PROPOSED TARIFF CUTS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. In answer to a question asked in this House a week ago today, the minister said:

> Respecting the Swiss formula of a 40 per cent cut, this represents merely a weighted average. In some instances one might grant a higher percentage, and in others a lower percentage.

● (1452)

I ask the minister when he intends to advise the manufacturing industry of Canada which tariffs will be cut by 40 per cent, which will be cut by less than 40 per cent, and which will be cut by more than 40 per cent, so that plant managers across this country will be able to calculate the effect this increased competition will have on the number of people they will be able to employ in future.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I think it is the hope of most of the negotiators at Geneva to reach an agreement on the exact cuts by some time in the middle of this year—early July.

Mr. Hees: Mr. Speaker, is the minister not aware of the fact that the give-away program which the government has been indulging in during the past few weeks regarding tariff cuts on manufactured articles, the products that produce the jobs, is going to cost Canadians a very large number of jobs in the future? Can he assure the House now that these large cuts on manufactured articles are not going to be made?

Mr. Horner: Mr. Speaker, it is the intention of the government to set up an adjustment panel to assist industry in adjusting to the cuts. I might say that the average tariff on items coming into Canada now in the industrial sector is about 14 per cent. A 40 per cent cut on 14 per cent would be in the neighbourhood of five percentage points, just about half the advantage Canadian manufacturers now receive from the 90-cent dollar.

Mr. Hees: In other words, the minister is telling the Canadian manufacturing industry that they have never had it so good and they should be happy with the program the government is indulging in at their expense at the present time?

Mr. Horner: No, Mr. Speaker. What I am telling the opposition is that they should appreciate the 90-cent dollar, and what an asset it is to Canadian manufacturers.

An hon. Member: Jack, you should go into economics.

An hon. Member: Tell it to the British.

Oral Questions

ENERGY

PROPOSED HEAVY OIL PLANT AT LLOYDMINSTER, SASK.—PROGRESS REPORT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Could the minister advise the House what progress has been made, if any, since the federal-provincial conference, toward reaching agreement to build a $700 million heavy oil operating facility in the Lloydminster area as proposed by Husky Oil Company of Canada? If there has not been any progress, can he indicate why? Perhaps he might be able to outline what obstacles are now standing in the way of reaching agreement.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, there have been a number of discussions with Husky Oil and with other potential partners in this massive project. There have been discussions by those partners with the federal government and with the Saskatchewan government. There has been considerable understanding of the need to provide sufficient feedstock for an upgrading facility. While the Husky production might be significant in the first half of the first unit, additional feedstock is going to be needed. That matter has been under discussion with the Saskatchewan government and discussions are in an active state at the moment.

Mr. Mazankowski: Mr. Speaker, since the realization of such a very expensive and high-risk project will require appropriate incentives from a tax and royalty point of view, can the minister indicate to the House the stage of those negotiations at the present time? When can we expect a definitive tax and incentives package to be advanced by the federal government? Also, could he advise the House of the role he expects the Crown corporation, Petro-Can, to play in the development of this project?

Mr. Gillespie: Mr. Speaker, the hon. member is quite right when he says royalty rates will be quite important. Of course they are, and that question is under discussion right now. There has been a substantial meeting of the minds between the government of Saskatchewan and the federal government with respect to federal tax incentives that will be needed. I understand the Saskatchewan government is not at the present time in a position to outline what its royalty arrangements might be. I am told they are in the process of drafting regulations with respect to new legislation which was passed recently, so that one might look forward to a statement on the royalty regime from the Saskatchewan government in the near future.

On the question of Petro-Canada and the role it will play in such a major undertaking, I would expect it to be significant. I would expect, as well, that there might be a Saskatchewan government Crown corporation involved in addition to a number of significant private sector partners.

[Mr. Horner.]

POST OFFICE

NEGOTIATIONS BETWEEN CUPW AND DEPARTMENT TO AVOID STRIKE

Mr. Bruce Halliday (Oxford): Mr. Speaker, my question is to the Postmaster General. In view of the fine record the Postmaster General is reported to have had, as mayor of Quebec City, in being able to avoid strikes, I would ask if he can relieve some of the anxieties of Canadians and indicate to the House the status of negotiations between the Canadian Union of Postal Workers and Post Office management; and does he expect to be able to maintain his record and avoid a strike in the near future?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, first I would like to point out that everything is done to try to meet with all concerned people to examine the possibility of negotiations with postal workers.

[*English*]

I think everything is being done to avoid a strike. I can tell you, sir, that if we have a strike at this moment, it would not be our responsibility. Everything, as far as management is concerned, is being done to avoid it, as well as meetings with the union.

Mr. Clark: Nothing is your responsibility.

Mr. Lamontagne: We are ready to do everything we can to avoid a strike, but we will not abdicate our responsibility as management.

Mr. Halliday: Mr. Speaker, a further question to the Postmaster General. Now that he has had several days to consider the request of his colleague, the hon. member for Vancouver-Kingsway, by way of a question addressed to the Prime Minister recommending that a parliamentary committee be established consisting of members from all four parties, could the Postmaster General give us his considered opinion as to the validity of the request of the hon. member for Vancouver-Kingsway?

[*Translation*]

Mr. Lamontagne: Given the present situation, Mr. Speaker, I believe that an interparliamentary committee is not absolutely necessary, considering that we already have all the necessary instruments to settle the dispute and that all necessary efforts are made to try to find solutions. We all know very well the postal problems—mechanization and labour-management relations. I feel that both these problems can very well be examined by our department and our management, and I believe we can find the solution to these problems. If not, I will be very happy to agree to that request.

[*English*]

EXTERNAL AFFAIRS

DEATH OF RCMP CONSTABLE IN MEXICO—GOVERNMENT INVESTIGATION

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. As the minister knows, his department has been investigating the mysterious death of a Manitoba-born RCMP constable, Lonnie Neely, while holidaying in Mexico. Are the Mexican authorities co-operating with Mr. Ken Burke, first, secretary to the Canadian ambassador in Mexico, and could the minister inform the House of the type of investigation his department is conducting? Also, has the minister received any results from Mexico concerning the investigation?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I will try to be succinct and give the hon. member the pertinent details. The department, through our representative in Mexico, concluded that the first findings of the local police were inadequate and succeeded in having the investigation reopened. As a result of the reopening of the investigation, the police in Mexico have invited the RCMP to participate, and representatives of the force were sent to Mexico. I would assume they are continuing at this moment to participate in the investigation.

In that context, I can answer the hon. member's question and say the investigation is proceeding, one can only assume in a satisfactory manner. The press reports give us more detail, because I have not seen any official report on the investigation. It is fair to say there was a conclusion on the part of the representative from our embassy that the original investigation had not been adequate, and we therefore pressed for and succeeded in having it reopened.

INFORMATION OBTAINED BY SOLICITOR GENERAL

Mr. Jack Murta (Lisgar): Mr. Speaker, so that we have all the information available, I would like to direct my supplementary question to the Solicitor General. I would ask, since the RCMP are involved in the investigation at the present time in Mexico, if he can inform the House whether he has any information in addition to that just given to the House by the Secretary of State for External Affairs.

Hon. J.-J. Blais (Solicitor General): No, Mr. Speaker. I simply reiterate that the RCMP is receiving co-operation from External Affairs and from the local authorities. We are interested in reaching a final conclusion in this instance, and the representations the hon. member may wish to make will be provided to the Mexican authorities.

● (1502)

ENERGY

OIL DEFICIT—EFFECT ON VALUE OF CANADIAN DOLLAR

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. The major factor in the weakness of the American dollar is a very large oil deficit of $45 billion last year, which will go up to about $100 billion by the end of the next decade. Given our own problems in this direction, and estimates that our deficit could rise to about $6 billion by about 1985, what major steps are being taken to avoid that kind of deficit which would give the Canadian dollar a lower value on world markets?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I do not have time to go through all of them. Some of those raised by the hon. member for Vegreville are very important. The heavy oils of Saskatchewan, the tar sands of Alberta and the heavy oils of Alberta can have a very major effect in replacing our depleting conventional oil reserves. The extension of the natural gas pipeline from the Arctic to the Atlantic Ocean could have a very significant effect in backing out foreign oil imports.

The other major projects are more in the hydro-electric area in the Maritimes, an area which is very dependent on foreign oil and one which will be dependent upon foreign oil for electrical generation unless we are able to find resources such as tidal power and the project on Gull Island.

* * *

[*Translation*]

MANPOWER

YOUNG CANADA WORKS PROGRAM—REQUEST FOR INCREASED FUNDS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. According to my own information, I would like to tell the minister that I feel that it will be clearly impossible to carry out 75 per cent of the projects submitted under the Young Canada Works program because funds are far from sufficient. Considering the importance for students, and I think the minister agrees on this, to obtain a summer job, can the minister tell the House whether he is prepared to study the possibility of increasing funds considerably to enable students to find a job this summer?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as I said yesterday or last week, we certainly have had quite a lot of success with our Young Canada Works program. Now, we have to examine the situation. I think that the hon. member's figures are not quite accurate. So we shall have to study them.

Order Paper Questions

[*English*]

PRIVILEGE

MR. NIELSEN—APPLICABILITY OF OFFICIAL SECRETS ACT TO MEMBERS OF PARLIAMENT

Mr. Speaker: Yesterday the hon. member for Yukon (Mr. Nielsen) raised a question of privilege which is regarded by members on all sides of the House as touching a very important and fundamental matter concerning the rights of members, their immunities, and the resolution of those in terms of the Official Secrets Act.

Some consideration is being given to having that question examined by the Rights and Immunities Committee, which is not reconstituted. As a preliminary step, that committee will have to be reconstituted and then consulted to determine two things. First, it will have to determine whether it is disposed to examine the matter within roughly the terms of reference proposed by the hon. member for Yukon, and, second, the format of those discussions or examination, because the work of that committee in the past has very much been a study of problems with an effort to come to some consensus in the form of a recommendation to the House on a particular matter. That was done in the matter of questions concerning subjects that are before the courts.

If that is to be the basis of the study of this committee, which is yet to be determined, it will be possible for me to continue to preside over it. On the other hand, if it is desired that witnesses be called before the committee and that a more formal type of hearing be entered into, it will be difficult for me to continue to preside.

Therefore, two questions have to be resolved. The first is whether the Rights and Immunities Committee, having been reconstituted, is prepared to study it and try to report back in a short space of time and, second, the format of examination of it. Discussions are taking place in the usual way as to the reconstitution of that committee and the resolution of those matters.

Mr. Erik Nielsen (Yukon): Mr. Speaker, I agree fully with what you have said. I only wish to emphasize that it is imperative, in my view, that the reconstitution of the committee should proceed at once, and perhaps consultation with the House leaders, as to the terms of reference that should be referred to that committee so that there is no delay in the committee seizing itself with the problem that I raised.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 257, 944, 1,025, 1,147, 1,224, 1,240 and 1,291.

[Mr. Cullen.]

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

[*Text*]

TENTATIVE RELOCATIONS IN GUY FAVREAU PROJECT

Question No. 257—**Mr. Herbert:**

1. Are any departmental offices tentatively scheduled for relocations in the Place Guy Favreau Project in Montreal, and, if so, which offices and from which departments?

2. Where are the personnel presently located and approximately how many are in each location?

3. What are the sizes of the premises presently occupied and are any owned by the Crown?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): 1. We cannot, at this early date, identify specific governmental offices which will be relocated into Complexe Guy Favreau.

2. Public Works does not to date maintain records of numbers of personnel in client premises. Personnel are presently located in more than 100 leased premises and 19 Crown owned buildings, totalling some 160,000 sq. meters. An analysis is currently under way which will recommend renegotiations of economically favourable leases and renovation of some Crown-owned properties. The allocation of space in Place Guy Favreau will be made after this analysis has taken place.

3. See answer to part 2.

CMHC SCHOLARSHIP PROGRAM—NEWFOUNDLAND

Question No. 944—**Mr. Marshall:**

1. Were applications received from the Province of Newfoundland under the CMHC Scholarship Programme?

2. On what date was the Programme started?

3. In each of the years since it was started, what was the breakdown of applications, by province?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. Yes.

2. The current programme for studies in housing and housing-related subjects was started in 1975 under section 37(1)(e) of the National Housing Act and superseded the Fellowship Programme which started in 1967.

3. The distribution by province of applications meeting the criteria of the programme and reviewed by the Committees of Award is as follows:

Province of Residence	1977/78	1976/77	1975/76
Newfoundland	1	—	1
Prince Edward Island	2	1	—
Nova Scotia	5	7	3
New Brunswick	2	1	—
Québec	53	38	63
Ontario	122	100	110
Manitoba	19	14	13
Saskatchewan	4	3	1
Alberta	27	21	13
British Columbia	25	26	35
	260	211	239

FRANCOPHONE COMMONWEALTH OF NATIONS

Question No. 1,025—**Mr. Epp:**

1. What is the total annual expenditure incurred for the purpose of establishing a Francophone Commonwealth of Nations?

2. (a) How many meetings has Canada attended in other countries (b) in which countries were the meetings held (c) who were the Canadian representatives (d) what was the cost for travel, lodging and miscellaneous?

3. (a) How many meetings has Canada hosted and at what cost (b) which countries attended the meetings?

4. What countries are currently negotiating with Canada to join in a Francophone Commonwealth of Nations?

5. Under the proposed Francophone Commonwealth of Nations, which country is to be the head and what kind of organizational structure is this commonwealth to have?

6. (a) What is Canada's involvement in the Francophone Co-operation Agency (b) what are the terms of reference and mandate of the Agency (c) which countries belong to the Agency?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. No expenditure has been incurred so far for the purpose of establishing a Francophone Commonwealth of Nations.

2. No international meeting involving Canada has been held specifically for that purpose and none is foreseen in the near future.

3. Not applicable.

4. Not applicable.

5. Not applicable.

6. (a) Canada has been a member of the Agency for Cultural and Technical Cooperation since it was established, in March 1970. (b) The Agency essentially works at expanding multilateral cooperation between its members in the fields of education, culture, science and technology, as well as development. (c) The membership of the Agency is the following: Belgium, Bénin, Burundi, Canada, Chad, Comores, Ivory Coast, Djibouti, Central African Empire, France, Gabon, Haiti, Upper Volta, Lebanon, Luxembourg, Mali, Mauritius, Monaco, Niger, Rwanda, Senegal, Seychelles, Togo, Tunisia, Vietnam and Zaïre. Cameroun and Laos are associate members. The provinces of Quebec and New Brunswick have the status of "participating government".

INSULATION MATERIALS

Question No. 1,147—**Mr. Herbert:**

1. Has there been for many years a demand for insulation materials during the winter months that has exceeded inventory plus production?

2. Has there been for many years an unutilized production capacity of insulation materials in the summer months?

3. Was an estimate received that the unutilized capacity for insulation materials in the summer of 1977 was approximately 250 million square feet?

4. Has the government taken any steps to ensure stock piling in the summer of 1978 to avoid a shortage of supply in the following winter?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. Typically the greatest seasonal demand for insulation is in the fall and early winter months when new housing starts are nearing completion and existing homeowners consider re-insulation. Minor delays have occurred in delivery of some materials in some centres, but such "shortages" have been temporary and localized.

2. During the late winter and spring months demand for insulation typically drops off. Some plants do not maintain production at capacity during this period.

3. CMHC is not aware of an estimate of unused capacity for the insulation industry as a whole.

4. The federal government has not received any requests for assistance in "stockpiling". However, discussions have been held with many manufacturers who indicate that substantial increases in capacity are underway. Some of them are also planning to secure additional storage space for certain denser types of insulation.

ELIGIBILITY OF CHURCH BUILDINGS FOR CHIP

Question No. 1,224—**Mr. McKinnon:**

Will church buildings, other than rectories, be considered for the Canadian Home Insulation Programme in the near future and, if so, on what date?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: the Canadian Home Insulation Programme is available to existing dwelling units occupied as permanent residences and to hostel accommodation operated by non-profit and government organizations. There are no plans to extend the programme to apply to other types of buildings.

LANGUAGE TRAINING EXPENSES

Question No. 1,240—**Mr. Alexander:**

1. During the period 1964 to 1973, how many public servants undertook language training at government expense and how many were trained in courses offered by (a) the government (b) outside institutions?

2. For the same period, how many were trained in (a) English (b) French?

3. For the same period, what was the total expenditure on language training for public servants enrolled in (a) government (b) outside courses?

4. Since the introduction of continuous language training in 1973, how many public servants have received language training at government expense and, how many were on (a) continuous (b) part-time or cyclical language training?

5. Since the introduction of continuous language training in 1973, how many public servants have been trained in (a) English (b) French?

6. Of those public servants who have undertaken continuous language training since it was introduced, how many (a) dropped out before meeting the required standard (b) failed to meet the required standard after the full training period (c) achieved the 02 or 01 standards or higher (d) achieved the 03 or 04 standard?

7. Since the introduction of continuous language training in 1973, what has been the total expenditure on public service language training?

8. What was the total amount of salaries paid to public servants while they were on continuous language training since the programe began?

9. Since the introduction of the bilingual bonus programme (a) what has been the total amount paid and over what period of time (b) how many public servants received the bonus?

Order Paper Questions

Hon. Robert K. Andras (President of the Treasury Board): 1. (a) 49,402 through Public Service Commission Language Bureau (1964 to 1973 inclusive); (b) not available since language training was not specifically identified in training programme.

2. (a) 8,064; (b) 41,338.

3. (a) Prior to 1968, language training expenditures of the Public Service Commission were included with those of staffing. A breakdown of these costs for the years 1964-68 is therefore not available. From 1968 to 1974 the total cost is $52,828,000; (b) not available since language training was not specifically identified in training programme.

4. (a) 15,847 (as of December 31, 1977); (b) 15,626 (as of December 31, 1977).

5. (a) 2,125; (b) 13,722.

6. (a) 1,434; (b) 947; (c) 6,055; (d) 5,763. (Note: 1,648 students were on course as of the end of December 1977.)

7. Until 1976-77, some direct and indirect costs to departments for the official languages programme were neither specifically identified in departmental budgets nor independently collected. This includes part-time in-house courses, capital and leasing costs, travel and relocation costs for continuous language training and salary costs of persons not replaced while on language training. Recognizing the unavailability of some of these costs for part of the period covered, the total expenditure on public service language training is $345.5 million for period 1973-74 to 1976-77 inclusive.

8. $80.3 million for persons replaced, 1973-74 to 1976-77 inclusive.

9. Exact figures not yet available. Reliable estimates are: (a) $40.8 million including retroactivity for November 1, 1976 to March 31, 1977 and all of 1977-78; (b) 36,769.

INSTALLATIONS—ARTILLERY AND AMMUNITION DEPOTS

Question No. 1,291—**Mr. Jones:**

1. How many artillery depots are there in Canada?
2. How many main artillery depots are in Quebec?
3. How many ammunition depots are in Canada?
4. How many ammunition depots are in Quebec?

Hon. Barney Danson (Minister of National Defence): The information requested in this question was provided in answer to question No. 2,758 in the second session of the 30th Parliament and was published in *Hansard* No. 163 page 7629 dated 13 July, 1977, and to question No. 893 of this session published in *Hansard* No. 45 page 2115 dated 23 January, 1978. No changes have occurred since then.

NOTE: There are no artillery depots in the Canadian Armed Forces. Artillery equipment and supplies are held in supply depots and are overhauled either in workshops or by contracts.

[Mr. Alexander.]

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—RESEARCH AND DEVELOPMENT POLICY

Mr. Joe Clark (Leader of the Opposition) moved:

That in the opinion of this House it is crucial to the strength of Canada's economy and the provision of employment opportunities that a vigorous program of technological research and development be promoted by the government, and to this end this House urges a policy which would:

(1) set a goal of 2.5 per cent of the G.N.P. to be spent on research and development by 1985;

(2) significantly increase the research and development tax credit for Canadian industry;

(3) give particular priority to strengthening our research and development programs, particularly in the fields of agriculture and renewable resources;

(4) extend the tax credit system to provide incentive for new employment in industrial research, design and development;

(5) encourage development work in areas of acknowledged Canadian expertise.

Mr. Speaker: Pursuant to Standing Order 32(1)(k) and Standing Order 58(11), proceedings on this motion will expire at the ordinary hour of adjournment this evening.

Mr. Clark: Mr. Speaker, I am pleased to have the opportunity to engage the House of Commons in a debate which will deal with one of the most important matters that can affect our future as a modern, industrialized country. It is clear to all of us including, even though he will not admit it, the Minister of Finance (Mr. Chrétien), that this country today is in a state of very real economic crisis.

We have more than one million unemployed. We have a number of Canadian plants and industries across the country that would find jobs for those Canadians but they are operating so much under capacity because of low demand and low stimulus in the economy that those jobs are not in existence.

We have a situation where the Government of Canada continues to pretend it is engaging in restraint but in fact it is engaging in the worst kind of governmental extravagance. We also have a situation where the government's growth projections are clearly wrong on the future of the Canadian economy.

What troubles most of us is that the Government of Canada, dealing with short-term immediate problems and dealing with this crisis of unemployment, seems not to care at all about the plight of the Canadian unemployed.

The Minister of Finance continues to refuse to bring in a budget. He does that even though the treasurer of the province of Ontario, who is today bringing in his own budget, has been urging the minister in the strongest possible terms to give some meaning and content to the agreement of the first ministers' conference earlier this year and to bring in a budget that will give credence to those measures that were agreed on by the premiers when they met here in Ottawa.

As I have said here before, the real reason the government does not want to bring in a budget is a political reason. It is

doing everything it can to keep discussion of the economy of Canada off the floor of the House of Commons of Canada. Ministers continue to refuse to bring in any real stimulus to the economy and they continue to refuse to exercise any real restraint over the activities of the Government of Canada. Instead, they try to hide the seriousness of the problem.

• (1512)

The Minister of Employment and Immigration (Mr. Cullen) goes around the country pretending unemployment doesn't matter. Well, let him try it! It certainly matters, especially to those one million Canadians who cannot find work. We find also, in that department, an example of the shameful behaviour of the government inasmuch as the basis of reporting has been juggled so as to conceal the effects of lay-offs. Until last month the department used to issue a report showing lay-offs in industries where lay-offs involved more than 20 people in a month. Now, so embarrassing does the government find these statistics that the basis has been changed in an effort to hide the real face of unemployment, to conceal its real impact upon the province of Ontario and upon other provinces.

Moreover, the government continues to refuse to state clearly the economic policy it is pursuing in relation to the Canadian dollar. Last week the government announced it was going down to the SEC. This week, judging by the interest rates, we will probably have to go to HFC!

Some hon. Members: Oh, oh!

Mr. Clark: Sir, the economic crisis in Canada is the result of the worst decade of economic management in the history of this country, a situation which is entirely consistent with a government which is the worst federal government since Confederation.

Some hon. Members: Hear, hear!

Mr. Clark: In part, also, it is due to the complete failure of the government to give any priority to economic policy and the consequent failure to establish any coherent national economic strategy to prepare us for a much tougher, much more competitive future. The absence of any economic strategy has become clear most dramatically and most dangerously in our preparation for the GATT negotiations at Geneva.

It is difficult enough for Canada going into GATT negotiations because we are, relatively, one of the smaller economies in the world. But our problems have been aggravated in the extreme by entering into these negotiations, negotiations which will require commitments which could affect us for years, without knowing ourselves what we want to do, where we want to specialize, that direction we want our growth as a nation to take in the decades ahead.

No one pretends it is easy to establish a comprehensive national economic strategy. But ease of accomplishment is not the issue. The government has failed even to try to make a start and nobody can forgive it for failing to begin the hard work of developing such a strategy. We are paying for that failure now, and the government has an immediate obligation

to begin the hard work of developing a genuine national economic strategy for Canada.

Naturally, an essential element of that strategy will be the frankest, fullest possible consultation with the other partners in the Canadian community—the provinces, organized labour, business and so on. But one element in any national economic strategy is already clear: we must emphasize high technology, research and development industries if we are to compete and grow in the modern world.

We are fortunate among nations in the extent and wealth of our natural resource base. But we have to face the fact that other countries, too, enjoy wealthy natural resource bases, including countries whose wage rates and productivity levels are much more competitive than ours. So we have also to use the other great resource of Canada—human ingenuity and innovation. We have to use our brains as well as our brawn as a nation or we shall not be able to compete in the modern world.

[*Translation*]

The Organization for Economic Co-operation and Development published recently a list of the 110 most important technical discoveries since World War II. None of them was made in Canada. This exemplifies one of the most disquieting problems facing Canada today. At a time when progress depends largely on technology, Canada discourages research and development. Yet, technical discoveries would play an essential part in achieving all our economic objectives. They are the key to a new growth and new job opportunities. They are the key to industrial effectiveness and, by way of consequence, to greater price stability. They are the key to a better trade balance and a stronger value for the Canadian dollar.

Our problem is twofold. First, our technical discoveries are decreasing in number. Second, we are lagging more and more behind our competitors. Which means that in the area of technical discoveries, the gap between Canada and the other developed nations is forever widening. Had Canada last year applied an adequate research and development policy, nearly 50,000 scientists, engineers, research planners and other technicians would be working in the Canadian sector of manufactured industries, thus ensuring greater prospects for our economic future.

[*English*]

So that gap, instead of narrowing, is growing wider. The OECD has recently compared the gross expenditures of various nations on research and development as a percentage of the gross national product of those nations. In the period from 1965 to 1975 to which the study applies, the OECD selected average for all member countries remained the same at 1.6 per cent. For Canada, in that period, the percentage dropped from 1.1 per cent to 0.9 per cent.

Three points must be made about that situation. First, by investing less than one per cent of our gross national product in innovation Canada has the worst record of any western nation, the worst in the western world. Second, the Committee on

Science Policy of the other place set a goal of 2.5 per cent of the GNP as being a proper national objective. Not only are we falling behind other nations, we are falling behind the goal which our own advisers have established. Third, while the OECD average has remained the same, Canada's investment in innovation has been dropping. The countries whose investment has increased include West Germany, Japan and even Italy. And all our major competitors invest considerably more in innovation than does Canada. That fact comes home in our trade.

Today we are running a $10 billion deficit in high technology manufactured goods. What is most dangerous about this deficit is that it is not remaining static—it is deepening. In the years before 1970 we ran a deficit of about $1 billion in trade in those goods. Since then there has been a straight-line trend downward. This means that Canada's situation is going to get seriously worse. We shall fall even farther behind in innovation unless there is a change in the approach and policy of the government.

Investment in innovation is not just something it would be nice to do. It is not part of an international game of keeping up with the Joneses. Unless we innovate, our trade problems will grow more severe, unemployment will get worse, prices will continue to rise.

General Electric in the United States recently commissioned an analysis of output, employment, and price behaviour over the last 25 years in high technology and low technology industries in the United States. Three facts stand out from that analysis. First, high technology products provide a positive trade balance while low technology products do not. Second, high technology industries grew in that period almost three times as fast as low technology industries, and their productivity was twice as high. Finally, in high technology industries manufacturing prices rose much more slowly, while employment grew almost nine times as fast as it did in low technology industries. So, in terms of jobs, lower prices, better trade, and faster growth we need to invest in innovation as a nation.

● (1522)

I think two comparisons with the situation in the United States dramatize the changes in attitude and in policy which are necessary for Canada. The first of those relates to research which is done outside government by the industries of the two nations. In the United States—and this is a startling, sobering fact—three companies, General Motors, IBM, and Ford, each on their own spend more on research and development than all Canadian companies taken together spend on innovation in Canada. In other words, each of three major companies there invest more, in total budget, in innovation than the total of Canadian companies invest in innovation in this country. That indicates a failure on the part of Canadian industry which we in this House of Commons have to recognize is related in part to the fact that much of our industry has head offices elsewhere, which tends to attract research elsewhere.

The second comparison is that the Government of Canada in its last budget took what amounts for this government to a great leap forward. In fact it was more like a stumble in the dark. The government brought the tax credit for research and development up to 10 per cent for those areas where unemployment is the most serious. In other words, a 10 per cent tax credit for innovation is the highest the Canadian government will go, and that only in the most strictly limited circumstances. A 10 per cent tax credit is where the United States starts. They start at our highest level, and that is one of the reasons for the difference in the interest in innovation by industry in the two countries. That indicates again an absolute failure on the part of this government to commit itself to innovation in this country.

These are not new words. These are not new warnings. The Canadian research community, and virtually every study into the question of innovation and research, have been warning about the dangers of the failure of Canada to encourage research and development. Now the research community—and I think this is important—and others who are concerned in the country, are joined explicitly by the ten premiers of Canada.

I think the whole country was very much amused by the degree of enthusiasm and eagerness with which this government, which has added so much to confrontation and disunity in this country during its ten years in office, claimed credit for bringing together the ten premiers. I applaud the government for finally doing that. I think it is important that Canadians note that last year, when the need to meet was most urgent, was the first year in several that the Government of Canada failed to convene a meeting of first ministers. However, I congratulate the government for finally catching up and taking the initiative it should have taken. Calling a meeting is not difficult, but acting on the results of that meeting is the true test of commitment and concern on the part of a federal government.

Miss MacDonald: And making proposals.

Mr. Clark: Indeed, as my colleague, the hon. member for Kingston and the Islands (Miss MacDonald), points out very appropriately, making proposals is also a very important test. The most remarkable aspect of the first ministers' conference was that all the serious proposals came from the provinces.

I should make one exception. There was one specific proposal which came from the federal government. That contained a long list of projects proposed by the Minister of Energy, Mines and Resources (Mr. Gillespie) which included, prominently, the Kitimat pipeline, which his colleagues two weeks later turned around and scuttled. One specific agreement, which came about largely because of the inspiration of the government of Ontario but which also had the support of other premiers, found its way into the statement of conclusions, and I would like to read it into the record. The following is an agreement between the Government of Canada and the provincial governments:

Joint steps will be taken to improve tax incentives or credits to industry for research and development, the expansion of employment opportunities in these areas, and increase dissemination and application of existing technology.

That was the commitment. The question now is, where is the action by the Government of Canada? The question for the federal government now is, will the federal government honour the commitment it gave to the provinces and to the research community of Canada?

Will the minister himself, who is in the House today, urge his colleagues, and particularly the Minister of Finance (Mr. Chrétien), to bring in a budget as soon as possible to provide those tax incentives or those tax credits? If the government is afraid of a budget, as I presume it is, will it take some other action immediately to carry out the will and the agreement of the first ministers, and to begin to make Canada competitive again in a high technology world?

I understand that the minister will be speaking later today. I hope to be able to hear him. I certainly look forward to his spelling out the initiatives—and the time-frame for enacting those initiatives—which the Government of Canada intends to take both to honour the agreement at the first ministers' meeting as well as to begin progress toward making this country competitive again in a high technology world.

I referred earlier to one of the very real problems of this country. It is a special problem, an accident of geography and history. A special problem is posed for Canada because many of the companies which are active here and many of the companies whose activities we require here send their research home to head offices. Unfortunately, we have to face this fact.

Many branch plants in Canada are miniature replicas of their parent companies. Their research and development programs often consist of very little more than adapting parental technology to Canadian tastes. As I said in Tilbury, Ontario, the other night, very often that means that we require that our rice crispies snap, crackle and pop in both official languages, but we do very little more to encourage real innovation in this country. No doubt the natural tendency—and I think this is a very important point to drive home—is to locate innovation at head offices. No doubt that tendency is encouraged by the fact that incentives for innovation in head office countries are much more dramatic than they are in Canada. That is the case with head offices in the United States and in other OECD countries, where most head offices are located. Competitive incentive by Canada could have some effect upon that trend, but the clear message for Canada is that this government, or the government we form, cannot continue on the path of pretending that a passive policy alone will be enough in the field of research and development.

We cannot afford to sit back and wait for proposals, because we have to face the fact that if there are proposals coming from many large corporations in this country for research and development, they do not come to the capital of this country.

They go to the head offices of those corporations in other countries. That is a reality we have to face. It is a reality which many of us are prepared to face because of the need we have for foreign investment. However, it is a very real and important reality which must affect government policy, and it is a reason why there should be much more emphasis on innovation instead of less emphasis, as is the case with this government.

Given the drain to other countries where head offices are located, in our view the Government of Canada should go out and actively promote innovation in areas where Canada is best equipped to compete with the rest of the world and by companies which have a clear and unfettered commitment to Canada's interest. I want to make this point explicitly: that includes small Canadian companies.

I would like to turn the attention of the House for a moment to some of the special problems which are placed in the path of small Canadian companies which want to be active and innovative. One of the most serious is the simple burden of paper work. The paper work involved, for example, with the Enterprise Development Program is so overwhelming that mainly large companies apply because only large companies can hire the accountants, the lawyers, and the other experts who can weave their way through all that paper work. If the Government of Canada is serious about having the Enterprise Development Program serve the interests of small Canadian entrepreneurs, it should cut away that paper work and give them an equal chance at being helped in innovation.

Some hon. Members: Hear, hear!

Mr. Clark: The make or buy program was introduced some years ago, I believe by the present chairman of the National Capital Commission, another Liberal who has gone on to his reward at public expense. As the House will remember, that program was designed to reduce the proportion of Canadian research which was done in-house. While that make or buy program has had some success and has been of some use to the country, it has fallen far short of the success it could have registered. It was supposed to reduce the proportion of in-house research. When it was introduced, the proportion of in-house research in the country was 63 per cent in total. Today, after that program, it is 65 per cent. The reduction has been minus two. When that program was introduced, the intent was to drop the figure to somewhere in the neighbourhood of 30 per cent. Clearly the performance has fallen far short of the advertising, as happens so regularly in the activities of the government.

• (1532)

An active research policy, contrasted to a passive policy, would and should encourage development in areas of acknowledged Canadian expertise. We cannot run down the long, long list of those areas where Canadian expertise exists, but it is important to look at some of them. Clearly one is the communications industry, where some of our technology, particularly our satellite technology, is the most advanced in the world. Another clearly should concern ocean development through the Bedfords Institute, through others and through private firms, because as a country we have more accessible ocean floor than any other nation in the world. That holds untold opportunity for this country.

Research and Development

Obviously we should give much more research attention to agriculture. One of the things which shocks me about the government is the degree to which the interests of agriculture have been consistently shoved to the background. We have a minister who makes a good speech, but has little impact on the plans and the deliberations of his colleagues. That becomes evident in the plunge in farm incomes which has occurred during the life of this government.

Some hon. Members: Hear, hear!

Mr. Clark: Also it becomes evident in the absolute failure of the government to give that kind of priority to agricultural research and development which that industry needs and, more important, which the nation needs.

Sometimes the government opposite tends to think of the food producers of Canada as some kind of group which it has to shoo away from time to time. The fact is that the food producers of Canada are the custodians of one of the most important resources this nation needs. In the long term, our capacity to grow and to produce food as a country, a capactiy which has few parallels elsewhere in the world, could be a resource as important to us as the petroleum which exists now. Unless we waste it, the food which can be harvested from our seas and fields is not a capacity which will run out as oil and other resources will run out. It is a capacity which becomes ever more important as world dietary habits change. We will not be able to take advantage of that resource for Canada unless there is a change in policy by the government.

First, we must make it profitable for Canadians to stay in agriculture, and second, we must give attention to research and development in order to take advantage of the application of technology to the great food resources of this country.

Some hon. Members: Hear, hear!

Mr. Clark: I should like to dwell for a moment on the food industry and agriculture. Potentially we are one of the richest agricultural countries in the world. We are one of the richest food-producing countries, taking into account the great offshore resources. The government has failed dismally to plan for these resources and to put in effect fishing fleets which would take advantage of the resources that exist within our limits. Yet, in 1976, despite this wealth, 82.6 per cent of the Canadian market for agricultural products was served by imports. The Agricultural Institute of Canada has warned us that Canada's low investment in agricultural research "threatens Canada's position as a major world producer and supplier of food." Naturally we think that far more attention must be given to agricultural and general food research. In keeping with the principle of ensuring that more of that is done out of government, more and more of that research should be done in the fields, farms, and feedlots across the country. It should not be confined to urban or government laboratories.

Energy would appear to be an area where the world demand for innovation, the Canadian capacity to innovate, and Canadian resources could yield very, very high returns for this nation. I am anticipating remarks which will be made later in the debate by the hon. member for Athabasca (Mr. Yewchuk). Finally, we must reverse the policy of this government which has had the effect of strangling medical research in Canada.

Some hon. Members: Hear, hear!

Mr. Clark: As the hon. member for Athabasca will point out, joining with others knowledgeable in and concerned about medical research across the country, we cannot continue a situation where the policies of the Government of Canada drive away from this country the people who could be the seedbed and the focal point of our future medical research. The medical research policies which have been carried out by the government are not only hurting us today, they are hurting our capacity to prepare for the future. They are hurting that capacity in a way which perhaps cannot be remedied, unless the government turns around its policies and adopts some of the proposals the hon. member for Athabasca will be making later in the debate.

This is a country which calls forth imagination. Unlike many other countries in the world, Canada by its very nature encourages people to innovate. This is a country where people came from literally every corner in the world. They came here by choice. They came to build. In the early days of Canada our forefathers built with their hands, by their backs and with their brawn. In some parts of this country that is still necessary, but Canada lives in a different world now. We still require the determination to build which our ancestors showed. As I travel this country, I am convinced that Canadians still have that determination to build; but we must make it clear that our hands and our backs are not enough to build in the modern world. This is the age of technology. In the age of technology we require a capacity to innovate, a determination to experiment, and a determination to try new ventures, if we are to succeed as a country.

No one who travels across Canada will claim that we lack imagination or creativity as a country. Our investment in education ranks with the best in the world, as do our achievements in basic research in fields from medicine to nuclear energy. Creative talent is here in Canada. What is not here, and what must be here, is national leadership to match that creative potential with our economic objectives. Today, by introducing this motion in the House of Commons, we are giving the Government of Canada—

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. Leader of the Opposition (Mr. Clark) that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Clark: I will finish my breath, Mr. Speaker. By introducing this motion, we have provided the House of Commons, and most particularly the minister who is responsible for science policy in this country, with an opportunity to come forward and spell out a fundamental change in direction to stop a policy where Canada has been wasting our talent to

innovate, and to restore to this country a respect for building and for imagination, which is the only way we are going to succeed in the world.

Some hon. Members: Hear, hear!

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, as the minister responsible for science and technology, I welcome the opportunity provided by the hon. Leader of the Opposition (Mr. Clark) to speak on the state of research in Canada, and in particular on the state of industrial research and development. It is a matter of fundamental importance to the future well-being of this country and of concern to all of us.

● (1542)

Without a satisfactory level of industrial research and development, we cannot expect our economy to remain competitive in world markets, to create the new industrial opportunities which will create more jobs and raise our standard of living.

It is in recognition of these facts that the government has in recent years brought forward a number of measures to help and stimulate industrial R and D. The approach has been so designed as to assist all firms having an interest in research and development—whether they be large, small or medium sized.

The measure with the widest application is the 5 per cent to 10 per cent tax credit for research and development which was introduced a few months ago in last year's budget. It provides an immediate incentive of $35 million to $40 million to Canadian industry to increase expenditures on R and D. It has the advantage of leaving firms free to decide where and when they will invest, without direction by the government. This seems to me to be the most appropriate approach to take whenever possible.

The tax credit benefits mainly the larger and medium sized industrial establishments in Canada. On the other hand, smaller firms have tended to benefit from the contracting out policy under which new research for government is, whenever this is possible, carried out by the private sector. Under the policy, contracts placed with industry, which amounted to $18.9 million in 1973-74, the year in which the policy was put in place, rose to $86 million in 1976-77, and are expected to exceed $100 million this year. This amount will increase further as a result of the application of the policy to existing research activity within the government.

For R and D proposals originating with companies, the government has a number of programs of direct assistance. The most important of these is the enterprise development program which has a budget of $23 million. Other programs to meet specific needs are the NRC's technical information service, the industrial research assistance program, and the pilot industry laboratory program which are designed respectively to assist small firms with little or no research capacity of their own, to encourage growth of research capacity in companies, and to facilitate the transfer of technology from NRC to industry.

In total, the government will spend $275 million to support industrial research in Canada in 1978-79. This amount excludes the revenue forgone as a result of the tax credit.

Industry has not been unresponsive to the need to increase Canada's R and D efforts and the measures taken by the government to encourage it. Its real rate of expenditures has risen during the seventies, but not to the extent desired. Thus, industry accounts for 34.9 per cent of all funds spent on R and D in 1977, compared to 32.4 per cent in 1971, and it performed 44.2 per cent of all research carried out in Canada compared to 41.4 per cent in 1971.

This redistribution of the national R and D effort is in the right direction. It remains evident, nevertheless, that by any reasonable standard of comparison, Canada's over-all R and D effort is too low compared to other industrial countries. For OECD countries as a whole, expenditures on R and D average 1.4 per cent of GNP. The corresponding figure for Canada is 1 per cent. A further analysis of these figures shows that while in Canada the private sector performs about 44 per cent of all R and D, in other OECD countries the percentage is something in the order of 50 per cent to 60 per cent.

It is fair to conclude from these comparisons that the shortfall in Canada's R and D effort is not mainly on the government side nor on that of the universities, but on the industrial side. Furthermore, it is clear that the shortfall is in the order of hundreds of millions of dollars. For instance, if a target for R and D of 1.5 per cent of GNP by 1983 were adopted, as suggested by the Senate committee, and if, furthermore, the industrial share of this total were to increase to 50 per cent, expenditures by industry on R and D would have to increase in constant dollars from an estimated $864.4 million in 1977 to $1.9 billion in 1983. The target proposed by the Leader of the Opposition would call for an over-all increase of $4.7 billion, or 17 per cent per annum. The task is formidable and cannot be accomplished without the full co-operation and co-ordination of all major R and D performers—the government, the universities and, most important, the industrial sector.

There are a number of general policy conclusions which can be drawn from this brief review of industrial R and D in Canada. First, Canada is seriously lagging behind other industrial countries in its R and D effort; second, while government and university research have a part to play in strengthening our R and D effort, the main responsibility and drive must come from the private sector itself; third, and more particularly, while there are no accepted criteria for establishing the amount of R and D which a country should perform, it appears that the shortfall in Canada must be measured in the hundreds rather than the tens of million dollars; fourth, the bulk of the R and D financing required by Canada must come from the private sector and not the government; fifth, the private sector must not only speak about the need for R and D, but show by its actions that it believes in investing in it; sixth, the government must continue to support R and D through not

a single measure but a variety of measures, such as a tax credit, whereby we can reach and assist all companies in the industrial sector; seventh, these measures should have a high leverage and call forth from the private sector several dollars for each dollar that the government commits.

These then are the general considerations which the government must take into account in the development of its industrial R and D policy. They are entirely consistent with the agreement at the first ministers' conference that "joint steps will be taken to improve tax incentives or credits for research and development". I am actively pursuing this matter with my colleague, the Minister of Finance (Mr. Chrétien). One of our concerns about such a measure is that it should not result in a lower tax to firms now carrying out R and D without producing an appropriate increase in the level of R and D performed. It is possible to overcome this potential problem, but I would be more reassured if the private sector were to give a strong and clear indication that, if such a measure were taken, it would indeed increase its R and D expenditures.

Another factor that must be taken into account in considering the R and D situation in Canada is the high degree of foreign ownership. There is no doubt that Canada has benefited immensely from past foreign investment and the technology associated with it. But it has also created a number of structural problems which carry with them serious disadvantages. Most foreign firms tend to establish themselves in Canada to serve the Canadian market. In general, they rely on their parent for much of the R and D. To the extent they do perform R and D in Canada, it is frequently only the type required to adapt a product to the conditions of the Canadian market. The end product may be satisfactory to the consumer, but considerably less so in regard to the technological capacity of our industry. The cost of adaptation can be high and at times higher than the cost of doing the original R and D.

Many of the difficulties associated with this situation would be overcome if parent companies assigned R and D responsibilities to their subsidiaries hand in hand with the assignment of a product line for world-wide development.

Certainly, the R and D component of foreign investment in Canada must receive much more attention than in the past. FIRA, with the support of my colleague, the Minister of Industry, Trade and Commerce (Mr. Horner), intends to give considerably greater weight to this factor in assessing the question of significant benefit so far as Canada is concerned.

● (1552)

The Leader of the Opposition referred to agriculture. I would just point out that the department of government with the largest expenditure on research and development is the Department of Agriculture. It spends more than $100 million a year on research and development. The largest operation it has is located in Alberta south of the riding of the Leader of the Opposition, in Lethbridge.

The government can also support the development of Canadian research and development capacity through its procurement policy. Admittedly this is an instrument which must be used with a great deal of care. Nevertheless, it has in the past been used with successs as, for instance, in the case of national defence, space, and to a lesser extent so far, oceans. It is my intention to ensure that similar opportunities are fully exploited in the future. There are a number of areas which can be looked at, including transportation, energy, communications, and certain parts of the service sectors, all of which are technology and research and development intensive.

As I have already mentioned, the government has a number of grant programs designed to help small and medium-sized companies where cash constraints may be a serious short-term obstacle to investment in research and development. These programs need to be re-examined. Small businesses do have difficulties in getting access to new or up-to-date technology which they need to be fully competitive. There are great gains to be made by facilitating the access of these firms to this information.

Finally, I should say Mr. Speaker, that the vitality of any country's industrial research depends in the long run on basic research. The universities are uniquely capable of carrying out this task. Nevertheless, a far better bridge needs to be built between industrial and university research if the important problems affecting Canada are to be met effectively. This whole question of technology transfer was the subject of Report No. 28 published by the Science Council of Canada. It is for this reason that the government is urging universities to address more of their research to areas of national concern and to direct the results of their work, perhaps through such measures as innovation centres and changes in curriculi, to the economic and social enhancement of the lives of Canadians.

The Leader of the Opposition referred to the Kitimat pipeline. I found that interesting because, I suggest, there is a conflict within his own party. It is rather difficult to suck and blow at the same time. It seems to me it is either desirable to have tankers cruising up and down the west coast of British Columbia and coming into ports there, or it is not. I know the hon. member for Vancouver South (Mr. Fraser) is very much opposed to this. The Leader of the Opposition should state his position clearly. Either he wants tankers coming into western Canadian ports, or he does not. If he does not, he must appreciate the decision that was taken not to proceed with the Kitimat pipeline at this time.

Some hon. Members: Hear, hear!

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I think all Canadians would agree that one of the primary objectives of the people in this country should be the provision of jobs for all who are willing and able to work, yet in March, 1978, we have over one million people unemployed. The rate of unemployment is running at over 8 per cent of the labour force compared to the target of 3 per cent advocated by the Economic Council of Canada as late as 1964. It has been estimated an average of 475,000 school leavers will enter the labour market each year between now and 1985, yet in each of the last three years jobs have been found for just half that number entering the labour market.

In every industrialized country where the standard of living is high there is a very successful, very aggressive, and very efficient manufacturing industry, particularly in fields of high technology, that is, in every industrialized country except Canada. We in the New Democratic Party believe that Canada has a large enough population to maintain a successful manufacturing industry. After all, countries smaller than Canada such as Sweden, Switzerland, and Holland have built highly successful and sophisticated industries which compete on world markets.

Let us examine Canada's record, Mr. Speaker. In 1951 there were 1.3 million employees in manufacturing industries in Canada, but in 1976, 25 years later, only two million were involved in manufacturing—in other words a gain of only 700,000 jobs. To put it another way, in 1951 the manufacturing sector made up 25 per cent of the employment opportunities in Canada, but by 1976 the proportion had dropped to 20 per cent. Of the increase in jobs in this period, only 16 per cent came from the manufacturing sector and 86 per cent from the service sector. There was a net decline of 2 per cent of the total in utilities and construction.

These figures are taken from the sector papers tabled by the government at the first ministers' conference last month. They show that in primary textiles in 1973, the peak year, there were 86,000 employees, but three years later there were only 78,500, a decline of nearly 9 per cent. In clothing in 1973 there were about 125,000 employed, and now there are only 120,000; in electronics 67,917 were employed in 1966, but by 1976 only 64,000, a drop of almost 5 per cent; in electronic products 80,000 were employed in 1974, but by 1977 only 70,000 were employed, a drop of just under 13 per cent.

The problems were grave in every agency and every group I examined. One of the major difficulties is that our institutions—government agencies, universities, and even the private sector—are not contributing to research in the way that has been done in other industrialized countries. Both the Leader of the Opposition (Mr. Clark) and the Minister of State for Science and Technology (Mr. Buchanan) alluded to this.

I should like to put on the record an excerpt from a brief dealing with science in Canada which was submitted to the Prime Minister (Mr. Trudeau) by the Royal Society of Canada. The last paragraph on the first page reads as follows:

> Although it was generally recognized that government support of industrial R & D was far too small in 1969, and although a substantial improvement was made in 1970, by 1975 it had decreased, when considered as a fraction of the GNP, to as little as 87 per cent of that in 1969; in terms of the fraction of federal budgetary expenditures it had fallen to 68 per cent. To make matters worse, the Department of Industry, Trade and Commence has abolished its IRDIA program (for which the 1974-75 expenditures were $32 million) and has cut back its PAIT program. These programs are of vital importance to high-technology industries and these actions will seriously hamper the attempts of these industries to improve their foreign markets and increase their productivity.

● (1602)

It has been calculated that the proportion of the gross national product spent by the federal government for basic research through the two main funding agencies, the National Research Council and the Medical Research Council, has been steadily decreasing since 1969. Then it was a mere 0.10, in other words, one tenth of one per cent of the gross national product. By 1976 it was an appalling 0.07 per cent. By contrast, Belgium spent 0.3 per cent; Germany 0.3 per cent; France 0.4 per cent; Japan 0.4 per cent, and The Netherlands 0.6 per cent of their gross national product. In other words, Canada spent about one quarter of the average support level of these west European countries and Japan.

Or, to put it another way, in 1974 Canada's increase over the 1969 support level was about 8 to 10 per cent, whereas that of West Germany was 150 per cent, France 100 per cent, United Kingdom 60 per cent, and the United States 50 per cent. Clearly, unlike Canada, these countries recognized that their basic research capability provides the underpinning for future technological development which promotes a strong secondary manufacturing section with its high growth of employment opportunities.

As I have indicated, the Leader of the Opposition and the Minister of State for Science and Technology have dwelt on the failure of Canada to meet the needs of this country in the fields of research and development. But both of them wish us to continue to depend on the private sector of our economy by providing it with more tax incentives. This type of approach has failed in the past and there is little reason to expect a real change in the future. The reasons why it has failed should be obvious. It has failed because to a large extent our basic industry is in the resource extraction area, which requires a minimum of research and development. For example, in 1969 among the 14 nations belonging to the Organization for Economic Co-operation and Development, Canada has the second lowest percentage of workers in the manufacturing area—23 per cent; with Ireland being the lowest—20 per cent. By comparison, the percentage in West Germany was 38 per cent, in the United Kingdom 36 per cent, and the United States 34 per cent.

As well, Canada has the highest degree of foreign ownership and control of its industry among the OECD countries. In most of these multinational companies, of which Canada has such a proliferation, a major part of their research and development takes place in the head office country. For example, Ford of Canada is a major industrial firm in Canada, yet Ford carries out no research and development in Canada and employs not one science Ph.D. in all of its Canadian operations.

We have seen in the last few years as the world economy has moved into its present state of recession that only a small amount of research and development was carried on by Canadian corporations. Let us face the fact that the bulk of Canadian research and development is carried on in most countries by large corporations. But because such a large percentage of Canadian industries, and particularly of our manufacturing industries, is composed of mere branch plants of multinational corporations, we have had very substantial cutbacks in the meagre research and development carried on by those corporations.

A classic example, Mr. Speaker, which can be repeated many times, is what happened to the RCA research facilities in the Montreal area. As the corporation headquarters, mainly in the United States, felt the fall off in business, they moved the entire RCA research facilities which employed hundreds of people in the Montreal area back to the United States.

I know that I am not exaggerating the difficulties. In a study prepared by the Science Council entitled "Uncertain Prospects—Canadian Manufacturing Industry, 1971-1977" they say in part, and I quote from page 2 of their report:

> In 1971 the Science Council was especially concerned about the viability and survival of medium and high technology industries. In 1977 there are real fears about the prognosis for Canadian manufacturing as a whole.

In other words, the Science Council is worried about our whole manufacturing industry. It goes on to say on the same page:

> It is apparent that the technological capability of Canadian industry has not improved. It has in fact deteriorated. Exports of technology-intensive goods have fallen in relative terms, and many of the industries which produce them are unable to meet foreign competition in the domestic market. Job opportunities for scientists, engineers, M.B.A.s, executives, and other specialists are scarce or non-existent . . . This year's university graduates face the most dismal job prospects of the last forty years. Human resources, which have been created at great cost, are being squandered.

Having spent 25 years developing an educational system in which our universities can compete in quality with universities the world over, we now find ourselves in a situation in which we are turning out something in the neighbourhood of 2,500 Ph.D.'s a year, for most of whom there are really no jobs in Canadian industry, Canadian universities, or in Canadian governments. This is the situation, Mr. Speaker. Neither the Leader of the Opposition nor the Minister of State for Science and Technology faced up to this situation. They did not face up to it because they refused to face up to the fact that our industry is to an overwhelming extent controlled by multinational corporations. Its policies are devised not in Canada but in other countries and those multinational corporations are under the constant pressure of the governments and the peoples of the countries in which their headquarters are located.

How can Canadian citizens and the Canadian government expect multinational corporations to act any differently when we live so close to the heartland of the industrial population of the United States? We know of the situation in which they are. We know they are facing unemployment at rates almost as high as those in Canada. Why should we be surprised if United States corporations and U.S. workers and unions are now calling on the American government to protect the jobs and well-being of the people of that country?

We find it almost impossible to deal with that situation. We are caught in the same trap as all of the other countries in the industrialized world because of the recession which has increased unemployment to a height we have not experienced since the end of World War II. To a large extent the decisions are not made by Canadian governments, corporations or workers, but by the multinational corporations. I do not say that in criticism of them. If there is to be criticism, it should be criticism of the Canadian governments and the Canadian people who elected those governments which, over the years, have failed to face up to the problems arising out of the result of this situation.

● (1612)

Over the years we have encouraged the development of our resource base industry. We have failed to realize, even today, that those industries are to a large extent capital intensive rather than labour intensive. Compared with our manufacturing industries, they do not employ many people. We have failed to realize that those industries face competition from other countries. A classic example is what happened at Sudbury.

At the same time that INCO, one of our largest corporations, was operating plants in Canada, employing Canadian workers and making profits in Canada, it was using those profits and the know-how it learned in Canada to develop competing sources in Indonesia and Guatemala. I do not blame INCO. It is responsible to its shareholders. It did what it thought it should do for its shareholders. However, that was not at all in the best interests of the Canadian people.

If we are to use the full potential of Canadians and have full employment, we must change our policies. We should concentrate more of our efforts on the manufacturing industry rather than the resource industry. We must concentrate on high technology and modern industries.

Canadian people are well educated. We have the research facilities, if we want to use them, to compete with other countries. Our manufacturing industries must be concentrated. We must break the stranglehold of the multi-nationals. Our efforts must be concentrated on developing Canadian owned and operated corporations which will make their own decisions and which will try to meet the needs of the Canadian people. That can be done by greater emphasis on planning and direction by the government, not only of its resources, facilities, and the use of Canadian universities, but by bringing Canadian industries into those fields that will meet the needs of the Canadian people.

We support in general the criticisms made by the Leader of the Opposition in today's motion and support most of the provisions in the motion he proposed on behalf of the official opposition. However, we believe there is a serious lack in that motion. Therefore I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That the motion be amended by changing the period at the end thereof to a semi-colon and by adding thereafter a new paragraph (6) to read as follows:
>
> "(6) require Canadian subsidiaries of foreign-based corporations to devote a specified portion to Canadian-based research and development expenditures, in order to break the branch-plant nature of our manufacturing industry."

The Acting Speaker (Mr. Turner): I am advised that the amendment is acceptable.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I am pleased, on this allotted day, to take part in a discussion on a topic of special concern to all Canadians, namely our economy. Today,

serious problems such as unemployment have been dwelt upon and stressed. It was pointed out that we now have over a million unemployed in Canada. It was also pointed out, and rightly so, that a high number of our large, medium and small businesses are underemployed, that they do not produce as efficiently as they could. Now, Mr. Speaker, those are problems we must face today, and which could have largely been avoided, to my mind, if most of the recommendations that were made had been implemented fairly quickly.

The Senate Special Committee on Science Policy, set up in 1970, looked into all aspects of the science policy in Canada. They published a three-volume report explaining at length what problems we have in Canada and what would happen if we did not consider immediate reforms in those fields.

Unfortunately, the government put off implementing those recommendations. It did appoint a minister with some responsibilities in the early '70s, a few responsibilities, not too great, with the result that during the summer of 1975, the Senate had to resume its studies and publish a fourth volume to complete its study. As a result of that second inquiry, the existence of great concern came to light, and the chairman of the committee, Senator Lamontagne, revealed in November of 1977, that in real terms there had been no progress since 1970 with regard to the level and distribution of national and government effort in the field of scientific research and development.

● (1622)

Indeed, the Senate committee which carried out special studies in this area practically blamed the federal government for not doing anything tangible or worthwhile to solve this problem. I would like to take the opportunity of this debate to show that it is essential to have a strong Canadian economy and intensify the employment policy that the government establish a long term scientific policy; as everyone knows, strong research potential is essential to Canada's progress. That potential has yet to be developed to an acceptable level.

It would even appear that the present level of research is threatened due to a lack of young scientists involved in basic research which results in an average aging of researchers without any possibility of replacement. This problem will reach its crucial point in the 1990's and probably even before the 1990's. And one of the reasons of this lack of interest of young scientists for research is surely the freeze on grants that was imposed in December 1975 and which mainly affects university researchers.

Indeed, Mr. Speaker, in early November 1977, at the Social Credit Party of Canada convention which was held in Drummondville in the province of Quebec the members who were attending that convention passed a resolution dealing with long term scientific policies, and with the Chair's permission, I would like to read that resolution into the record as follows:

Research and Development

That a government headed by the Social Credit Party of Canada undertake to reinvigorate (university) private research by establishing at least a five year scientific policy along the following three basic principles: (1) the need for an adequate budget; (2) the urgence of establishing a three to nine year long term Canadian scientific policy; and (3) the presence of a representative of the research community on grant committees.

We believe, Mr. Speaker that it is very important to have a representative of the research community on a grant committee for university researchers. Furthermore, another thing we fear is that the few researchers we have in Canada might not want to stay because long term employment opportunities are nearly inexistent in this country. So this causes them to go and look somewhere else for a steady job and results in Canada being a sort of bank of researchers for other countries.

Mr. Speaker, Canada is now investing only 80 per cent of what Italy invests in research and development. Yet Italy ranks eighth among the rich countries. It invests 1.1 per cent of its national product, and we invest 0.8 per cent. I have here a table for the year 1975 of OECD member countries. We are told that the United States spent 2.3 per cent of their gross national product on scientific research; the United Kingdom, 2.5 per cent; West Germany, 2.4 per cent; Holland, 2 per cent; Japan, 1.8 per cent; Sweden, 1.6 per cent; France, 1.5 per cent and Italy, 1.1 per cent, and Canada came in ninth and last with 0.9 per cent.

Mr. Speaker, it amounts to saying that our efforts were surely not very considerable and for a country like Canada I think that in the field of scientific and technological research we could have accomplished for many years a lot more than we have done till now. Mr. Speaker, at the beginning of 1976, government investments fell to less than 0.5 per cent of the gross national product and only 0.1 per cent has been assigned to research carried in the universities and 0.1 per cent to industrial research the two most productive sectors for such spendings. The United States invest 2.3 per cent of their gross national product into research. This is why we are dependent on them as well as on the multinationals. They are the ones who have that research work done for us. They are the ones who can offer secure and long term employment opportunities for scientists.

Mr. Speaker, the issue of the non-availability of objective information is so fundamental to the solution of our problems in the field of evergy policies that it has been raised by a Liberal minister, the Hon. Donald S. Macdonald in 1974 in an interview with the representatives of the magazine *Oil Week*, and I quote: "One of the difficulties facing the Canadian government is that it is almost completely dependent on the multinationals for its sources of information". This is why, Mr. Speaker, it is absolutely necessary that the government react right now and see to it that the monies allocated to research and to development reach 2.5 per cent of the gross national product by 1985 at the latest, in order to restore in that manner a strong economy and to increase the employment opportunities already existing in that field.

The minister mentioned that tax credits have been granted to Canadian businesses and companies. As for me, I think that the large businesses, these national corporations can well manage by themselves but the small or medium size business finds itself in a different position. Small or medium size businesses have little opportunities to undertake scientific research even if they are entitled to tax credits. This is why other institutions such as universities for instance are put in charge of scientific research work and have to constitute data banks which are made available to small and medium size businesses. In my opinion such is the way, Mr. Speaker, whereby we will meet the needs of these businesses for they do not have non the means to make this research even if the government is to grant them tax credits.

Mr. Speaker, up to now the planning of natural resources such as energy has been left to multinationals whose only purpose is not the common good but profits made even at the risk of ruining the people in years to come. I think we should increase our research, through universities, in the field of renewable energy and it is on that point that I want to conclude my comments this afternoon. In connection with multinationals, especially those involved in the development of energy resources, I think they are doing their best. Those resources are not renewable, but very little has been done to develop resources such as solar energy.

Until recently, only 0.4 per cent of the amounts allocated by the government was spent on research in solar energy, wind energy, renewable energy, whereas these are the very fields, Mr. Speaker, where heavy investments should have been made several years ago. Thus Canadians would not be running scared, constantly hearing as they do that in a few years we may lack energy for heating, for manufacturing consumer goods, for transporting them or for transporting ourselves.

Mr. Speaker, I believe one of our priorities should be to intensify research in renewable energy, and our universities, provided we grant them the necessary funding, can capture the interest of the young in that field, and ensure that we do not face a lack of researchers in a few years, because they will then be too old and unable to produce, and because we will not have foreseen the necessary replacements to carry on. Mr. Speaker, I think the motion we are debating today is an extremely important one, which should encourage the government to implement reforms which have been recommended mainly by the Senate committee, the universities and other organizations which have offered to co-operate with the government to improve this situation.

● (1632)

[*English*]

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, in a rapidly changing technology oriented world research and development are the key to the future. Without research and development we will lose in international competition to competing countries and lose our place as an industrialized nation. Clearly, research and development are the great multiplier that enables Canadians to maintain and improve their high standard of living by producing goods in our industrial sector for sale in Canada and abroad at competitive prices, and putting more Canadians to work at good jobs to produce those goods. There is a clear need for a strategy to stimulate significantly our innovative research and development capacity in those industries in which we have the potential for a comparative trade advantage.

Canada has had some excellent success in pure research science but appears to be weak in applied scientific research.

It is not easy to determine the effect of the government's policies in achieving Canada's scientific goals because, as the latest report of the Senate committee on science policy indicates, Canada's stated policy objectives have not always been those it has implemented. In promoting industrial development the government would financially assist universities to train scientists and engineers while building its own laboratories where the bulk of the nation's research would be conducted. Industry would then be provided with the results of this scientific research to solve its problems and to manufacture new products as technology advanced.

This concept seems to prevail still although its wisdom is called into question when we consider the 30 per cent decline in research and development since 1970, last year's $12 billion deficit in end product trade, and the capture of almost one third of all domestic sales by imported goods.

As a provider of jobs, Canada's manufacturing industry has eroded to the point where today it accounts for only 19 per cent of the nation's work force as against 25 per cent in 1950. Indeed, without the auto pact, defence production sharing, and similar bilateral arrangements with the United States, Canada would have few exports of manufactured goods.

Our lack of technological innovation, the problems of inadequate industrial research, and difficulties in transferring technology from government laboratories to meaningful functions in our manufacturing industries are major factors contributing to our present economic stagnation. Canadians have demonstrated the ability to replace our absolete second-hand technology with meaningful research which can make us world leaders in selected manufacturing areas. Examples of Canadian industrial success exist, but they must be built upon and multiplied. To do this, research and development must be encouraged through the development of coherent national policies aimed at enhancing our industrial base.

In October of 1977 the special committee of the Senate on science policy published its fourth and last report in its series on science policy for Canada entitled "Progress and Unfinished Business". The report concludes that much time has been wasted and that only now are some of the recommendations of several years ago being put into practice.

The Ministry of State for Science and Technology was expected to become the pivot around which science policy decisions would be made, but in practice it has become a mere service agency assisting other departments in the preparation

of their own particular scientific programs. If the Ministry of State for Science and Technology is to have an important role and make a major contribution to maintaining and expanding the standard of living enjoyed by Canadians, it will require the leadership and internal stability which can be achieved only with a full time minister through a continuity of management personnel and a minimum of reorganization. In six years MOSST has had five different ministers and three different deputy ministers. That can hardly be called stability. No wonder the Science and Engineering Council established by Bill C-26 last July has never been appointed, and neither has its chairman nor any of its members.

This same haphazard, lackadaisical approach toward science is reflected in the failure of the government to appoint the chairman of the Medical Research Council since that position became vacant last June.

No wonder the budget for the Medical Research Council in the current estimates is increased by only 5.7 per cent, which does not even keep pace with the decline in purchasing power of the dollar.

The National Research Council estimates, on the other hand, show an apparent increase of 11 per cent, and this may look good in terms of the consumer price index. The CPI measures the percentage change over time in the price of a constant basket of goods and services normally purchased by the average Canadian family in the average Canadian city. These are not, however, the same goods and services which Canadian scientists must purchase in order to do research in this country.

The Medical Research Council and the National Research Council have each developed a specialized cost index to calculate the true impact of inflation in their areas of interest. Both indices show that the erosion of the science dollar by inflation over the past seven years has been much greater than the increase in the Consumer Price Index.

For the period 1969-1976 the difference between the Consumer Price Index and the National Research Council science cost index was 28.8 per cent or, in terms of 1969-1976 constant dollars, this represented an extra loss of $23.5 million in the purchasing power of NRC supported non-governmental research.

In view of this very large discrepancy in the results shown by the specialized science deflaters on the one hand and the Consumer Price Index on the other, the government should be prepared to use a cost index which would accurately measure the effects of inflation when determining the size of granting budgets allocated for research. This returns us again to the question of how to measure the impact of government policies on Canada's scientific effort.

I suggest that the best method, and the one most commonly used, is to relate the sum of all research in private and public sectors to a fraction of the gross national product and compare it with other industrialized countries. This would compensate for price fluctuation related to inflation and would also reflect population and economic dimensions.

The conclusions in terms of Canada's contribution are not very good. Canada does not spend as much relatively on research and development as do competing industrialized countries. In fact, Canada today spends less than half as much of its gross national product on research and development as do the United States, the United Kingdom and West Germany.

Mr. Kaplan: What about Japan?

Mr. Howie: Less than Japan too. I thank the hon. member. In moving to the position where we spend 2.5 per cent of our gross national product we shall be approaching the fraction now spent in those other industrialized countries I have just mentioned.

Our performance to date is not good, and it is getting worse. What are the results? Today imports serve nearly 30 per cent of the Canadian market for manufactured goods, 88 per cent of the Canadian market for computer and office equipment, and 60 per cent of the Canadian market for consumer electronic products. Considering the decline in the value of the dollar on international markets, we can clearly see the terrific price Canadians will soon be paying for the failure of this government to stimulate Canadian industry to keep abreast of innovations in the field of research and development.

If this record were not bad enough, the tragedy is that 83 per cent of the Canadian domestic market for farm machinery is supplied by imported goods. Unless this situation is completely turned around, our hard pressed farmers will soon be dealt another cruel and severe economic blow. The Minister of Industry, Trade and Commerce (Mr. Horner) says this is good for them!

Research must be encouraged to the maximum, especially applied research. A significant increase in the research and development tax credit is imperative, and we must extend the tax credit system to provide special incentives for new employment in industrial research, design and development. These incentives must be of a continuing nature, with a definite time commitment given to industry to give it confidence that the government is convinced of the importance of research and development as an essential base for economic advancement. The government should also encourage the transfer of scientific knowledge and technology in a co-operative effort between universities, government, and industries. There are tremendous opportunities for scientific research and development to be encouraged in areas of regional disparity in Canada. I am thinking of fisheries, forestry, food processing, oceanography, and specialized fields. For example, in the area of fisheries, experimentation is warranted in fish culture and breeding, fish ranching, fish processing, fishing technique, apparatus development, fish boat construction and equipment. A new first could be achieved in seaweed culture on which very little has so far been done in North America.

● (1642)

In forestry I think in terms of silviculture, parasite control, and wood processing. In food processing, effective research can

be done in fish and farm products. In oceanography, tidal studies as an outgrowth of the Fundy project are a natural area for development in the Atlantic provinces. The Bedford Institute of Oceanography in Halifax is the best in the world and is not adequately supported by this government.

We can expand research and development associated with using waste hot water from thermal and nuclear plants for fish growing, seaweed culture, farming and greenhouse cultivation. In this respect we have a potential to grow vegetables which we now import.

In renewable energy we have unlimited opportunities for research and development, not just in solar energy and wind energy, but also including peat moss, methanol, and wood as a fuel. We can explore even the possibilities of accelerating present research into the use of hydrogen as an energy fuel and developing it with the electric energy generated by tidal action used as a catalyst in our oceans.

Our universities have offered us a tremendous opportunity to have excellent research performed, while at the same time stimulating the teaching and learning potential of our universities and assisting in the development of the badly needed young scientists who can take their places in the private sector of our economy, after it is stimulated by the next government with a meaningful industrial strategy.

I should like to share with hon. members some relevant comments made by Dr. Thomas Vanderslice at the *Financial Post* conference held in Ottawa on January 25, 1978. He said the following:

> The underlying paradox in all of these trends today is the accumulating evidence that there is a high and positive correlation between technology and the things we need: jobs, improved productivity, resistance to inflation and economic growth.
>
> To get a fix on this, we asked data resources to make an analysis of output, employment and price behaviour in high and low technology industries in the United States over a 25-year period.
>
> We found that high technology industries grew almost three times as fast.
>
> The same is true for productivity, output per employee in high technology industries was double that of the low.
>
> The favourable labour productivity is mirrored in the price record: with high technologies much more resistant to inflation.
>
> An even more significant finding is that the gains in output per worker were not at the expense of employment. Employment in high technology industries in the United States has been growing almost nine times as fast as in the low.
>
> The same kind of favourable ratios prevail in terms of international trade. The positive contribution of "high technology" products is up to a plus of over $25 billion a year.
>
> While the United States trade balance in products with "low" technical content is down from break-even in 1960 to a $16 billion deficit.
>
> Thus, our experience clearly indicates that high technology industries have outperformed intermediate and low technology industries in terms of real growth, productivity, less price inflation, and higher employment. From 1950 to 1974, output per man-hour rose at a 4 per cent annual pace in sectors devoting an above average share of income to research and development. This is better than twice the productivity growth achieved by industries with lower than average commitments to new technology.

Ours is a young country, rich in resources, with a shining promise for tomorrow. All that is necessary to bring it about is a new attitude and constructive new policies, such as the ones just enunciated a few moments ago by my leader. My leader has demonstrated that he is the best leader of any political party in Canada today, and that he has the vision, determination, and energy to lead this nation out of the economic mess in which it now finds itself.

[Mr. Howie.]

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for Ottawa West (Mr. Francis)—Public Service—Proposed raise in retirement age—Capping of indexed pensions; the hon. member for Simcoe North (Mr. Rynard)—Health and Welfare—Reductions in health care programs—Government reasons for change in policy; the hon. member for St. John's West (Mr. Crosbie)—Fisheries—Sinking of Trawler "Cape Royal"—Request for public inquiry.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—RESEARCH AND DEVELOPMENT POLICY

The House resumed consideration of the motion of Mr. Clark:

> That in the opinion of this House it is crucial to the strength of Canada's economy and the provision of employment opportunities that a vigorous program of technological research and development be promoted by the government, and to this end this House urges a policy which would:
>
> (1) set a goal of 2.5 p. cent of the G.N.P. to be spent on research and development by 1985;
>
> (2) significantly increase the research and development tax credit for Canadian industry;
>
> (3) give particular priority to strengthening our research and development programs, particularly in the fields of agriculture and renewable resources;
>
> (4) extend the tax credit system to provide incentive for new employment in industrial research, design and development;
>
> (5) encourage development work in areas of acknowledged Canadian expertise.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, I am pleased to have an opportunity to participate in this debate concerning research and development. I do not think anyone doubts the importance of research and development as part of an economic strategy in Canada to help us make a transition to more technically efficient industry. We know that research

and development are an essential element in any policy for a rapid return to full employment based on expansion of the manufacturing and resource sectors. In some parts of industry, these sectors are in a cul-de-sac of technological dependency, which is a term used by the Science Council of Canada. This dependency refers to a weak capacity, to weak opportunities and to weak incentives for research and development in Canada, thus not helping us to break out of that situation of dependency into a more technically efficient base for the future.

Research and development are a key element in securing for Canadian industry a higher share of the world market and a higher share of the domestic market, which is rapidly being occupied by imports. Research and development turn the key to better performance and a more competitive Canadian industry. Thus, none of us can doubt their importance.

The resolution before the House emphasizes the tax environment as an encouragement to research and development. I do not think a great deal of argument can be found with the proposals in the resolution, so far as they go. They really go only so far as the tax system can go to assist greater research and development activity in Canada. I will attempt to present an argument to my colleagues in the House indicating that a wider policy and support framework than taxation is required. Even improved tax incentives will not prove adequate. Some reasons for this have already been mentioned. For example, the structure of Canadian industry is so highly foreign-owned that most research and development is done outside the country and transferred into it.

While the magnitude of tax incentive is important, they will not do the entire job. However, so far as the tax environment goes, from my examination of the subject I believe the tax credit for investment in research and development should be increased significantly. At present it stands at 10 per cent in the Atlantic area and the Gaspé. It is 7½ per cent in other designated regions. It is 5 per cent in the faster growth regions of the country. Five per cent is not enough. While we should retain regional differentiation, we should move up to at least 15 per cent, with a low point of at least 10 per cent. Discussing these percentages, however, is not perhaps as useful as saying that we should put ourselves on an equivalent basis with the investment tax credit in the United States.

● (1652)

Our investment tax credit of, say, 10 per cent works like this: if an investment is on a scale of $10 million, the investment tax credit is $1 million applied to that. This sounds like a very powerful incentive, but when you consider that it becomes taxable in the hands of the receiver and that perhaps 46 per cent of it is taxed back, it has lost a good deal of its punch. When you consider also that it is deducted from the capital cost in our example of $10 million, and one begins the capital cost allowances at the $9 million level, again it has lost some of its impact, which it does not lose in the case of our competitors in the United States. So I think the principle should be that in the research and development tax environment we should be at least as competitive as are our U.S. companies. The tax credit should be adjusted upward to achieve this goal.

I should like to refer also to the tariff environment because it is one of the important horizontal type policies under which all our companies operate. We are going through the GATT negotiations in Geneva in which most of the countries in the world are engaged, and if various formulae changes come through, there will be significant across the board reductions in tariffs, amounting to perhaps more than 40 per cent. We in Canada would have to ensure that we do not go only for an across the board tariff reduction but that we negotiate the average 40 per cent or so in terms of an industrial strategy which has singled out some industries for maintained tariff protection, while we proceed through a transitional period to a more competitive strength for them. That transition will require a host of policies in addition to taxes and tariff.

We should be highly selective, having made some choices of the industries with the promise of a future in this country. We know in general where they are. They are in telecommunications; they are in the ocean industries where we must have enormous potential advantages; they are in transport technology where we have enormous spaces to cover at low cost and therefore we must do the R and D necessary to ensure that low cost. We have advantages in petrochemicals where we should be looking at the average tariff reductions to maintain positions in the key exposed but potentially favourable sectors and to compensate with lower tariffs where we can face world competition because of world scale production and other advantages. The same holds true in the plastics industry, and I could also mention machinery, pharmaceuticals, and the construction industry, to continue the list of examples. However, the main point is that in tariff structures, as in tax structures, we should have R and D incentives in mind in certain industries.

I said I wanted to argue for a wider framework of policy than the tax suggestions indicated in the resolution in front of us, and I will do that by noting that in the forefront of our concerns now is the structure of the Canadian industrial economy. The structure of the economy need not be a difficult concept for us. Such items as I will mention enter into the question of the appropriate Canadian economic structure to face into the new world environment in which we find ourselves. Part of that new world environment is the oncoming of the Third World with industrial products of quality. We will have to face their competition doubly because we have given them preferred low tariffs. How can we ensure that Canadian industry will face that stiff new competition if we do not help reorganize its structure and reshape it?

I will mention some of the elements which I think fit into that kind of restructuring of our basic industrial plant. First, we should adopt policies which encourage a larger scale in many industrial sectors so that they can achieve the gains from specialization and so that they have a base of production big enough to support the huge R and D expenditures that are necessary today.

When we consider, for example, that Northern Telecom—which is perhaps our outstanding example of R and D work in Canada—had to spend some $70 million to bring in its latest piece of hardware for the world market, an advanced kind of switching equipment for telephone systems. It remains a leader in the world but the R and D base had to be $70 million. Surely that requires a large scale company. There will be hundreds of suppliers of equipment to Northern Telecom across Canada which will be able to produce and supply components for that piece of advanced technology developed through Canadian research and innovation. They are dependent on these big core companies being so large and specialized that they can carry the weight of $70 million. We must therefore have the policies that will support that kind of scale. Taxes alone will not assure us that. That means that our competition Act and other policies must support enterprise structures capable of specialization and scale of operations.

Second, it means that the whole market in Canada must be collected, as it were, or aggregated so that key companies have a home base and a somewhat assured market. Tariffs are one form of giving some assurance, but today they cannot be taken too far. Another form of assuring the home market is procurement policies of governments. Should our hydro systems purchase Canadian technology or should they go to Switzerland, Britain, Japan or Germany? If we are serious about aggregating the market to give a home base for our own companies, then we must consider the industrial strategy advantage of procurement policies which pull the market together. While ensuring that these are good products—and there is no question in anybody's mind that we have a leading technology in heavy electrical equipment—we need to help companies come together in consortia without falling afoul of the competition act, if we are interested in the industrial implications of employment and income in Canada, faced as the country is with new problems.

For example, let us consider the amalgamation which took place of Canadian General Electric, General Steel Wares, and Westinghouse to put together a large enough company to manufacture many lines of electrical goods, and also the consortium represented by Petrosar in Sarnia where four very large Canadian companies were not large enough individually to build a polyethylene plant on a world scale, but the four together, assisted by government encouragement, are big enough and are now in the final stages of a technology and an enterprise that will supply Canada with resins which go into the plastics industry. That leads one to look at intermediate manufacturing stages.

What about the security of the plastics industry in Canada? Thirty per cent of that market is occupied by imports, an unusually high share in terms of western countries. Why do we have a low occupation of our own market with all of these new polyethylene and resins coming into play? What can we do to ensure R and D in the plastics industry so that it will play a full role in processing the products of the petrochemical industry? Let me illustrate. Auto parts will use a lot more plastic. There are about 200 pounds of plastics in an automobile today.

In five years' time even smaller automobiles will use 600 pounds of plastics. Are we going to produce them? Will we have the R and D to do it, and will we have the other industrial policies to encourage the plastics industry to establish in Canada?

There are certain other major projects, such as the liquid natural gas project which could bring natural gas from the Arctic islands to the east coast. That major project approach embraces many technologies and would require research and development in tankers, transportation systems, liquifaction systems, electronic and processing equipment, control equipment, and so on. We need co-ordinated policies in order to put all these things together. I mention them to illustrate that more than taxes is required to form the incentive for research and development. The structure of the economy and the way we co-ordinate policies count for much. Without research and development we are not likely to pull ourselves out of our present situation.

● (1702)

I will quickly mention venture capital corporations and tax incentives to encourage individuals and institutions to invest in them, particularly in small and medium industries where much innovation is found. These industries need venture capital to carry them through all stages from research and development to the production of prototypes, testing of the market and getting into exports. We need policies much broader than tax policies to assist small and medium industries to come together, perhaps in research consortia and to find venture capital so that they can enter the market successfully. If we are serious about research and development we will have to do these things.

Something else we must do is to stimulate the growth of Canadian multinational companies. Our experience is that most multinationals—and we have their subsidiaries in this country—do their research and development at head office. These subsidiaries receive the technology after it has been developed and the parent company has made the product innovation and established the world market. This is no longer good enough. We must help Canadian companies become multinationals so that they will have the wide base that will enable them to afford research and development and produce goods that they can sell around the world.

I want now to come to my final remarks, Mr. Speaker, and move from the question of industrial structure to the government's approach to new policies. In the four months preceding the first ministers' conference the Prime Minister (Mr. Trudeau) dealt personally with the industrial strategy issue in Canada. I think that as a result the prospects for the future look good. The first ministers in their February meeting agreed that they would examine the Canadian economy sector by sector—they would examine the problems of the pulp and paper sector and what could be done there, the machinery sector, the furniture sector, plastics, pharmaceuticals, automobiles and so on. As the hon. member for Winnipeg North (Mr. Orlikow) pointed out, the automobile industry is a hollow

industry in Canada. There is no research and development done here.

An hon. Member: Why not?

Mr. O'Connell: That is a good question. The Leader of the Opposition (Mr. Clark) dealt only with taxes, which are important but are not the total problem.

The sector approach will mean that both levels of government and both sides of industry, labour and management, will look at the same facts and set objectives for an industry. These working groups may discuss the share of the home market an industry should seek and the share of the export market it should seek and what this would require in productivity gains or what it would require in terms of labour-management adversary relationships or greater collaboration—what it would mean in terms of federal tax policy, provincial tax policy and federal and provincial incentives. All this will be examined by working groups sector by sector. I think this is perhaps the most hopeful sign in some time of help to improve the performance of the Canadian economy in its most important sectors.

The second approach required is that the federal government put its own house in order with respect to the many departments in the economic policy field. Should the Department of Industry, Trade and Commerce take the lead—the Department of Employment and Immigration, the Department of Finance, or of science and technology and so forth? There must be greater co-ordination.

Finally, Mr. Speaker, we must review the parent-subsidiary relationship in industrial sectors. Some parent companies do all the research and pass the technology on; some Canadian subsidiaries such as Canadian General Electric do some research and supply it to the rest of the world as is the case in heavy electrical turbines. Other subsidiary companies have a free hand, and companies such as Hewlett-Packard develop laboratories in Canada with their own engineering staff. Any product they develop they can take anywhere in the world. That is the kind of relationship we must strive for in an industrial policy, so that subsidiaries can be innovative and can do their own research and development. If there is not that relationship with the parent company, all the tax changes we can devise will not bring about greater research and development.

I will conclude, Mr. Speaker, by saying that tax measures are fine but they only go part way. This is a bigger question, however. We need action programs and policies in order to devise industrial strategies sector by sector and bring research and development into full bloom in Canada.

Some hon. Members: Hear, hear!

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, having listened to the Minister of Public Works and Minister of State for Science and Technology (Mr. Buchanan), and to the hon. member who just resumed his seat, I am convinced that the government still has not recognized the important role that investment in research and development can play in the economic growth of this country.

I welcome the opportunity to speak in this debate today and I want to deal largely with the area of medical research since it has also been neglected by this government. It seems to me that an accelerating erosion has been taking place in this area, to the point of utter destitution. I am very sorry that the minister who opened the debate for the government failed to answer questions which people across the country are asking about the future of research, and particularly about the future of medical research in Canada.

Evidence can be found everywhere in the country that the policies of this Liberal administration have demoralized and discouraged the research community to the nth degree and have given rise to the threat of massive unemployment in that community.

I suppose, to put it in perspective, one should analyze the basis of Liberal policy, or rather the lack of policy. Careful examination of their behaviour in the area of research reveals two very significant factors. First, the government does not believe that research has to be done in this country if you can get it from other countries free of charge by reading their scientific journals. That is one of the basic premises upon which the Liberal government's science policy has been based over the life of the current Liberal administration.

• (1712)

Another premise on which they seem to be basing their science policy, or lack of it, is that money put into research is just another expenditure. It is just like paying the light bill or the gas bill at the end of the month. That is a horrible misconception of research. Anyone who has thought about this matter for any period of time quickly comes to the realization that money put into research is one of the best investments any country, any company, or anyone can make.

Some hon. Members: Hear, hear!

Mr. Yewchuk: If we look at some of the documented evidence that has been provided to members of this House we can easily find examples showing expenditures on research or investments which bring huge returns. I would like to cite two examples. The first is the dollar savings because of decreased mortality, morbidity, loss of earnings, and institutionalization following the development of the polio vaccine in the United States. If we compare the cost of the various factors which I have just mentioned prior to the use of polio vaccine to the cost of the development and administration of a polio vaccine program, we can see quite clearly that the costs prior to the vaccine were $6.7 billion. During the same period, the research costs and the administration of the program were $653 million. That is a ratio of return on investment of very close to 100 to one.

We can look at another area for which calculations have been made, that of immunology. The cost benefit analyses which have been done relating to immunology show the ratio of savings is again 100 to one. That is not to say all research

done results in a return in permanently reduced health care costs of 100 to one. But if you tidy it all up the ratio perhaps for the over-all field is in the range of 10 to one or 20 to one.

Any government which stands before this House and tells the country we are in a time of restraint and that we must save money by cutting expenditure on health research is simply being stupid. I am sorry I have to use that word but I cannot think of a more fitting term to apply to the kind of approach this government has been following.

I want to point out, Mr. Speaker, evidence of the crime. I consider the policies of this government a crime. I want to cite a number of examples which can only open one's eyes more to the situation that has resulted. Not only in the long run but even in the short run all of us are affected in terms of higher costs and in a reduced ability to improve a health care delivery system because of decreased funding. On this side of the House we are not the only ones concerned about this as Liberal speakers have attempted to point out. They have suggested that perhaps we are panicking over a situation which they feel is well under control. However, all we have to do is look outside of the House to an organization known as Canadians for Health Research. That organization, which now consists of 200,000 people, was born approximately a year ago as a result of the emergency situation which exists in the area of health care and research funding.

My hon. friend from the Liberal side who has been wincing at my comments will soon be able to rise and explain. I am sorry, I do not know his constituency because he speaks so rarely in this place. Perhaps he can identify himself, Mr. Speaker. I will let him do so if he wishes. I understand he is a former scientist and will perhaps make his comments known.

We know that some 200,000 Canadians, lay people, people from various health professions and from all walks of life have demonstrated their concern at this government's lack of vision and understanding, by forming an organization known as Canadians for Health Research. Through such an organization they might increase the awareness of the public to the dirty deeds of this government and hopefully express the consternation of the research community to the public. By this method the government might be pressured in some way to change and reverse its negative role, a role which has been practised far too long.

No one says that research does not cost money. I certainly agree that it does. I contend that the benefits of research, as I have already mentioned, far outnumber the initial costs. In the past seven or eight years medical and scientific research in all fields in this country has been starved for lack of funding. The number of researchers and scientists has thinned out to a point where virtually no new people are coming into the research field because there simply is not the funding and there are no prospects of adequate employment in that area. This results in a deterioration of our research capacity together with a feeling of utter instability in the research community. We have a good peer review system in this country which reviews project applications on a regular basis in order to weed out bad projects. But the lack of funding is resulting in the cancellation not only of bad projects but of excellent and productive projects which have already been under way, setting aside any exception for consideration of new projects or giving consideration to future projects submitted to the committee for approval.

Because of these Liberal policies basic research in Canada is becoming a dying field. Yet without it we all know that Canada can never hope to contribute internationally or even put to use its findings here at home to compete internationally.

Let me point out how important increased funding in basic and clinical research is by citing some examples of significant developments in the area of cancer research—colon cancer recognition by a blood test developed by Dr. Phillip Gold of Montreal; recognition of lung cancer antigens, a protein in the blood, which is of assistance to the diagnosis and perhaps treatment of lung cancer, developed by another researcher, Dr. Julia Levy of Vancouver; recognition of leukemia antigens by Dr. Michael Baker of Toronto. Similar work in the cancer antigen field is being done here in Ottawa by researchers at the Ottawa General Hospital, and perhaps other places. All these are very important contributions pioneered here in this country.

This year because of a substantial cut in research funding many of these projects will not be funded at all, or funded to such a low level that it is impossible to carry them on in a meaningful way. The result will be that this research will be done elsewhere. Because the work has been good and internationally recognized someone else will pick it up and do it. Canada will therefore remain at the bottom of the list of contributing western industrialized nations to this important field of research. Important, I might add because cancer has become one of Canada's top killers bar none. It is a serious disease and a serious problem and the government is freezing research in that area.

The former minister of science and technology has now gone to greener pastures with the National Capital Commission. He espoused the theory that each research program should be examined in the planning stage and, if it were cheaper to buy the results abroad than to carry out the work here, we should buy it. While that is perhaps a valid view for certain limited technical questions, I wish to list its fundamental flaws.

● (1722)

First, the less we do here the less we will be able to do here. Research cannot be turned on and off like a water tap in a sink. It will never be economical to carry out work here unless related work is being carried out here on a continuing basis.

Second, and perhaps this is the most important consideration against this idea or notion that you can buy research, is that no nation sells knowledge except as a loss leader. They sell products and services derived from those products and they are quite properly sold at a profit. The further loss of our economic independence would be reflected by an even worse balance of payments problem if the long range effects of "make or buy" are ignored. The decline of the research capability here means that foreign advances will be applied here incompletely

with lags of three to ten years. What I am attempting to say is that the economic and social costs of thinking we can buy research would be enormous.

Perhaps I can use the example of a new military weapon. A country might take the research position of Canada rather than a country like the United States which does a lot of research. Country A and country B may become locked in conflict. Country B may appear on the battle field with a new weapon that has not been seen before by country A. Obviously country B has been doing research and development. Country A might be able to go to country B and say they would like to buy their new weapon or they may try to get one, take it apart and attempt to build one of its own along similar lines, or improve on it. The battle would be lost before country A could develop such a weapon because of a time lag in such development which could be as much as three to ten years. If you are locked in battle and you need ten years to build a weapon to counter the weapon of your opponents, it is obvious who the winner will be.

That is the position in which the government has placed this country. In the area of scientific research and in all other areas of research we are taking a strange and backward approach. The results can mean nothing but harm to the public interest of this nation in the long run.

Let us take a quick look at the government's record in medical and scientific research funding. In 1975 Canada contributed only .9 per cent of the gross national product to research and development. During the same time the United States spent 2.3 per cent of its GNP. By early 1976, the actual federal expenditure on research and development had fallen to less than 0.5 per cent of the GNP. Of this 0.5 per cent spent by the government, only 0.1 per cent found its way to university research and only 0.1 per cent to industrial research, the two most productive areas for such expenditures. More current, a couple of weeks ago the Medical Research Council received their annual increase. Their principal budget for 1977-78 was $56.7 million.

The Minister of State for Science and Technology announced an increase of 7.8 per cent for the council bringing its budget for 1978-79 to $61.1 million. Even that announcement was dishonest, sneaky, underhanded, and misleading. Here's the catch. Last year the council received an added $1.1 million, a cost increase or borrowing against the future, which was substracted from the 1978-79 budget bringing the total down to $60 million, which represents an increase of 5.8 per cent not 7.8 per cent.

Even that is not an accurate reflection of what actually happened. An accurate reflection would be that that $1.1 million should be added to last year's budget because that is when it was spent, and reduced from this year's budget because it was not contained in it. The actual increase you come up with is 3.8 per cent. That is the actual increase in the medical research budget for this year, yet the minister had the gall to announce in his press release that this increase was 7.8 per cent. I cannot think of anything more despicable, and I can think of a lot of despicable things to say about this administration.

Every year the budget of the Medical Research Council has been decreasing by about 10 per cent. I say that not only to reflect the actual gross increases but taking into consideration the cost of inflation. This increase of 3.8 per cent, matched with the erosion of funds by inflation, which in the medical research field is in the range of 15 to 16 per cent this year, leaves a clearly substantial cut in the budget.

If the Minister of State for Science and Technology were honest with the people of Canada, he would not be issuing a news release stating that there is an increase in the budget of the Medical Research Council. He would have stated that there was a cut in the MRC budget of approximately 10 per cent this year. That would have been a more accurate reflection of the facts.

Mr. Deputy Speaker: Order, please. I do not know how much longer the hon. member requires to complete his remarks. His time has expired and he may continue only with consent. Is it agreed that the hon. member may complete his remarks?

Some hon. Members: Agreed.

Mr. Yewchuk: I thank hon. members for their courtesy. Because of that, I will not give the second half of my prepared comments but will proceed to something that everyone in this country should know, namely, the Progressive Conservative policy with regard to medical research.

The stop and go policy of this government with regard to research funding has created substantial instability. It is becoming greater because the government has offered no encouragement to the field and certainly does not appear to have any plans to start pouring money into research at this time.

My main message to the people of this country and the scientific community, particularly those involved in health research since that is the area of my responsibility for this party, is that if they want a change of policy, which I am sure they do, the only way to make that happen is with a change in government. The only viable alternative to the existing government is the Progressive Conservative party.

Mr. Knowles (Winnipeg North Centre): Oh?

Mr. Yewchuk: There is no use supporting the socialists. The most that could be is an objection to the existing policy. It would not change the policy or the government. I call even on all socialists in the research field to abandon their desire to vote socialist and instead vote for the Progressive Conservative party. That is the only way to get a change in policy in the field of medical research or other research.

Mr. Knowles (Winnipeg North Centre): This is the party that gave you extra time.

● (1732)

Mr. Yewchuk: I have already thanked the hon. member for his courtesy in allowing me extra time. I shall be very brief in outlining the policy to which this party is committed and which will become government policy after the next election. Not only shall we be aiming to keep the level of funding up to previous years, taking inflation into account, but over the next five years it will be our intentions to catch up to the level of funding provided by other nations with which we shall be competing. I have in mind, for example, the United States where the contribution to medical research is fourfold that of Canada. Over a five year period this party is committed to bringing expenditures up to that level, an investment which will yield returns as high as 100 per cent over the long term. Only with this kind of commitment can we hope to reintroduce into the research community the stability it requires, an abandonment forever of the "stop-go" concept and of the idea that we can let others do our research for us.

We intend to give adequate attention to ensuring that research flourishes in this country at all times. Research in the health care delivery field is of particular importance. We must ensure that there is an adequate base for education in the health field and that there is an improvement of scientific and technical knowledge as a foundation for health care. We must see that investigators in the health field are adequately trained and support those who make contributions to new knowledge.

The last portion of my remarks contains an outline of Conservative policies. These are serious proposals. I hope the Liberal party will take note of them; perhaps it will have a chance to implement some of them before the next election. Otherwise, it will not have an opportunity to do so.

Mr. Maine: A point of order, Mr. Speaker. The hon. member for Athabasca (Mr. Yewchuk) said he did not know my constituency because I speak so seldom. I suggest he would not know because he himself is so seldom here. He is probably stuck in the tarsands. Anyway, if he were able to read and use a seating plan he would be able to find out my constituency.

Mr. Knowles (Winnipeg North Centre): Is that a point of order?

An hon. Member: What is your name?

Mr. Maine: A further point, Mr. Speaker. During his remarks the hon. member said, "If the minister were honest he would admit the budget had been cut by 10 per cent." I reserve the right to raise a question of privilege on behalf of the minister.

Mr. Deputy Speaker: Order. I have to remind the hon. member that that is a matter of debate.

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, although I may quarrel with what I consider to be the confining nature of the detail in the motion I do find much merit in the body of the motion. Indeed, it is my opinion, one shared by others, that it is crucial to the strength of Canada's economy and the provision of employment opportunity that a vigorous program of technical research and development be promoted by the government.

I am one who believes we should be spending more and more on the development of new technology. If the bubble city of science fiction is ever to come into being, surely it will happen in our land where the environment of the north cries out for solutions. Surely we Canadians could be the first in the world to develop a new technology to enable all forms of life to grow, to live better and to exist together on this planet. The Russians and the Americans have set their sights on outer space, but hopefully they will look back from the moon and see Canadians bringing forward new technology not only to make our very existence on earth possible but to ensure that the earth itself has a more vibrant and glorious future.

In helping others we will help ourselves, for new technology brings about new job opportunities and never-ending spin-off of job situations which will ultimately do much to alleviate the problem of unemployment. New technology itself may be exported. In coping with our environment and the ills which befall human beings, plant and animal life, as well as with the sociological difficulties of living together, our research should lead the world.

At the outset I suggested that the five points in the motion are restrictive. As the Hon. Bud Drury once said:

> A single science policy is not, however, a meaningful concept. What in fact exist are numerous policies for the use of science and technology, developed in relation to the objectives of federal departments and agencies and also in relation to objectives of the private sector.

I find it hard to believe and intolerable that the motion makes no specific reference to university research. I note with interest that the present science minister, the hon. member for London West (Mr. Buchanan), gave high priority to university research in his remarks. I well remember, and with interest, that many of the speeches of the hon. gentleman's parliamentary secretary, the hon. member for Wellington (Mr. Maine), gave great support to the development of research in universities. Industries have their own facilities for research and development. Government, equally, has a need to provide such facilities. However, properly funded university research across the breadth of this country is able to serve industry, governments and all Canadians.

I realize that in this time of restraint great emphasis is placed on target-oriented research. There is also great emphasis on obtaining immediate results for each dollar spent. It would be a great error on our part, however, if we were to succumb entirely to these pressures. If we are to be the country of the future, then our future lies in true research. Our universities have been the ones which have clung to their academic purposes in the face of all pressures—with government support and without government support and with private support and without private support. Researchers have carried out their personal quest for knowledge in spite of all obstacles. I urge the minister to increase support so that great Canadian minds might remain in Canada and make a great

Canadian contribution for the benefit of all of us on planet earth.

Let me quote from a letter written to me on March 3, 1976 by Donald Sprung, Dean of the Faculty of Science at McMaster University. He wrote:

As a practising scientist, and dean of one of the most research-active science faculties in Canada, I fully share the concerns expressed by Professors Yates and Polanyi. Within our faculty the vast majority of professors are actively engaged in research. Many of them have national and international reputations for the value of their work. The high quality of my colleagues is reflected in the fact that at McMaster our research support from government and other granting agencies has not fallen as far behind as it has at other universities. Nonetheless, it has fallen in value, and by a considerable percentage over the past six years. These are just the years during which they are doing their best creative work, the years at which one would expect the level of support to be increasing. In fact, it is only in very rare cases that an individual has been able to secure an increase in funds.

Time and time again researchers across the country, professors and others, write to us to give advice and suggestions. Over the weekend I had the pleasure of being present for the Canada Jaycees Vanier Award to five outstanding Canadians. Among those honoured was Dr. John F. S. Crocker of Dalhousie University. He is noted for his research into Reye's syndrome. Dr. Crocker mentioned that we had gone through a period when it was considered fashionable to say: "Do not waste money; other countries are far ahead of us and we can either borrow or buy their research". In his own case a large amount of the funding for his research had to come from outside this country. We agreed that there is a marked change in that attitude, and there is every reason to believe that there is renewed interest in and sincere backing for Canadian research at all levels.

● (1742)

We must remember that federal funding of university research is necessary because of the importance of highly skilled scientists who are required to tackle problems facing Canada concerning the use of limited resources, population pressures, pollution and protection of the environment, health care, agricultural productivity and developing new sources of food and materials.

I have had extensive dealings with the biology department at McMaster University. I would like to quote from some of the correspondence I have received from that department. This correspondence illustrates the understanding of that department of how this minister, his department, this government and others have responded in a real way to the requests of researchers across the country. Mr. Davidson, chairman of the biology department of McMaster University, wrote the following:

Our concern at the level of support for research is not only that our individual efforts as scientists are affected. As teachers, we also know that the approach active scientists bring to teaching is more critical and more alive because they have first-hand experience of contemporary problems in our knowledge. The active scientist is generally a more interesting teacher and is certainly a better informed teacher than a scientist who depends solely upon books for information. Thus our concern over research funding is not purely selfish; we see research as an integrated part of our teaching responsibilities.

Professor Bayley from the same department wrote:

The human population is putting increasing demands on limited natural resources. To tackle the problems this creates, Canada like the rest of the world will require all the skilled scientific talent it can get. But maintaining and training skilled scientific talent means practising science "at the state of the art." With the sophistication of much of today's science, this cannot be done cheaply. If, to save relatively small amounts of money (by national standards), Canadian science is forced to lag behind, it will take years to recoup the lost ground. In the meantime, when up-to-date experts are required in Canada, the only reasonable step would be to import them from abroad. For a country of Canada's wealth and aspirations to continue to rely on imported scientific talent would be as unprincipled in my view as expecting other countries to provide us with trained medical staff—or hockey players.

Professor Douglas M. Davies of that same department wrote:

University research differs from government research . . . in several important ways.

1) Applications for university research grants are carefully appraised by specialists in each discipline ensuring that only the best is supported.

2) Research at universities usually involves also the training of specialized graduate students who will be Canada's scientists of the future.

3) A university teacher engaging in original research is able to bring to his teaching of undergraduate and graduate courses a first-hand excitement and freshness in presenting the latest in view scientific knowledge.

The head of that department, Mr. Davidson, seems to recognize not only our research problems but also our political problems. He wrote the following:

A problem for any government is to justify to the electors the allocations it makes of public funds. Thus, it would be easier for Mr. Trudeau's government to direct funds into, say, cancer and heart research, than into basic research on, say, wood production in eastern Canada, or fish breeding in northern Canada. But, as we tried to show you, the solution of problems unique to Canada will never be achieved in the U.S.A. or Europe. We have unique problems and to attack them we must, to some extent, be chauvinistic and parochial. We need a group of highly skilled highly trained scientists who recognize Canada's problems and are given the chance to work on them. To us, the solution is an adequate level of funding to support research.

All this and more has been said by researchers across the country, written to members of parliament and presented to the government and the Prime Minister (Mr. Trudeau).

I would like to note the fact that Max Chernesky, a virologist at St. Joseph's Hospital in Hamilton, along with Donald Savage, head of the Canadian Association of University Teachers, presented a report which is quite lengthy. However, there were three recommendations in their report, and I would like to tell the House how the minister, his predecessor and others have tried to respond to those recommendations.

One of the recommendations is as follows:

We recommend that governments at all levels consult with the organizations which represent professors and researchers prior to proposing new policies in higher education and, in particular, in regard to any negotiations between the federal and provincial governments over the financing of higher education.

The almost immediate response to that recommendation was the formation of the Canadian Committee on Financing of University Research. It is not a federal-provincial committee; it is a Canadian committee. This committee almost immediately stepped in to bring those forces together as a direct response to the brief presented by the Canadian Association of University Teachers. The committee was announced on November 2, 1976. It was announced that the committee

would be composed of 20 members; that the secretary of the Ministry of State for Science and Technology would be the chairman; that nine other federal officials, including the heads of the three granting research councils, would complete the federal representation; and that the provincial members would include deputy ministers responsible for universities, university presidents or principals or vice-presidents or vice-principals and representatives of university councils or commissions.

It was also announced that there would be a regional balance in the provincial contingent. The establishment of that committee marked the achievement of a new level of understanding and co-operation between the federal government and provincial governments in the matter of university research.

I now move to the second recommendation in that report which was produced in about February of 1976. The second recommendation was the following:

> We recommend that government restore some of the lost purchasing power to the granting councils (the Medical Research Council, the National Research Council and the Canada Council).

There was an almost immediate response to that. Let us consider the estimates which have just recently been placed before us. The estimates provide for inflationary increases in the costs of research supported by the councils. The estimates tabled also carry forward into 1978-79 the additional increase of $8 million provided in the previous fiscal year and now adjusted for cost increases for programs relating especially to regional balance of scientific capability, national problem areas and the support of interdisciplinary research.

It is interesting to note that the budgets in 1978-79 will be: for the National Research Council, $105 million, an increase of $7.1 million; for the Medical Research Council, $60 million, an increase of $3.3 million; and for the social sciences and humanities program of the Canada Council, $31.1 million, an increase of $2.3 million. That is a direct response to a representation made by the Canadian Association of University Teachers.

The third recommendation is as follows:

> While we would favour a change in the delivery system for the funding of universities and colleges, we recognize that the moment may not be propitious for such significant change.

This recommendation itself admits that it would be difficult at this time to engineer changes in delivery systems, but a direct response to this recommendation was the presentation of what was Bill C-26. That legislation has not as yet been proclaimed, but in time it will and it indeed makes a dramatic change concerning delivery systems. It does a great deal to bring forward some ideas which are a conglomeration of thoughts of people in many areas.

Granted, we have merely a reorganizational task at this point, but last session's Bill C-26, which was passed by parliament in June, 1977, has as its main thrust the creation of two new granting councils: the Natural Sciences and Engineering Research Council, formed by separating the support for university research in the natural sciences and engineering from the National Research Council; and the Social Sciences and Humanities Research Council, formed by separating support for university research in the social sciences and humanities from the Canada Council. The Medical Research Council was not reorganized by the bill, although its mandate was modified.

• (1752)

The three granting councils, NSERC, SSHRC and MRC, will be responsible for the majority of direct funding of university research by the federal government. Each of the councils will report to parliament through its own minister. The members of the councils and their presidents are appointed by the governor in council. The councils themselves are subject to certain administrative and financial constraints. Otherwise, the councils are free of government intervention and enjoy independence and autonomy. Neither the governor in council nor the designated minister can direct or instruct the councils. However, the minister may refer matters to the councils for advice.

Of course, the councils depend on the government for funds. In deciding on the amount of funding, the government will be influenced by the separation and revision of the councils. Therefore, it is only fair that the councils be made aware of the government's objectives and wishes. The manner in which they are conveyed to the councils is important and is being considered carefully.

In these few remarks I have been able to indicate my own desire to serve the research communities, my own confidence in Canadian researchers, and my own belief that we should be much more interested in all universities across the country which can, in a very real way, serve all of us by pure research in itself. All research must not be target-oriented. All research must not only be done on the basis of a dollar out is a dollar back, or a dollar out is ten cents back. Much research must be done on the basis that we have confidence in the minds in our universities and the minds the universities will have some participation in forming. No respectable researcher believes he is dealing with anything but plastic character when he deals with his students. He recognizes fully that he may be a sounding board, he may be somewhat of an example, he may open a few doors, but really he is dealing with the development of minds which will lead us on to much greater things in the future.

As I said at the opening of my short remarks, who else but Canada would be involved in the great plastic dome cities of the Buck Rogers world or the space world? Who else but Canada should really know how to deal with the environment? Who else but Canada will really have concern for those small pieces of life which exist on some of the islands in the north? Who else but Canada, sitting at the crossroads of the world between the United States, Russia and China, will have the responsibility for exporting not only technology but human technology? That is the technology which comes from the social sciences. As was mentioned earlier by an hon. member of the opposition, the basic idea is how we on planet earth can live together, healthy in a physical way, healthy in a mental way, and healthy in a way to exist on a planet so that we

ourselves do not bring about the demise of the planet. That is a great challenge for Canada.

I appreciate the fact that the motion has been introduced. I believe we are taking steps in the right direction. Perhaps some think we should move more quickly. I doubt if anyone thinks we should move more slowly. The hon. Minister of Public Works and Minister of State for Science and Technology has indicated direction. First, he responded immediately to recommendations placed before him; second, he established delivery systems which will ensure the involvement of all facets of the Canadian people; and third, he has shown a great recognition for the role our universities and research minds must play in any future which Canada wishes to lay any claim to at all.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, the hon. member for Hamilton Mountain (Mr. MacFarlane) presented what amounts to a total condemnation of the government's performance in science and technology. I compliment him on his speech. As he indicated by reading the record of his former colleagues at McMaster University, their community is less than happy with the government. I found the hon. member's comments rather interesting.

In view of the hour, may I call it six o'clock?

Mr. Deputy Speaker: Is it agreed that we call it six o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Turner): Order. At six o'clock the hon. member for Calgary Centre (Mr. Andre) had the floor.

Mr. Andre: Mr. Speaker, it is a pleasure to participate in this debate. Since I have been here this is the fourth opportunity to discuss this subject on the floor of the House of Commons. Three of those opportunities were created by this party using one of our allotted days to indicate our concern and interest in this subject.

The recent history of the science policy in Canada can only be described as pathetic. By way of historic perspective it might be recalled that the first movement in this area occurred in 1919 when the Conservative government of Sir Robert Borden created the National Research Council. From that time until 1941 there was little concern or interest in a science policy. As a result of the interest created by the war, a Privy Council committee on science matters was created but in the period between 1950 and 1958 when the St. Laurent government was in office it did not meet even once.

Research and Development

In 1961, the Diefenbaker government introduced as a tax measure or 150 per cent write-off of incremental increases in research and development which had a very beneficial effect, but that measure was withdrawn by the Pearson government which, as a sop, created a science secretariat within the Privy Council.

In November of 1967, the other place created a special committee on science policy to look into such questions as recent trends in R and D in Canada; research and development carried out by the federal government; federal assistance to research and development; and the principles and structure of a science policy for Canada. This committee did an excellent job. I am not in the habit of praising the other place, but in this case I admit they did an excellent job.

I will not try to summarize the findings of that committee because they are rather extensive. Suffice it to say that they came out with three volumes, with a subsequent addendum, but their initial analysis was characterized by four rather profound and disturbing comparisons of Canada's performance. They concluded—this was in their first report in 1970—that Canada at that time invested a smaller percentage of its GNP in R and D than did most industrialized nations. They also concluded that of the tax money spent by the Canadian government, Canada spent a greater proportion on government labs than any other country of the western industrialized nation; that there was less spending on R and D in the private sector than in most industrialized nations; and that Canada spent a greater percentage of its R and D funds on basic research than did most industrialized nations.

That was the deplorable situation which existed in 1970. How has it changed in the last seven or eight years? Let us look at some figures. In 1967, Canada spent about 1.4 per cent of its GNP on R and D. The Lamontagne Committee recommended a goal for Canada of some 2.5 per cent as being appropriate. At the time the U.S. was spending 3.6 per cent, so they gave, as an appropriate target for Canada, something less than what the United States was spending. By 1971 the proportion of the GNP devoted to R and D in Canada had dropped to 1.2 per cent. By 1974 the figure had dropped to .85 per cent, and by 1976 this figure had dropped down to .8 per cent. In other words, a situation which was bad in 1967 became much worse seven or eight years later.

That performance can only be described as absolutely tragic for Canada, and there are a number of very good reasons why that is so. One of the foundations of a nation's future is its ability in the area of science and technology. Historians who like to pigeonhole epochs and areas describe this as the technological age. Obviously that is an accurate description.

• (2012)

How we use science and technology will clearly define both our standard of living and our quality of life. If governments feel they have a responsibility to the people and are concerned about our standard of living and quality of life—and I believe they are—surely they would give science policy a very high priority. Science and technology is vital to the performance of

any nation in areas such as trade. No economic unit can indefinitely buy more than it sells whether it be a family, a corporation, or a nation.

As a nation we have three commodities to sell to the rest of the world in order to generate the funds to buy the things we need but do not produce. Those three commodities are renewable resources, such as agricultural products; non-renewable resources, such as energy, minerals and the like; and our human value products or services. The latter can come in the form of brains or brawn. I do not think it desirable, nor do I think it possible, to expect Canada to compete with third world nations in terms of brawn. We cannot expect Canadians to endure the decrease in their standard of living that would be necessary if we were to compete with third world, low income nations for commodities and services in which sweat or backpower is the main component. This means that if we are to compete in the world marketplace in human value added materials, we have to do it in terms of brains, skill, talent or technology. In this regard Canada's performance is absolutely abysmal.

Last year our trade deficit in high technology manufactured goods was between $10 and $11 billion. That is an astronomical figure, but it is even more disturbing when you look at the trends. A decade or two prior to 1970 we ran approximately a $1 billion deficit—in constant dollars—in manufactured or high technology goods and paid for it easily with the export of agricultural products and non-renewable resources.

Since 1970 there has basically been a straight line deterioration in trade imbalance in manufactured, high technology goods from $1 billion to $10 billion. The trend is devastating and there has not been a single policy initiative from this government to try and arrest the trend or turn it around. If this is not done we are going to think that 10 per cent unemployment is nirvana compared to what we will experience in the future.

It is absurd in the extreme to have our officials in Switzerland talking about reducing tariffs and thus curing all our problems. The government has no apparent understanding of what is happening in Canada in terms of our deteriorating trade position. Cutting tariffs will only make a bad situation worse. We need a careful strategy, of which research and development is a fundamental element, to ensure that we can compete in the world. As long as we play "monkey hears nothing, monkey sees nothing, monkey speaks nothing," which is the posture the government has adopted, we will continue to have this kind of deterioration. Cutting tariffs will only speed the day when 15 per cent unemployment is the mean in this country.

In order to provide jobs for Canadians we must look to manufacturing, and that means high technology. We cannot compete with third world nations in manufacturing where there is a small skilled component. Primary industries simply do not create the jobs necessary to reduce unemployment. It is estimated that about 6½ cents of every dollar from primary products goes into wages, whereas in manufacturing it is something like 35 cents of every dollar. For each dollar earned from manufacturing products there are six times as many jobs created as from the sale of primary products.

If the government is sincere about addressing the problem of unemployment, not just unemployment today but the unemployment we will have in the next three to four years, they should tackle the question of science policy and research and development and recognize that our performance in these areas is worse than any other industrialized country in the west.

That cannot be said often enough, Mr. Speaker. Our performance is the worst of all western industrialized nations. That cannot be blamed on international factors, on the weather, on the EEC, or on any of the unknown forces which seem to be causing all our other problems with dollars and so on. The fact is it is Canada's fault—the fault of this government.

What has this government done? When the Science Committee reported in 1970 the government quickly established a Ministry of State for Science and Technology to look after our problems. It was designed to generate policy, I assume. It generated one policy statement and that was the "make or buy" policy. It was a good policy designed to reduce the amount of government funded research conducted inside government labs. At that time, 1971, 62 per cent of all money spent by government directly was spent on research done inside government labs. As a result of that policy the figure has gone up to 65 per cent. So the one policy this ministry has produced in six years has had exactly the opposite effect to that which was intended.

I have said before, and I say again, that if that department were abolished we could save $6 million immediately. There are people in this country who think the government is concerned about science and technology just because there is a department with people making up to $60,000 per year sitting around thinking about science policy. People expect they will come up with great ideas because this government knows what is best for all of us and all these high priced people who are going to find out the answers. Mr. Speaker, they have produced nothing. I say we should get rid of them immediately. We would save that money and the attention of the public would not be deflected by that flim-flam.

I should like to elaborate a little on the problem that the government was trying to arrest with this policy, the amount of research being done in government laboratories, rather than in the private sector. I should like to point out for the benefit of the House the importance of research performed in the private sector. It is important not just from the point of view of the more efficient and effective action you get from the private sector as opposed to the government. It is also important because of the time lag between new discovery, innovation and implementation in a commercial way, which is greatly reduced.

● (2022)

As an example, Mr. Speaker, you have to look no further than the area around MIT and Harvard in Massachusetts, or the area surrounding Stanford and Berkeley in California, to

see the tremendous number of high technology industries, which have spun out of the fundamental research that has occurred at those institutions, research by and large funded by governments but performed in the private sector. If an idea is generated in the private sector, the time lag between idea and commercial application is greatly reduced. When those ideas are generated in government labs there is an unwarranted delay between discovery and implementation.

In this party our opinion is by and large, except for some areas where it may be necessary, that government should not do research and development. Government should sponsor research and development. They should help pay for research and development but they should contract it out to the private sector and not do it in-house.

We also believe that there is a role for government funding for fairly large projects. In addition, that activity can be used in a beneficial way. As an example, the largest research project of this century has to be the NASA program to put a man on the moon in the United States. As a result of powerful southern Senators primarily, but for other reasons as well, a good deal of the research money provided by the National Aeronautical and Space Administration went to companies and institutions which were located in the southern United States rather than the more developed northern United States.

In the southern United States, in the so-called sun belt, one of the effects of that benefit was to create tremendous growth of high technology industries, the net result being that regional discrepancies and regional economic differences between the north and the south were greatly reduced. What would happen if we took the $500 million a year that the Department of Regional Economic Expansion is spending—to no avail because regional problems are getting worse in this country and not better—and we used that vast amount of money to create worth-while large scale projects which would be of value to Canada? The benefits would be considerable.

In the Canadian private sector in 1971 it was estimated that industry spent .41 per cent of the gross national product on research and development. By 1977 the figure had dropped to about .3 per cent. In other words, a very serious situation in 1970 had become much worse by 1978. The last budget of March 31, 1977 had a small tax credit for R and D activities of 5 per cent, rising to 10 per cent in the high unemployment areas. The United States, which is already doing four times as much R and D as Canada, has a tax credit of 10 per cent across the board. If the government was really interested they would be looking at tax credits in the area of 25 per cent, going up to possibly 50 per cent in areas of high unemployment.

Why is this so? Very quickly, I believe the answer was given by Dr. Robert Uffen, former head of the science secretariat that existed before the creation of the Ministry of State for Science and Technology. He said, and I am quoting from an article in *Maclean's* magazine:

> The Trudeau government views science and technology as instruments for political manoeuvring both domestically and in international affairs.

That is dead accurate, Mr. Speaker. That is all this government recognizes science and technology for—as instruments for political manoeuvring. It is nice to go to Moscow and sign a scientific exchange to send a couple of scientists back and forth. It is nice, when one feels a little pressure about energy, to set up a research institute and say: "Hey, we are doing something", and wave a flag. It is strictly a political instrument for the government's manoeuvring both domestically and in international affairs. There is no recognition whatsoever by the senior gurus in the government opposite of the importance of science to the long-term future of the government.

It is sad to say, but investments in science and technology have a long-term payout. Investment today may not yield a return for 5, 10, 20 years. As this government thinks only of next month's Gallup poll or next year's election it is not going to make that kind of investment in Canada's long term future. It is very sad for the nation, but that is the case. That is only one of a whole score of reasons why it is essential we get rid of them, and soon.

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

Mr. F. A. Philbrook (Halton): Mr. Speaker, it is a pleasure to be talking about this subject today. I would like to congratulate the opposition on putting forward this motion. In general terms it is a very good motion; the general thrust is right. The specific details of this motion probably require some further study with a fair bit of caution. There is absolutely no question, I agree with my colleagues in the opposition, that we need to be doing more research and development in this country. This is particularly so in the industrial and free enterprise sector, especially in contrast to the research that has been done in the government sector along with the universities.

We have a definite need for research and development at the present time because we have a definite need for an increased industrial thrust for an improved economy. Research and development and innovation, without question, is the base, I am sure we all agree, for a new type of prosperity and a new type of direction for this country.

Having been in research and in industry, I feel confident that we have the potential in this country to do much better and more effective R and D to produce a much more efficient industry. We have the scientists, an excess of them. They are excellent; they are as good as any in the world. Many of them have had to leave the country and go to the United States or elsewhere to follow their careers because there is not enough potential for them in Canada and in some cases they become over-specialized for a country like ours. This is not the biggest or the most powerful country in the world. We cannot enter all the brand new specialities the way our neighbour the United States does. But in the meantime we can probably provide more satisfying work for the vast majority of our scientists.

As the opposition party which proposed this motion has indicated, we also have many natural areas of research and development of industrial thrust in this country, areas of immense advantage to Canada such as the north, forestry,

mining, the oceans, agriculture. These areas also should be exploited.

In the past we have had some misguided notions, however well meaning, particularly in the 1960s. We had a very strong thrust in consumerism that led us down some wrong roads. We have had some strong ideas about economic nationalism, wanting to do everything for ourselves, by ourselves in isolation. That has been a handicap to our thinking and planning at times. We have learned our lesson on those scores. Our thinking is more in balance now. That is an advantage we could use in terms of scientific and industrial policy.

We have had some concerns about helping the big multinational corporations that maybe do not need help. These multinationals would use our efforts and money to their own advantage, perhaps for other countries' advantages and not for the advantage of Canada. Possibly there is some truth in that. It is rather a mixed picture. I still think we need to work on the multinationals, the big corporations in general, because they have a great deal of ability, a great deal to offer this country. Aside from the big companies, this is essentially a country of small business, small industry, small factories. There is a great deal we can do both in a positive and negative way to help our small businesses, which form the majority of the businesses in this country.

● (2032)

Of course, we know the usual government measures. We have technocrats, highly skilled experts both in the government and outside, who can tell us just how to help our companies, big and small, and our research and development with tax exemptions and grant programs of various kinds. Fortunately, we are tending to get away from giving people money, giving them packaged programs. As has been said in recent times, probably the most useful thing we can do is get out of their way with our restrictions, bureaucrats, red tape and so on. Many government policies and other kinds as well should, frankly, be simply eliminated. I will talk about that again in a minute.

There is something that is important which other countries have discovered much more effectively than Canada, certainly the United States, many European countries such as Switzerland and Germany and, in more recent years, Japan. It is that there must be a general thrust of research and development. It must be much greater than we have had up until now, one that is less academic and more applied, one that goes into producing new products, new exports and so on. That would make this country much stronger industrially than it ever has been, and it certainly has been strong in recent times.

Government also has a responsibility which it perhaps has not fulfilled. When I say government, I am not only talking about the federal government but all levels of government, because this is a very layered country in terms of government. This is a very important function I would like to see fulfilled: government should act as a catalyst in trying to bring together the private sector, industry and businesses, on the one hand, and universities on the other.

[Mr. Philbrook.]

There is, unfortunately, something that has happened in this country to which we have not addressed ourselves. Aside from the cultural solitude, the French and English Canada, we have many sectoral solitudes such as government, business and universities. We have not pulled together as effectively as we should have. This is probably one of the causes of our problems. This will have to be absolutely essential in future if this country is going to compete in a much more competitive world. Our government has the prime responsibility for doing that.

In terms of what has happened in recent years, I wish to give some of my own experiences with a couple of examples. One is the pharmaceutical industry. I would like to say quite a bit about that. Second is the plastics industry, of which I have just become a little more aware and which I think is equally important. I hope to at least support that, if not make some contribution.

First, I wish to talk about the pharmaceutical industry. It is a very unusual and interesting example. In the fifties, as far as Canada was concerned, this industry consisted of a few small companies that made many simple medicines. At that time—and it is easy to forget because companies change so fast—there were not many powerful complex medications. We could have our small companies, our simple formulas, our Galenicals, whatever they were called.

Things began to change very quickly, namely through research and development. All of a sudden the industry became huge. It became very complex and expensive. We found the products could only be purchased in countries such as the United States and shipped here. Like any responsible country—and this is probably a carry-over of the C. D. Howe thrust which had many benefits as well as creating certain problems—we found we could induce our American and European friends to locate some of their plants here. They located more and more of their functions here, not just the packaging and assembling, and not even just the manufacturing. We actually began to have a pharmaceutical industry here. Granted it was almost totally foreign owned, but we began to have what looked like a modern, competitive pharmaceutical industry. It even began to catch on with some of our native Canadian companies like Ayerst and Frosst. We did not have many, but a few started to develop as full modern companies of which we could be proud.

What did we do? We got into a way of thinking in the sixties which was new to us. Hopefully, we will now look at it in a more balanced, moderate way. Things were going well. They were producing a lot of benefits. However, some things were going wrong. We swallowed the line about new wonder drugs being expensive—unnecessarily. We believed there may have been monopoly agreements in order to keep up prices and so on. Therefore, we decided on laws which stated these companies had to share their new products with other companies, so-called compulsory licensing. They had to share the fruits of their efforts and lose their competitive advantage. In some cases they could not even regain the expenditures they had made in the development of new wonder drugs. By law they had to share these commercial, medical advantages for a

very small return, something like 4 per cent. This may have been well meaning, but I am not sure it was wise or accurate.

That example is not directly related to research and development policy, but it has most certainly affected research and development in the field of pharmaceuticals. Even if that field was mostly foreign owned, we still gained many advantages. It had a great deal to offer, including keeping many of our top scientists active and satisfied and working in their own country.

Now we are into patent laws. There is a suggestion of further patent restrictions coming forward. These patent laws will only give the pharmaceutical companies an exclusive right to their own development and production for a particular number of years, for example nine years, which may not be long enough to regain their expenses. Sometimes it takes 25 years to develop a drug that will receive government approval. That is the nature of the game; it changed drastically overnight.

These are matters which we need to thoroughly rethink. They are not directly research and development. They do not come in the form of direct taxation or tax exemptions, but nonetheless result in a lot of pharmaceutical research and development being withdrawn from this country. That is a shame. It is entirely the wrong trend.

I wish to state a few of the advantages that we have from our pharmaceutical industry. It is the most research intensive of all intensive industries. It has the highest percentage of funds devoted to basic research, 25 per cent versus 4 per cent for the industry in general, toward the advancement of scientific knowledge without specific commercial objectives.

Almost 25 per cent of all research in Canada is done by pharamceutical companies. It is the highest self-financing of research and development expenditures as a percentage of sales, 36.8 per cent versus 1.5 per cent for an average of all industries. It is by far the largest employer of research and development scientists compared to the total number of people employed. It accepts a lesser percentage of research and development money from the government, about 4 per cent, while other industries average four times that much. In other words, it gets by on its own. It asks for less help and makes a great contribution. It is one of the leading recipients of dollars from outside Canada for research and development done here.

● (2042)

One in five research and development employees has a Ph.D compared with one in 20 in industry in general. It is very highly science oriented. It had nearly twice the rate of growth in terms of intramural research and development from 1963 to 1975 by comparison with industry in general. In fact, growth has doubled every five years. Finally, the pharmaceutical industry spends the third highest amount on current research and development for value added. If every industry in Canada were capable of accomplishing that much, I think we would be on top of the heap in terms of prosperity, the economy and industrial power. Yet for some reason, as I said before, the pharmaceutical industry is a peculiar example; we have singled it out because it is small, very visible and very susceptible to government regulation. I think it has provided a valuable example and we should be very careful of that type of practice in future.

I also mentioned the plastics industry. My hon. friend from Wellington (Mr. Maine) knows more about that than I do. It provides another example. He has probably talked about it already. The great concern of that industry is not directly related to research and development. What affects them most is the subject of trade regulations. They wonder where the GATT negotiations will end up. They do not know and they are very worried. This industry is important to us. It is new. It has grown fast. It has a great future. It has much to offer. It is already providing products to our Canadian people that we are not even aware of, products we take for granted in the food industry, in health care and so on. Yet here we are at the moment, those people feel, leaving them high and dry and not knowing where they are going to be in terms of competitive advantage.

Many of our industries are in this position. All they want to do is compete. They do not mind competing at all, but they are terribly worried that their representatives in Geneva will agree to arrangements which leave them at a great disadvantage. Many other countries would do things we are not prepared to do, particularly in the area of non-tariff barriers. It is all very hard to sort out and for some reason or other many of our most important Canadian industrialists are not yet convinced that we are going to protect them as properly as we should. That certainly applies to the plastics industry.

What has been our performance? I know this has been talked about many times today in this debate, probably in a partisan way, which is fair enough. I still am not clear myself but I think I see some trend. I certainly stand to be corrected on this, Mr. Speaker, but I am not entirely satisfied with the figures I have from Statistics Canada. I have tried to see some trends in them today, and I think this is what they are. I think it is important we should at least try to put an interpretation on them to find out what we have been doing in research and development and why.

What do the figures tell us about ourselves? I do not think there is any question that, compared to other countries, our spending has been relatively low, for whatever reason. I suppose somehow or other it has to come back to policy, but whether it is a conscious policy or not I am not sure. I referred a while back to one of our former policy setters, Mr. C. D. Howe, who helped this country develop very quickly but who also left us with an awful lot of foreign ownership. Perhaps this is what most of the trends tell us. Maybe there is more to it than that, but it certainly seems to me that this is one of the reasons. As long as we are a branch plant economy it will be difficult for us to keep up with all the leading countries, particularly in terms of private enterprise industrial sectors.

We spent more on research in the government sector than in the private sector compared to other countries. This may be interpreted as bad or good. We seem to have fed more government money into industry, at least on a relative basis,

and all of this suggests that somehow or other we have fallen into the unfortunate habit of having government try to make up for what is lacking in the private sector. It is the government which spends most on research in this country, even if it does not spend enough, then business and then the universities.

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

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to join in this debate and deal with a specific area which was touched on today by the Leader of Opposition (Mr. Clark) but which has not been discussed at length by other speakers. I refer specifically to agriculture and the contracting out provision which is very worrisome to the agricultural community.

The contracting out proposals we were talking about today in terms of allocating more money for research to the private sector is a sound proposition as far as most areas of the economy is concerned. But agriculture is the exception. Agriculture is different. It is not at all practical to make this provision applicable to certain sectors of the agriculture industry. In fact, it would be detrimental. As far as I am concerned, two people are principally to blame for the position in which plant breeders, for example, find themselves. One is the minister responsible for science and technology for not really understanding the implication of this policy for agriculture; the other is the Minister of Agriculture (Mr. Whelan) for not fighting harder for the farmers who might otherwise have been exempted from these provisions.

There is no doubt that in the future agriculture will be Canada's largest earner on the export market. At present it is about number three on the list of dollar earners helping with our balance of payments. As the incomes of countries around the world rise they will demand food of increased quality and variety. It is interesting to note that the standard of living in Russia is rising, and as this happens the demand for meat increases. The significance is that Russia is importing more cereal grain than ever before. The only major region in the world from which extra supplies of food can be grown in the foreseeable future is North America. Agricultural research is going to be a very important factor in this question of food production.

What has happened to agricultural research over the past few years? Mr. Speaker, it has not fared very well. In fact, it is not really keeping up with inflation. One of the greatest returns on dollars invested results from investment in agricultural research. What will be the result in years to come if we follow this same policy? If the agricultural research dollar investment is not increased, there will be reduced production. The result of reduced production will be higher food prices for the consumer and lower export earnings. On numerous occasions rapeseed producer organizations have lobbied the government for greater research assistance, but their needs have not been adequately met. Funding is inadequate with regard to machinery research, especially in western Canada. Unless research is increased, farmers will not be competitive.

• (2052)

The recent policy of reducing agricultural research in the public service should be reconsidered. Most organizations are against the government's proposal. The Canadian Federation of Agriculture which represents organizations all across Canada is against the proposal. At a western agricultural conference held recently in Regina, representatives from western Canadian farm organizations were against the proposal. The Agricultural Institute of Canada, speaking for professional agriculturalists across Canada, spoke against the proposal. In its brief the Agricultural Institute of Canada said, and I quote:

> The latest proposal from government to transfer research from government laboratories through normal attrition to industry contracts will inevitably lead to chaos and to the destruction of the present ongoing and effective agricultural research programs, with only a remote chance of successfully establishing them on a permanent basis in industry.

The Agricultural Institute of Canada said that Canada needs a greater research effort in the industrial area but, and I quote:

> . . . this must not be accomplished at the expense of established research teams in either government or university where a capability in the primary industry is presently non-existent.

The only solution, the AIC says, is to increase expenditures for research in three areas: government, university and the private sector. The AIC is, of course, correct. The Canadian Federation of Agriculture, which represents farmers across Canada, has stated:

> Farmers are under increasing pressure to compete with producers in more favourable climates, and if Canadian agriculture is going to keep abreast we simply must continue to seek new potentials in breeds, breeding, technology and management.

The greatest concern is the policy of the federal government to reduce research in the public sector. Obviously farmers were not consulted when that policy decision was made. Farmers and farm organizations have repeatedly contacted various departments but to no avail.

The title of the directive which has caused all the concern in the agriculture community is "Policy and guidelines of contracting out of the government's requirements in science and technology". It sets out the principle that, except in certain circumstances, research requirements are to be contracted out to the private sector. Once again that is all right, except when it comes to agriculture. A very important part of agricultural research would be jeopardized, and that part is plant breeding research. Operationally under the proposal, for the Department of Agriculture to decide it necessary to carry on a plant breeding program it would be required to consult with the Department of Supply and Services and with the Minister of for Science and Technology (Mr. Buchanan) to confirm that there are no private facilities capable of performing the function. In some circumstances it might be required to consult with the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion. Finally, Treasury Board would have to be satisfied before funds for this purpose could be approved.

This procedure is not in keeping with the nature of plant breeding research in this country. Plant breeding research is an ongoing operation. There could be circumstances under which a university might have a particular expertise upon which the department might wish to draw to augment its own resources in a given project. This could be contracted out under the Treasury Board proposal, but that is hardly necessary since there are already arrangements for grants for that purpose.

There are few, if any, crops with which the department is involved for which any private facility now has the physical or scientific resources to duplicate what the department is now doing. That is one of the key arguments in this whole debate. In order to provide those resources to the private sector, government funding would be required, and of necessity that funding would be restricted to one or very few firms or organizations. This would present the practical and political problem of deciding which private facility should be contracted. For a major crop like wheat this would be completely impractical.

Finally, one particular feature of the Treasury Board proposal is completely impractical for plant breeding research. Under the proposed contractual arrangement the government would finance the cost of the research project conducted for it by a private sector facility. In return for that, the right to technical information, designs and so forth arising out of the contract would remain with the government. With regard to plant breeding this would mean that if a seed firm working under a government contract developed a useful variety, it would turn over to the government the rights to that variety.

This type of arrangement might be workable in some areas of research—and I concede that it probably would be—but not in plant breeding research. When a private firm develops a variety of grain it retains the right either to the price at which it sells the seed or to the royalty which it collects on its sale. It finances its costs and makes a profit which, of course, is the purpose for which it is involved in plant breeding in the first place. Under this proposal that would not be allowed; hence there would not be any activity in the private sector in any event.

Agricultural research is not a stop and go affair. It must continue in the light of new products and new technologies. It is difficult to see how it can be maintained by calling in outside researchers for a variety of programs. Private researchers do not have the incentive to maintain lenghty research programs. This applies not only to plant breeding but also to animal breeding research. This is not to discount the research now being carried out by various industries. Progress being made in the development of pesticides, herbicides, insecticides and fertilizers is significant and should be carried on in the private sector, but government programs must differentiate between the various kinds of agricultural research.

What is being said loudly and clearly by farm organizations across Canada is that the government must drop the idea of contracting out agricultural research because it would ultimately increase costs for consumers and would worsen our balance of payments deficit.

• (2102)

Farmers are going to be put in a position of competitive disadvantage in relation to other farmers in North America, mainly those in the United States. The policy we have been talking about and about which the agricultural sector is so concerned was drafted by bureaucrats who had no idea of the importance of agriculture or the effect this kind of intervention would have on this most basic industry. I urge the government to look very closely at dropping its agriculture proposal.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I welcome this opportunity of making a contribution to this very important subject before us today, namely, the state of Canada's economy, especially as it applies to the manufacturing and industrial sectors and the relationship thereto of research and development in this country.

Before beginning my main remarks let me say that I was listening with interest to the comments by members of the Conservative and Liberal parties. I wish for once the Conservatives could get their act together. We heard one spokesman say that the government should get out of research and another one say he wants the government to maintain its involvement, and he was castigating the goverment for its plans to withdraw from certain sectors of research.

Mr. Murta: Mr. Speaker, I rise on a question of privilege. The hon. member knows full well that the area I was talking about was a specific area of agricultural research. If he does not agree with me I hope he will stand up and say so, but I would not want him to misrepresent the remarks of members of our party in the way he has just done.

Some hon. Members: Hear, hear!

Mr. Symes: I was just listening a little bit earlier to one of the official spokesmen on science policy, the hon. member for Calgary Centre (Mr. Andre), who argued just the opposite to the hon. member for Lisgar (Mr. Murta). That is my difficulty, finding out where the Conservatives stand on this important issues. I agree with the hon. member for Lisgar, who I assume is a minority in his party, that there is a place for government research in Canada, especially in the field of agriculture and elsewhere.

Then I listened to some of my Liberal colleagues who say there is a problem but they do not know what is the cause. I should like to go into what I think are the causes of the difficulties we are in. I lay them right at the doorstep of this government and its lack of science and industrial policy over the past few years.

Research and development is essential to any modern industrial economy, and it is sad to note when we look at the history of science policy, especially in the field of research and development, that Canada has one of the worst records of any modern industrial state.

Research and Development

Research can be divided into three major areas. First, what we call curiosity or motivated research; that is, research of a general nature to create more information in the general pool of scientific knowledge. It is important for scientists and those in universities to pursue this field.

Then there is a second area of research and development, the mission-oriented kind of research, or research that is addressed to some of the fundamental problems facing any country, involving things from the environment and industrial health to renewable energy, urban transit and so on. That is a very important sector of our research that likewise has been neglected over the years.

The third area, which is the area we seem to be concerned with in the motion tonight, is applied research. That is research we can apply directly to industry in the economy to enhance our manufacturing sector and our ability to produce and trade.

When we look at this government's policy—and this government has, of course, been in power for such a long period of time it cannot say this is something that has just occurred overnight—and when we look at past ministers of science and technology, especially the former minister, Mr. Drury, we find that the policy has been that we move to interdependence in terms of science; that we rely on importing from other countries much of our technology and research. It is argued that it is too expensive for a country like Canada to embark on research in these major fields, and it is much easier to import it.

As a result of that deliberate government policy of withdrawing from these very important fields, which every other modern country recognizes as necessary, we have seen a 30 per cent decline in research and development in Canada since 1970. As a result, is it any wonder that members of parliament when they are in their constituencies have more and more young people with university degrees coming to them with the lamentable story of how they or their parents have invested a great deal of money for their training and education yet now they cannot find jobs? That kind of problem in respect of unemployment among highly skilled young people today has to rest right at the doorstep of this government. The government has pulled us out of that kind of field of research, and we now find that our bright young engineers, technicians and scientists are having to leave the country. Indeed, the Prime Minister (Mr. Trudeau) said that if they cannot find jobs here they should leave the country. What kind of future hope is that for the young people of Canada? It is a lamentable state of affairs.

Research and development has been downgraded by this government and we are seeing the results in terms of higher unemployment. We are also seeing the results in terms of a declining manufacturing sector that has not been able to keep up with modernization, redesigning plants and moving into new basic areas that research and development could provide for them.

Today we rank almost last of all the industrial countries in terms of our commitment to research and development. I think we are second to that little country of Ireland in that sense. In 1975 only .36 per cent of our gross national product was devoted to research and development. It should be a minimum of 2.5 per cent.

Why are we sliding into this abysmal state of affairs? As I said, we have to look at the government, its lack of goals and its lack of planning. I am really amazed sometimes when I listen to the debates in this House and the contributions by members of the Liberal and Conservative parties who assume that, if we just let business alone and just let the economy return to the good old days of laissez-faire and Adam Smith, somehow we will solve all the problems we face now and achieve great progress. Those days have gone.

Any modern industrialized country today is involved in highly sophisticated economic planning. The governments of these nations have played a very activist role. No longer can we go back to the 18th century and that kind of competition and free enterprise. It does not exist any more in the world because we have moved into a more monopolistic kind of situation with the advent of the large and powerful multinational corporations. Even the multinationals undertake planning on a long-term basis. Modern governments undertake planning on a long-term basis. However, Canada moves from month to month and year to year without any coherent plan.

Is it any wonder, then, that we are facing economic difficulties today? You just cannot survive in the modern industrial world with an ad hoc policy or no policy at all. You have to commit yourself to goals and planning, and you have to bring the state into an interventionist role in the economy in order to survive, in light of the very powerful interest groups that exist today in the world economy.

We have to move along that line, and I do not see that direction forthcoming from this government, either in terms of economic strategy and planning for our economy or in terms of enhancing research and development through an impetus that government can put into this field. The great danger today is that we are moving toward a state of staid industrialization. We are going downhill rather than progressing so far as our manufacturing sector is concerned.

● (2112)

The Science Council of Canada and many other studies have shown that the Canadian manufacturing sector is very sick. We have a trade deficit in manufactured goods which has grown by approximately $9 billion since 1970. That has resulted in a loss of at least 350,000 jobs in this country over the past seven years. That was as a result of the trade imbalance, the American DISC program, and the repercussions of an auto pact which benefits the United States more than us. Also we have been locked into an economy which goes back to the days of C. D. Howe: Canada is used as a resource hinterland. Our minerals are mined from the ground, our trees are cut down and our wheat is harvested. Then these raw materials are exported to other countries. As long as Canada is locked into that type of economic development, we export jobs at the same time as we export raw materials.

Jobs can be found in areas where raw materials are refined, processed and manufactured into finished goods which are sold to consumers. That is where the labour intensive sector of the economy is. We export our resources and in turn import the finished product. Mainly we export our raw materials to the United States. The raw materials are turned into finished goods which we import from the United States. Thus the Americans receive jobs. It has been estimated that for every job created in the Canadian resource sector, perhaps we forgo two to five jobs which could have been created in manufacturing. The resource sector is capital intensive. All one has to think of is Syncrude and other energy projects. A large amount of money is poured into those sectors of the economy. One should compare the number of jobs produced as a result of those projects to a similar investment of moneys into the manufacturing sector and the amount of jobs produced there. We are losing out in that sense.

Because Canada depends on the export of raw materials and the import of manufactured goods, we are faced with perpetually high unemployment. Until that type of economic development is changed, Canada will continue to be faced with high unemployment. Projections have indicated that there will be 475,000 young people graduating from or leaving shcool each year between now and 1985. Yet when we look at the past record, in 1976 only 209,000 more jobs were provided than in 1975. As long as we depend on a resource based economy, jobs cannot be created to meet the demands of more and more young people coming on to the market. We require an industrial strategy which eliminates dependence on resources alone and which moves toward developing a strong and healthy manufacturing sector where the jobs are.

I have looked at many studies which I do not have the time to go into. The Belgium study has shown that the return on research and development investment is two to four times the return on investment in fixed assets. We are beginning to appreciate how important it is to develop that sector. We must move toward creating a viable manufacturing sector in Canada. When we recognize that research and development is so essential to creating a healthy manufacturing sector, why do we continue to import so much of this research and development? Why is it not done in Canada? One of the reasons is the lack of policy and direction from the federal government. Another important reason is the degree of foreign ownership in the Canadian economy today.

When one looks at foreign ownership and the policies of parent companies which affect the branch plants in Canada, one finds an active and deliberate policy to discourage research and development in Canadian subsidiaries. I could document this by referring to various cases. Foreign ownership has discouraged research and development as well as having fragmented and distorted the entire structure of our manufacturing industry. For example, as of 1970, 53 per cent of our manufacturing was foreign owned. I will not bore the House with figures, but we are aware that it ranges from a high of 96 per cent of our petroleum industry being foreign owned to 53 per cent of our manufacturing industry. If so much of our economy is foreign owned, how can we expect to develop an independent policy or strategy in terms of manufacturing research and development?

Ford of Canada has sales amounting to billions of dollars, but not one Ph.D is employed by that company. Ford has no research and development facilities in Canada. Research and development is done in its parent company in the United States. That is where university graduates are being hired, not in Canada. That is evident in every industry. The foreign parent company retains research and development in its own country, mostly the United States. The foreign parent company does not want to release that information and technology to a subsidiary company located in Canada.

Thus, research and development to design a car that can withstand Canadian winters is not done here, it is done in the United States. We do not have openings for our young people to find jobs, nor is there a chance for indigenous industry in Canada to strike out on its own on a path which would benefit our economy. It is controlled by the parent company in the United States or wherever. Canadian branch plants have mainly become assembly points for the products produced by foreign parent companies. Canadian employees merely put the pieces together. That does not require highly skilled people, such as the scientists and technologists that would be necessary in order to partake of research and development.

In 1975 $4½ billion in auto parts were imported into Canada. Those auto parts were produced in the United States and provided jobs for Americans. Another problem which results from foreign ownership is: if there is a slowdown, the parent companies lay off people in their own countries. Thus, if there is a slowdown, Canadians are laid off before Americans and Europeans employed by the parent companies.

Another disadvantage Canada faces is the outflow of profits, dividends, royalties and management fees, which could have remained in Canada and provided us with capital to expand. Because we are so highly foreign owned, the profits and dividends leave the country and benefit the parent companies. As a result, we are all the poorer.

Canadian industry is faced with a situation where there are such powerful multinational corporations in the world that any Canadian company is at a real disadvantage when attempting to find export markets. The parent companies do not want subsidiaries to be competing with them. Thus, Canadian subsidiaries are discouraged from going out into the world market in order to participate in trading, which would create more jobs for our country.

● (2122)

The other problem, of course, is that any Canadian industry now is faced with the problem of high competition from the multinationals which are moving into third world countries where there is cheap labour, where there are very few environmental laws, etc. As a result, we find the Inco situation and others where Canadian workers are being laid off, all symptoms of how we as a nation have lost control over our economy

and have lost the ability to plan, which every other modern country worth its salt has been able to do.

This is why I argue that we need government planning and involvement. If we cannot rely on industry alone to solve the problems in Canada because industry is foreign owned, we will never move beyond the branch plant economy in which we are now. Therefore, we must have government planning, economic planning, and government investment decisions in co-operation, or in some cases maybe with coercion, with some of these companies operating in Canada. We have seen how West Germany, Japan and the Scandinavian countries have been able to do this successfully.

It is amazing to me that that lesson has not been learned by my colleagues opposite. Laissez faire will not do in Canada any more. We have gone beyond that. We are in too much of a predicament. We need research and development; we need government initiatives. I am afraid that unless we have a change in government, we will never solve this fundamental problem facing our economy today.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, the opposition motion before us is an important one and probably there would be no disagreement with the principle, although obviously there is a good deal of room for disagreement on methods of application and on deciding priorities. The motion states that it is crucial to the strength of Canada's economy and the provision of employment opportunities that a vigorous program of technological research and development be promoted by the government. It goes on to deal with industrial research, to which the hon. member for Scarborough East (Mr. O'Connell) and the hon. member for Halton (Mr. Philbrook) have already directed their remarks. The motion also addresses the question of agricultural research, and I would like to speak briefly on this.

The Department of Agriculture's expenditures have increased very greatly in the past three years on work on new crop varieties, the efficiency of animal hybridization in the development of modern strains of animals and poultry, and the protection of plants and animals from diseases, insects and weeds.

The budget of the agricultural research program since the 1971-72 financial year has increased 2.4 times. Science expenditures related to agriculture by all departments have increased from $116.8 million in 1975-76 to $159.5 million in 1978-79. Expenditures on science and technology in 1978-79 will be $134.1 million in Agriculture Canada and will represent 18 per cent of Agriculture Canada's total estimated expenditures. Of this, it is expected that $5 million will be spent extramurally, compared to $6.3 million in 1977-78, of which $0.8 million will be spent in industry and $3.3 million in universities.

The agriculture industry produces nearly two thirds of the food consumed in Canada. In addition, agricultural exports play a significant role in our international balance of trade. The Minister of Agriculture (Mr. Whelan) aims to preserve and influence the productivity and prosperity of agriculture in Canada within the context of a total food system.

The research branch of Agriculture Canada has as its mission to ensure the efficient production of an adequate and appropriate supply of food and agricultural products and to help maintain a stable and profitable agricultural industry in Canada. The research program has a management-by-objectives philosophy. Most of the objectives are based on various crop and animal commodities. Goals are set so as to provide real targets for assessment, accountability, and cost benefit analysis. Some objectives, however, embrace a broad class of agriculture; for example, soil survey or environmental protection. In others a discipline basis is used for setting objectives and goals.

Apart from administration and research services, the program is organized into 14 research areas, namely, horticultural crops, cereal crops, forage crops, beef cattle, biosystematics, oilseed crops, land and water resources, field crops, dairy cattle, environmental quality, poultry, swine, sheep and honey bees and other animals.

The department operates 47 science establishments, sited across the country so that local factors in the production and utilization of agricultural products are considered in research programs.

To ensure that department research is co-ordinated with research in the provincial, university and industry sectors, and that the national research effort is responsive to needs, the branch uses three national advisory groups: the Canadian Agricultural Services Co-ordinating Committee; the Canadian Agricultural Research Council; and 17 Canada committees, each concerned with a specific commodity, discipline or subject area. Each of these groups has representation from the federal, provincial, university and industry organizations concerned.

Within the research programs, increasing emphasis is being placed on the breeding of new crop varieties; the efficiency of animal hybridization in the development of modern strains of animals and poultry; the protection of plants and animals from diseases, insects, and competing weeds; the culture of plants in a way that uses space, light, and nutrition with the greatest efficiency; the storage of primary products for off season demand and future export; and the utilization of agricultural production to provide Canadians with a greater variety of more appealing and nutritionally processed products.

As the petroleum sources of nitrogen for fertilizer manufacture become scarcer and more expensive, one new avenue of research will focus on the microbial fixation of atmospheric nitrogen. The fact that many leguminous crops naturally draw, or fix, nitrogen directly from the air challenges scientists to attempt to extend this symbiotic relation of plants and bacteria to other crops.

A program of soil classification and mapping being run co-operatively with the provinces is one of Agriculture Canada's most important activities. It will take many years to complete but is already providing useful information to plan-

ners who are attempting to improve the efficiency of land use. Only 5 per cent of Canada is improved farm land, and only about 2 per cent, or 20 million hectares, is available for future expansion, much of it marginal or located in less desirable climatic areas. In fact, the arable land of the Canadian north is one of the last agricultural resources still awaiting development. The department's staff is studying northern soil capacity, climate and crops.

Also being investigated are more efficient ways to use energy in agricultural operations and the possibility of saving energy by modifying cultural practices, even though at the farm level the industry is not a major user of gasoline.

● (2132)

In addition, research is being done on the use of waste products for methane production and the use of biological materials—biomass—as an energy source. Another program is to study the conversion of agricultural waste into animal feed.

Science activities in the Department of Agriculture include the activities of the economics branch which conducts research into the behaviour of economic and social variables affecting the agricultural industry, with particular emphasis on issues affecting policy development and implementation.

Research on animal diseases is carried on by the animal pathology division of the health of animals branch in Ottawa and at eight regional laboratories. In addition to studying the causative agents of animal diseases and methods of transmission, the division develops and improves tests for detecting diseases as well as producing diagnostic reagents and biological products for halting outbreaks of disease. Tests are also developed to qualify breeding stock and meats for export and to prevent the entry of foreign animal diseases into Canada.

The grain research laboratory at Winnipeg monitors and assesses the quality of cereal grains and oil seeds grown and marketed in Canada and also conducts research on quality related to the end-usage of these crops.

The production and marketing branch expects to continue its contributions at about $1 million in 1978-79 to provincial agencies, industry and universities to stimulate, develop, and adapt new agricultural crops and varieties for commercial production.

I should like to conclude by reference to some figures for the research program of the Department of Agriculture. In 1971 total expenditures were $50 million and for 1978-79 they will be $121.5 million. Of course, there is always room for disagreement on priorities. However, this must remain a matter of disagreement since we have not heard this evening the precise proportion the opposition recommends for agricultural research.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, it is a full year since the government's new restrictive policy on research and development was initiated. Tonight I wish to make a few personal and quite specific remarks about the effects of this policy, especially in the field of Canadian agriculture.

Research and Development

In the opening speech of this debate by my leader this afternoon he quite properly pointed out that agricultural research and development must have a much higher priority if only because of the obvious and very necessary association with human food production. He pointed out that Canada's capacity to produce food is one that will not run out but is truly a renewable resource. Those are facts that we should always remember.

At the food strategy conference in Ottawa last month, the agricultural producers took some obvious satisfaction out of one of the stated objectives of this much publicized conference which said that the conference was aimed at improving farmers' incomes and lowering food prices.

Peter Hannam of the Ontario Federation of Agriculture and Dobson Lea, the new president of the Canadian Federation of Agriculture, were quick to point out the disparity or dilemma in this statement about improving farmers' incomes and lowering food prices. This is impossible, of course. One might argue that there is a very slim possibility of some improved efficiency, but farmers are getting sick and tired of being told to be more efficient. If you tried that approach on a cattleman who survived last summer's drought and who is not yet through a severe winter, you would get a very frosty and sarcastic answer. Nevertheless, it is possible to improve farmers' incomes and lower food prices through adequate research and development. This is really the only way it can be done.

While there is a definite place for contracting out some research occasionally at the expense of some in-house research, I make a plea tonight for a continuation of, and even stepped up support for, the research branch of our federal Department of Agriculture. I have been pretty well in touch with the Department of Agriculture's research activities in western Canada, especially for many years beginning in 1938 when I was a student at the Swift Current research station or, as we called it in those days, the experimental farm. Later the Lethbridge station became a favourite place to meet and visit, as well as the Manyberries sub-station, the only truly short grass cattle research station in Canada.

The new research building in Lethbridge must be the foremost of its kind in the world. It was jointly planned, financed and operated by the federal Department of Agriculture and the Alberta agriculture department, and, of course, it was officially opened last summer. It is a good example of federal and provincial agricultural forces working together.

The Lethbridge research station is ideally suited to cattle breeding research along with the Manyberries sub-station. This type of livestock research does not lend itself to contracting out to the private sector, essentially because its research projects take so many years to complete properly.

Southern Alberta now has approximately 500,000 acres of irrigation and more is being added every year as a result of the sprinkler techniques. The Lethbridge station has become the headquarters for all western research related to irrigated crops and the techniques of irrigating. In many respects this aspect of research and development is in its infancy—that is, dealing with irrigated crops and the technique of irrigating them.

Research and Development

There is a real need for alternative irrigated crops to the traditional ones such as sugar beets, edible garden crops like beans, peas, corn, carrots, onions, and so forth. The alternative is needed because of suddenly increased costs of specialty equipment in some of those earlier irrigated crops.

With suitable new grain varieties developed for irrigation, greater dollar returns are possible using standard grain seeding, cultivating and harvesting machinery. For example, there are now about 170,000 acres seeded to soft white spring wheat in the irrigation areas of southern Alberta. Most seed varieties for this soft white spring wheat come from Idaho; our growth season is just too short for these varieties. In addition, these imported varieties eventually become infected with mildew mutations that require a new southern Alberta variety. There is only one place they can possibly be developed and that is in the Lethbridge research station. Tremendous yields of this particular crop of soft white spring wheat of over 100 bushels per acre make the research worthwhile and necessary.

Soybean production under irrigation has never been good enough, at least in western Canada. New varieties for our latitudes are needed and needed now. The Faba bean has probably the greatest potential of any of our legumes presently under irrigation because of two important factors. First of all it has a very high protein content, being well over 30 per cent. Secondly, the nitrogen-fixing characteristics are the best of any of our legumes. But improved irrigated varieties are needed.

● (2142)

The same argument can be made for irrigated varieties of malting and feed barleys. There is a growing demand for the white malting varieties instead of the traditional blue malting varieties. There will always be a demand in the cattle feeding country of southern Alberta for high yielding barley grown by irrigation. In general there will be an increased demand for R and D in cereal breeding just to keep ahead of the disease problems in cereal grains grown with irrigation. As irrigation costs, energy costs and land costs continue to increase, it is only a matter of time until our systems of irrigation will have to change. By that I mean the methods of physically distributing the water. Research and development will point the way from present, open systems, which are very wasteful of water and very inefficient, to totally enclosed systems both for the total distribution system and for the individual farm.

The Lethbridge research station is a unique institution in Canada in many ways, not the least of which is its opportunity to serve Alberta's continually growing irrigation. This station's research budget should not be restrained.

On a related research subject I want to say a few words in support of the VIDO concept, meaning the Veterinary Infectious Diseases Organization. This is a new organization based in Saskatoon working in conjunction with the Western Veterinary College at the University of Saskatchewan. It has been set up for research on cattle, hogs and poultry in the disease field. It began in September 1975 and will eventually be staffed by about 50 research scientists and veterinarians. VIDO is already deeply involved in calf and pig scours, especially in those matters that need intensive research. In Alberta alone calf scours cost Alberta cattlemen $17 million in 1974. Losses to the Canadian beef and dairy industry comes to $74 million per year, which amounts to about $8.67 for each live calf born.

Here is how this worth-while institution has been financed so far: $2.2 million from the Devonian group of charitable foundations in Calgary; $1.87 million from the government of Alberta; $200,000 per year for five years of operation from the government of Saskatchewan, and it is in its third year now. In addition, the government of Saskatchewan has put up another $50,000 for expenses this year. I should point out that the Devonian grants are on a matching grant basis only up to 1982. Another $1.25 million will be on a declining matching basis. In addition there is some financing from other sources. For example, the Saskatchewan Veterinary Association gives $1,000 a year; the Manitoba Veterinary Association $200; the Alberta Veterinary Association $5,000; the Alberta Egg and Fowl Marketing Board $10,000; the B.C. Swine Breeders $250; and the B.C. Cattlemen $5,000. The Alberta Cattle Commission, which is the organization that makes the check-off from every cattle animal sold in Alberta, has subscribed $70,725 in ongoing projects up to now. It is very likely that they will continue to support VIDO in future on a project by project basis.

VIDO now needs operating funds. Considerably more are needed, something over $1 million a year for the next five years. Up until now the federal funding has been very, very limited. Surely the need here for funding is beyond question. Cattlemen fully recognize this by subscribing their own research dollars.

I want to close, Mr. Speaker, with a very brief tribute to a fine Canadian scientist who retired at the end of last year. I am referring to Dr. Bert Migicovsky. I want to recognize the contributions of Dr. Migicovsky who retired at the end of the year as director general of research in the Department of Agriculture, or he may have been known as the assistant deputy minister of research. At any rate, he was one of Canada's top agricultural scientists. His regular appearances before the Standing Committee on Agriculture over the last five years have become one of the highlights of that committee every year. His broad knowledge based on such wide experience, always expressed so forcibly, made those meetings very special occasions. There is no question but that we should salute him for a job well done at his retirement.

Some hon. Members: Hear, hear!

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, first of all I would like to join with the hon. member for Medicine Hat (Mr. Hargrave) in paying tribute to Dr. Migicovsky, the recently retired assistant deputy minister of the research branch of Agriculture Canada, for the extremely fine job he has done there. He helped me a great deal in setting up my tours of the research laboratories of the

agricultural departments across the country as well as those in Ottawa. He did a very fine job in helping me to understand the research that is going on in Agriculture Canada. I understand very few members have taken advantage of this opportunity, which is a shame since so much is talked about agricultural research and development. I think few have had a first-hand opportunity to learn what is going on in Canada.

I support in general the motion put by the Leader of the Opposition (Mr. Clark) this afternoon. There is no question that we have far from succeeded in the task of tackling industrial research and development in this country. I would differ with the Leader of the Opposition only in the details and strategy to pursue this goal. I agree with most of the speakers who have spoken today, with the exception of the extremely partisan and irresponsible comments made by the hon. member for Athabasca (Mr. Yewchuk) as well as the recommendation from the hon. member for Calgary Centre (Mr. Andre) to abolish the Ministry of State for Science and Technology. The news release of the Minister of State for Science and Technology (Mr. Buchanan) on the estimates was an effort to try and elucidate exactly what was going on. Great care was taken to make sure the data were accurate. It is totally irresponsible to accuse the minister of being dishonest in his representation. If the hon. member for Athabasca would check to find out how those figures were arrived at I suggest he would see they are quite validly prepared and he may find that some of the assumptions he is making are erroneous, not those of the minister.

The suggestion made by the hon. member for Calgary Centre to abolish the Ministry of State for Science and Technology will not accomplish anything. The work that the Ministry of State for Science and Technology is doing is essential. The only question is where is that work to be done. Should it be done by a department or a ministry of state that is separate from the rest of the government branches, or should it be done in conjunction with one of the other departments, such as the Treasury Board secretariat or other policy areas of the government, including the Ministry of Finance which is also a policy setting department of the government? The work which is being done is valuable and necessary. It would have to be done in any event whether or not MOSST is abolished. His comments are extremely spurious and only politically motivated.

My main comments today will be directed toward industrial research and development. The major factor here is the make-up of industry in Canada.

• (2152)

I would like to quote some information from a Statistics Canada study that shows the degree of foreign ownership in this country. It was released just last month. Of almost 30,000 companies engaged in manufacturing, mining and forestry operations, essentially the business sector of our economy, 100 account for 46 per cent of business activity, almost half. Of that 100, 66 are foreign controlled.

Going through the top 1,000 companies of those 30,000, which represents roughly 3 per cent of the number of companies in the country, 57 per cent, or 572, are foreign controlled. These represent over one third of the companies of the top 1,000.

We only have a small percentage of the total number of companies in Canada, foreign owned and controlled, 5.5 per cent or 1,626 of the 29,812 companies. They are mostly concentrated in the top 1,000 and have a tremendous effect on the economy. It is therefore relatively easy to see from that that we need a different policy to deal with this sector of the economy as opposed to the balance of industry which is largely Canadian owned and controlled.

As mentioned during the debate today, there is a different motivation for the foreign based multinationals to do research and development in this country. There is absolutely no incentive for them to do it here. In many cases there are incentives not to do research and development in Canada but in the parent's country.

I have outlined many times some of the disincentives to do research and development in this country and some of the areas the Canadian government should tackle to reduce the level outside this country which we have to pay for in using the results of research and development done outside of Canada. To be positive and constructive as to how to tackle the situation, I suggest there be joint efforts with the foreign based multinational companies involved in the top 1,000 companies. This would mean about 500 companies. Discussions should be held with them to make sure they are fully aware of the situation in Canada. They should know it is not acceptable to have this very low level of industrial research and development conducted in Canada, this low level being concentrated in the foreign based multinationals.

We should try and agree on a fair rationale whereby industrial research and development is increased in Canada. Certainly the best way is the example of companies like General Electric or Pratt & Whitney, whereby the Canadian operations are made responsible for a product line worldwide and research and development for that product line. That is a very responsible attitude, one I would like to see encouraged.

The attitude of the three major automobile companies, Ford, General Motors and Chrysler, is totally unacceptable. They do absolutely no research and development in this country, yet the Canadian market represents 10 per cent of the North American market. It is justifiable in our case to have 10 per cent of the research and development of those three companies done in this country. Work is done primarily in the Detroit region. The environment in Windsor is no different from the environment in Detroit. Therefore, this could easily be accomplished without any loss of communications or other problems that may be raised as reasons why this should not be done.

It is irresponsible for the big three auto makers not to show their concern for fair practice in Canada as far as research and development is concerned. I admonish the Department of Industry, Trade and Commerce to tackle this problem serious-

ly in the negotiations they have with the auto companies, especially with regard to the auto pact. This area was not negotiated in the past. It is an example of what is not done at present but what should be done.

We should find out the attitude of the various types of industries in this country. A year ago the Ministry of State for Science and Technology wrote to the largest 125 companies in the country and asked what they were doing and why. A lot of them, both Canadian and foreign based multinationals, were fairly responsible in their answer, interested and encouraged by the concern of the Canadian government.

There were some notable exceptions. I found it totally unacceptable and irresponsible when United States based multinationals said that they were doing their research and development in Houston and intended to leave it that way. That kind of attitude is completely insensitive to the realities in this day and age of the needs of both our countries. If we are to work co-operatively in this regard, we need a much more positive approach than that kind of crass, bald statement. The words I think of are not parliamentary. However, I think hon. members appreciate the sentiments I am trying to express.

The problem is being recognized and worked on at the policy level. I look forward to seeing very soon some concrete results of these efforts which have been presented, as the Minister of State for Science and Technology said in the debate today. I hope we will see some positive results in the not too distant future.

We have come a long way in the past decade in recognizing the problems in industrial research and development. They were spelled out by a Senate special committee on science policy. We have tried a variety of techniques to fully understand the whole problem and all of the nuances. We have come to the realization that the investment tax credit is the best way to handle this situation. It minimizes the amount of bureaucratic involvement. The decision is left to industry, as it should be in a free enterprise system. The only involvement of bureaucracy is in the taxation system of the end of the business year.

I agree with several comments made today to the effect that the amount of the investment tax credit is too low. It being a taxable item, as all National Revenue tax credits are, the real effect of a 5 per cent investment tax credit is only 2.6 per cent. That 2.6 per cent real benefit is of negligible use to industry. Therefore, to be effective as an incentive it has to be increased substantially.

I certainly agree with several sectors of industry that have recommended a 25 per cent level for the investment credit which, after taxes, would be in the order of 12 per cent or so. That is a reasonable incentive, one that governments can responsibly handle. I urge all members to encourage the Minister of Finance (Mr. Chrétien) and his department to look very favourably on the suggestion in the next budget.

Miss MacDonald: Make it 100 per cent instead.

[Mr. Maine.]

Mr. Maine: I think a 100 per cent investment tax credit would be a very expensive proposition. Whereas I applaud the idea and the direction of the suggestion, it is somewhat irresponsible for us to assume the amount at this time, keeping in mind that we are trying to keep some serious kind of restraint on our budgetary and fiscal policy.

There is no question that we have to increase industrial research and development in this country. We can do it. I urge that we do it co-operatively with the foreign based multinationals. They have many reasons to be seriously interested in doing research and development in this country. There are many examples of good corporate citizens, but there are also many examples of those which are not good corporate citizens.

These problems should be tackled by the government of Canada. This is a very sensitive, serious and ticklish problem. Both the parent companies and the governments of parent companies must realize just how serious this problem is that we have to tackle. I notice it is ten o'clock, Mr. Speaker.

Mr. Deputy Speaker: It being ten o'clock, it is my duty to inform the House that, pursuant to section (11) of Standing Order 58, the proceedings on the motion have expired.

• (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PUBLIC SERVICE—PROPOSED RAISE IN RETIREMENT AGE—CAPPING OF INDEXED PENSIONS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, on January 30 of this year I directed a question to the President of the Treasury Board (Mr. Andras). There had been a report in the Toronto *Globe and Mail* that a document had been presented to the conference of federal-provincial finance ministers suggesting that a cap be placed on the indexing provisions applied to pensions paid to retired public servants and that there would be changes concerning the age of retirement. In reply, the minister indicated that proposals of this nature were not made to the conference. Nevertheless, a series of reports was carried subsequently in the press. Today, in response to a question from the opposition side, the President of the Treasury Board indicated that later this week he would be tabling the Alexander report on the public service retirement plan and that he would be making a statement at that time.

I believe there has been a great deal of misconception about the present superannuation plan for public servants. That superannuation plan account presently has in excess of $8.6 billion to its credit. Interest is being accumulated at a rate in excess of 7.6 per cent per annum, and the rate is increasing.

The basic fund is now being credited with interest at the rate of more than $650 million a year and the fund itself is increasing at a rate close to $1 billion a year. The fund of which I am speaking is used to pay basic rates of pensions.

There is, in addition, a supplementary retirement benefits fund which is supported by contributions of one per cent from the employer and the employee, out of which the indexed portion of pensions is paid.

The criticisms which are being made in many quarters relate to the actuarial soundness of the supplementary retirement benefits fund. If we look at the two funds together we see that there is very adequate provision made for the payment of benefits. The original actuarial calculations were made on the basis of a rate of 4 per cent. The yield today, as I said earlier, is in excess of 7.6 per cent.

A number of actuaries have looked at this fund and made projections which suggest it could be in difficulty in the future. In so doing they have had to make assumptions with regard to the rate of interest in the future, the rate of inflation, the age at which people are going to retire, and so on. On the basis of very unfavourable assumptions they could forecast difficulties; on the basis of a good combination of assumptions they could reach the conclusion—as I believe to be the case—that the plan is over-funded.

The fund as it now exists is more than adequate to pay for the basic pension rate and escalation. One of the complications which arise in the assumptions which actuaries are making relates to retirement age. It is the policy of the government of Canada to be a good employer. The superannuation scheme as it presently exists is a good plan and the objective of all of us should be to provide equal protection for all Canadians in order that the cost of living should not rob retired people year by year.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Francis: About 8 per cent of all Canadians have retired. They receive something like 5 per cent of our national income. All we are asking—and I am pleased to have the applause of hon. members on the other side—is that the same proportion of the national income should be afforded to retired people. They should have the same protection. The suggestion that the provision of the same amount of purchasing power throughout the years of retirement is something which would bankrupt Canada is one which I simply cannot accept.

● (2205)

All of us have looked at horrible examples of senior public servants retiring at age 55 with 30 years' service and getting pensions which are not reduced and which are escalated from the date of retirement. The particular examples which have been cited are very difficult to comprehend as such, but the overwhelming majority of thousands now retired—I believe over 80 per cent—are getting an average pension of about $6,000 a year. The actual pensions being paid are nowhere near the sums which have been cited in a few individual cases.

If we have to make a choice, over a long period there is a good case for saying that there is a limit to how far premature retirement at an early age can take place, but every effort must be made to protect those who are retired against the constant erosion of their incomes which inflation brings about. The priority must be to protect indexing so that those who are helpless and cannot look after themselves will not become victims of inflation. If the price of this is some sacrifice in the reduction of the age of retirement, I would be prepared to say that we could look at those provisions of the plan; but I would not be prepared to support any changes in the indexing provisions.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of Treasury Board): Mr. Speaker, the hon. member for Ottawa West (Mr. Francis) has once again brought a subject of very deep concern to the attention of this House. We are all aware of his continued interest in the wellbeing of his constituents, including those who are members of the public service and who have retired from the public service after long and valued careers.

The hon. member has cited some very important figures on the subject of public service pensions. In view of the fact—and the hon. member mentioned this in his remarks—that the President of Treasury Board (Mr. Andras) has committed himself to making a public statement on this suject later this week in this House, I am sure the hon. member will understand the dilemma I am presently in. I do not wish to go too far on this subject. I ask the hon. member to show the patience he usually does. I am sure that on the day the President of Treasury Board makes his intervention on this subject the hon. member will have an opportunity to make further statements and to question the minister in this regard.

HEALTH AND WELFARE—REDUCTIONS IN HEALTH CARE PROGRAMS—GOVERNMENT REASONS FOR CHANGE IN POLICY

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I want to thank the Minister of National Health and Welfare (Miss Bégin) for her reply to be found at page 3313 of *Hansard* for February 22, stating she would bring my suggestions to the attention of her colleagues across Canada. The minister went on to state, however, that each province is at a different stage in the development of extended health care, so she felt she could not impose minimum standards which were applicable under the hospital insurance and medical care programs.

The minister knows that under the Medical Care Act four criteria must be met. There must be 95 per cent coverage, quality of care, portability and comprehensive physicians' services. These criteria must be provided as insured services by participating provinces. The Medical Care Act empowers the government to include any additional health services under terms and conditions which may be specified by the governor in council. Let us settle that once and for all.

These additional health services are insured without exclusion. I hope I have made that abundantly clear. The reference is at page 270 of the Canada Year Book, 1969 under the

heading "Public Medical Care". Since that time there have been changes—$20 per capita, tax points and the Canada Assistance Act—but in no way do they change those basic rules.

There are five types of health care. First, there is intensive care for people who are very ill. There is active treatment. Costs for active treatment run from $100 to over $200 per day. Patients are transferred as quickly as possible to chronic care at $40 to over $100. They are transferred from there to an extended care home, which runs to about $14.10 per day. We then have home care, which at the present time is on a trial basis. There are three pilot projects underway in the province of Ontario in three major cities, but what the results will be I do not know. In any event it is a patchy thing right now.

● (2212)

Home care is only for short periods, obviously designed to keep costs down. The transition is made as quickly as possible from stage one to stage four, keeping in mind the patient's condition. Many of the extended care homes do not have the necessary equipment for treating minor illnesses, or conditions such as emphysema or cardiovascular disease. They do not have the ability to render oxygen occasionally to bring up a patient's oxygen level. As a result, the patients have to be transferred back to the hospital under emergency conditions by ambulance with all the attendant increases in cost and inconvenience to the chronically ill.

This situation should be remedied without delay through the provision of a sick-bay in the extended care homes and trained personnel who know how to operate an oxygen tank safely. This surely could be done as it is now under the home care program with certain instructions, warning signs and intelligent personnel in charge. I hope I have made myself clear in this regard. I am sure the minister is an intelligent lady and will see that the act is carried out responsibly, cutting costs by efficient methods which will improve medical care without cutting quality.

There is one other thing I should like to add which is perhaps not relevant, and I apologize in advance. I do not believe court orders in respect of the production of a patient's history should be issued at any time except under extreme conditions. If a patient's chart is required the patient should be contacted and asked to sign a consent form. In that case the doctor can release the patient's case history. We must make every effort not to break up this relationship that exists between a doctor and a patient. If the relationship is broken up there will be a deterioration in respect of histories. No doctor who has been given information by a trusting patient will include that information in a case history, particularly if there is any danger that such information may be used adversely against that patient.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I should like to say that the government is quite aware of the doctor-patient relationship and would certainly not like to see this hampered in any way. This is a point well taken by the hon. member for Simcoe North (Mr. Rynard).

What the hon. member has pointed out is that there may in fact be a gap in services. Although he knows that the present plan provides for quality, portability and comprehensive service, there may in fact be gaps in carrying this out. The hon. member speaks from his extensive knowledge and experience about intensive care, active treatment, extended treatment, chronic care and home care. All these have to be kept in mind when we are considering the kind of health care citizens of Canada need, expect and are entitled to. The hon. member has made this very clear.

I am pleased to comment on the important concerns raised by the hon. member for Simcoe North. His continuing and learned support for the provision of high quality and cost-efficient health services, particularly for Canada's senior citizens, is well known to all members of the House of Commons.

This government, in collaboration with all provinces, has in recent years been promoting the development of alternative forms of health care so that the high costs and trauma associated with transferring patients to costly forms of hospital care can be avoided. The hon. member has pointed this out very well.

Detailed discussions have been held for a number of years about the possibility of increased federal financial support for lower cost forms of health care such as home care. These discussions culminated with the introduction, as of April 1, 1977, of the extended health care services program. Through this program the federal government provides a substantial financial contribution to assist provinces in the provision of many forms of lower cost health care.

● (2217)

Specifically, this new program provides all provinces with assistance in the provision of nursing home and adult residential care, home care, and ambulatory health care services. For example, this program encompasses the provision of home oxygen therapy for persons suffering from chronic heart diseases and emphysema. As well, the federal financial contribution will assist the provinces to provide renal dialysis in the home, rather than in expensive hospital settings.

I should like to make one other point. The licensing and inspection of hospitals, nursing homes and other institutions providing care to the sick and disabled is, of course, a provincial prerogative under our constitution, as is the responsibility to ensure that adequate standards are met. Nonetheless, the minister is always prepared to discuss with provincial counterparts such important matters as the standard of care to extended care patients in nursing homes. The technical advisers of the Department of National Health and Welfare also are available to provide assistance to provinces in developing programs and standards of care.

FISHERIES—SINKING OF TRAWLER "CAPE ROYAL"—REQUEST FOR PUBLIC INQUIRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, on August 9, 1977 the side trawler, the 132 foot side trawler, *Cape Royal* left Burgeo on the south coast of Newfoundland to go to Marystown in Placentia Bay, to the shipyard there for some work to be done on the vessel. She was not going out fishing. She was just travelling to Marystown for repair work. So she did not have a full crew. She had a captain and seven men on board. Now, that voyage, Mr. Speaker, normally takes something like 13 hours. She left around 6 p.m. on August 9. She should have been at Marystown by 10.30 a.m. the next day. For some unknown reason, Mr. Speaker—well, the reason is known. Fishing vessels do not usually report when they are going to arrive or where they arrive when they go out fishing. Apparently this tradition was kept up, although the vessel was only going to Marystown for repairs. Nobody apparently expected to hear from her when she got to Marystown. Nobody checked, Mr. Speaker, for 2½ days to see whether that vessel had reached Marystown or not.

When somebody did happen to call Marystown 2½ days later on Friday, August 12, they discovered that the vessel had never reached Marystown and she was lost. After an extensive search, all that was ever found, Mr. Speaker, was one lifeboat. It was found on August 17, and nothing else has ever been found. Now, of course, this is a case that called out for a public inquiry. Because radio station CKCM in Marystown and the people on the south coast were not getting any action from their member, the Secretary of State for External Affairs (Mr. Jamieson), and could not get any information from the Minister of Transport (Mr. Lang), they contacted me.

On October 26 I put a motion under Standing Order 43 before the House, asking the House to direct the Minister of Transport to proceed immediately to appoint a public commission of inquiry into the loss of this side trawler and her crew, and into the adequacy of safety procedures and regulations governing transport by sea on the south coast of Newfoundland, with such inquiry to commence immediately and to report its recommendations as soon as humanly possible. The motion was not passed because an hon. member on the government side would not give it unanimous consent and said no.

On the same day I asked the Minister of Fisheries and the Environment (Mr. LeBlanc), in the absence of the Minister of Transport, whether an inquiry would be ordered. Well, eventually in December, Mr. Speaker, which was four months after the vessel sank, the Minister of Transport told me when I inquired of him that he was going to have a public inquiry; and I was able to pass that information on to the people of Newfoundland four months after this vessel was lost with all hands. However, from December there was still no one appointed in January; no one was appointed to the inquiry in February. But now, finally on March 1, a commissioner has been appointed to hold this inquiry, Judge Rupert Bartlett of the District Court in Newfoundland. So some seven months after the vessel was lost the commissioner is finally appointed, and he is going to start his work in the inquiry on April 4, 1978, eight months after this vessel and all her crew were lost.

Now, Mr. Speaker, this is an inexcusable delay, in my opinion an unnecessary delay. There is no reason for this. But another thing I have to point out is that I was the man who initiated the questions, the Standing Order 43's, and the private discussions with the Minister of Transport. The minister issued a release on March 1 but did not even send me a copy. I was not given the courtesy by the minister of a copy of that release or the information that the commissioner was appointed. It is a scurvy kind of behaviour.

● (2222)

The minister is morose. He is as morose as a moulting mule. He is some kind of a sorehead that he would not give a member of the House of Commons the courtesy of sending him a release when an appointment was made like that. I had spoken to him three or four times in that connection, but at last, finally, this inquiry is underway. Hopefully it will recommend better safety procedures on the south coast of Newfoundland and recommend that fishing vessels and all vessels should report when they leave the harbour and when they arrive at their destination, and should report every day so that this kind of an incident where a vessel is missing for two and a half days and nobody knows that it is missing will not happen. In that case it was not known until a phone call was made at Marystown by a relative of one of the crew who discovered that the vessel was not even there. Of course, It would even be that much better if the inquiry can find out why the vessel was lost.

While I have this opportunity, Mr. Speaker, I want to say that the fund raising committee for the *Cape Royal* disaster fund—their spokesman is Mr. George Coley who, I believe is from Burgeo-Ramea on the south coast—has collected $134,000 for the lost eight crew members on that vessel. Of course, their families also get workmen's compensation and compensation of that nature. Donations came from all over Newfoundland and from parts of Nova Scotia. In the old Newfoundland tradition a fund is being started, and this $134,000 will be used to help the six widows and 17 dependent children. It is a very, very sad affair and I cannot understand why we had to wait for eight months for the inquiry to even commence. There is an inquiry into the *William Carson* which I do not think has reported as yet, but in that case there was not even loss of life. Here eight lives were tragically lost.

In connection with safety around the coast of Newfoundland, the question arises as to what the minister is doing with icebreaking services for Newfoundland. The Canadian government has six heavy icebreakers. Three of them are stationed in Quebec City and three are stationed in Dartmouth; and here is Newfoundland, in the middle of the Arctic ice, in the middle of the ice that comes through the straits of Belle Isle, through Labrador down our north east coast, and we have one medium icebreaker in St. John's, the *Sir Humphrey Gilbert*, and one icebreaking cable vessel, *John Cabot*, which is supposed to watch the patrolling of cables off Newfoundland in the Atlan-

tic. So there are three in Quebec and three in Dartmouth, when they should be in St. John's, Newfoundland.

We have two more large icebreakers under construction. One will be commissioned on July 1 of this year. I think they were built in Vancouver. That icebreaker will go to Quebec. We have a second one under construction which will be in service in 1979, and that vessel is to go to the Halifax-Dartmouth area. Why is it that everything in the Department of Transport is so patently political? There are four heavy icebreakers to be stationed in Dartmouth, one medium icebreaker in St. John's, four in Quebec. What is up, Mr. Speaker? These icebreakers should be stationed in St. John's where they are close to the scene of the action, where they are needed off the coast of Newfoundland.

I want to ask the minister to do something about that and to improve safety and the icebreaking capability of his forces off the coast of Newfoundland by stationing at least two more heavy icebreakers in St. John's or some other suitable port in Newfoundland. If Gander were a port—it would get these icebreakers, but Gander is not a port—so perhaps St. John's can have some hope. I would like the minister's apology. He is not here tonight—

Mr. Deputy Speaker: Order, please. The hon. member has run over his time.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I would like to say to the hon. member for St. John's West (Mr. Crosbie) that I think the matter he has raised is in fact a serious matter, as he has pointed out. He has also made some very serious representations, particularly with regard to safety and the whole question of the use of icebreakers and where they should be located. I hope the Minister of Transport (Mr. Lang) will take notice of this because the representation appears to be well founded.

● (2227)

It is unfortunate that the hon. member did not receive a copy of the news release of February 28, which I assume is the one he is referring to. I am sure it was an oversight and was not done deliberately.

The *Cape Royal*, a 132-foot side trawler of 350 tons gross tonnage, sailed from Burgeo on what should have been a 15-hour voyage to Marystown, Newfoundland, where she was to undergo refit. In preparation for drydocking, all her fishing gear had been removed and when she sailed the vessel was without ballast or ice. Eight persons were on board, all of whom are presumed lost.

In brief, the sequence of events appears to have been as follows. First, at 1820 hours local time on August 4, 1977, the *Cape Royal* left Burgeo. Second, at 1920 hours that same day, the *Cape Royal* called the fishing vessel *Gulf Gerd* but when the latter replied she received no answer. This was the last time any message was received from the *Cape Royal*. Third, that the vessel was overdue was not realized until 1620 hours on August 12, when a routine message from Burgeo to Marystown concerning her refit drew attention to the fact that the *Cape Royal* had not arrived. A check with St. Pierre established that she had not taken shelter in that area. Fourth, at 1905 hours on August 12, traffic control centre in St. John's was advised that the *Cape Royal* was overdue. Search and rescue operations were put in hand immediately.

Nothing has been seen or heard of the missing men to date. The vessel's overturned lifeboat was located on August 17, the indication being that it had not been launched, and two life rings were subsequently found ashore in the St. Bride's area of the Avalon Peninsula. The exact cause of the casualty could not be determined, but the absence of any distress signals and the apparent failure to make use of the lifesaving equipment would seem to indicate that disaster struck suddenly. No further wreckage has been located despite extensive search, and it now seems unlikely that anything further will be found. In consequence, the coast guard commissioner recommended to the minister that a formal investigation be ordered.

As you may be aware, Mr. Speaker, the Minister of Transport announced February 28, 1978 that there would be a public inquiry into the disappearance of the trawler *Cape Royal* to begin in St. John's, Newfoundland. As was pointed out by the hon. member, on April 4, 1978 Judge Rupert W. Bartlett of the district court of Trinity-Conception has been appointed commissioner and Eric C. Facey, of Gander, will be commission counsel.

I realize that a lot of time has passed since this most unfortunate accident, but at least now something is going to be done by way of an inquiry which I hope will clarify matters for the hon. member.

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

Motion agreed to and the House adjourned at 10:28 p.m.

HOUSE OF COMMONS

Wednesday, March 8, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

STATUS OF WOMEN

EQUAL OPPORTUNITIES FOR WOMEN IN PUBLIC SERVICE—MOTION UNDER S.O. 43

Mr. David MacDonald (Egmont): Mr. Speaker, in light of recent representations made through my office on behalf of the more than 100,000 women who are employed in the public service with regard to their concern over the "job ghetto", which has increased from 68.2 per cent in 1972 to 78.8 per cent, they continue to work in—in spite of the minister's assurance that "the government has taken steps . . . to try to improve opportunities for women in the public service"—and in light of the fact that of all the women in the public service, over 33,000 or about one-third, earned less than $10,000, in comparison with less than 10 per cent of the men, and that the Advisory Council on the Status of Women stated in its most recent annual report with regard to the appointment of women, "this inaction calls into question the government's commitment to equal opportunity for women in Canada", I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That Treasury Board and the Public Service Commission immediately review each department's five-year plan of action to ensure no further erosion of the advancement of women, to upgrade the salaries and responsibilities of women in the public service and to report back to the House on a new plan of action within 30 days.

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

Some hon. Members: Agreed.

Some hon. Members: No.

GOVERNMENT URGED TO ACT ON RECOMMENDATIONS OF ADVISORY COUNCIL—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to present a motion under the provisions of Standing Order 43. It is one with which I am sure all hon. members will agree. I hope they will permit it to be passed. I therefore move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House takes note of the fact that this is International Women's Day and calls on the government to act forthwith on the recommendations made recently by the Advisory Council on the Status of Women, particularly in terms of employment, training for skilled occupations, appointments to management positions, and pension equality, and this House expresses the hope that in the next parliament the number of women members will be substantially increased.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*Translation*]

ENVIRONMENTAL AFFAIRS

QUEBEC—COMPENSATION FOR DAMAGE CAUSED TO AQUATIC FAUNA—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move an important motion of pressing necessity.

In view of the activities of the Canadian army in Quebec during January 1978; considering that such activities violate the legislation and regulations governing fishing and hunting, the quality of the environment and wildlife conservation; since no permission had been requested to do so, taking into account the considerable damage caused by dynamiting, manoeuvres of tanks and other heavy military equipment; and since these were clearly provocative activities owing to existing tensions between the federal government and the Quebec government, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the federal government officially apologize to the Quebec government for such disorderly and irresponsible activities of a Canadian army force and that all damages incurred be paid.

Mr. Speaker: Order. Under the provisions of Standing Order 43, the presentation of such a motion for debate requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

CANADIAN BROADCASTING CORPORATION

ADMONITION FOR BELOW-STANDARD NEWS COVERAGE OF DISASTERS—MOTION UNDER S.O. 43

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I rise on a matter of urgent and pressing necessity, under the rules of Standing Order 43. It arises from the CBC coverage of the Pacific Western plane crash at Cranbrook, B.C.—coverage which combined the worst aspects of sensationalism, irresponsibility and inaccuracy. The problems in the initial reporting were compounded by the later announcement of the story on "Front Page Challenge" when it was categorically stated that the airplane crashed while trying to avoid a snow-plow which was on the runway. This statement was made well in advance of the completion of the inquiry by the Ministry of Transport.

I seek to move, seconded by the hon. member for Okanagan Boundary (Mr. Whittaker):

That this House admonish the CBC for reporting well below the standard expected of the Crown corporation and urge that it review its procedures in reporting disastrous accidents.

Mr. Speaker: Presentation of such a motion can be made at this time only by unanimous consent. Is there unanimous consent?

Some hon. Members: Yes.

Some hon. Members: No.

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CRIMINAL CODE

APPARENT DISCRIMINATION IN APPLICATION OF OFFENSIVE WEAPONS PROVISIONS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the fact that when, in 1972, the police in the province of Quebec charged six Cubans with unlawful possession of machine-guns, the federal government intervened to get the charges dropped and then apologized to the Cubans involved. In view of the fact that under present gun control laws many Canadian citizens are subject to charges for merely possessing a firearm in contravention of the regulations—without, I might add, any chance of the same treatment accorded the Cubans—I ask leave to move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis):

That this House repudiate restrictions which infringe on the rights of Canadians at a time when the government apparently neglects the use of much more offensive weapons by foreigners resident in this country.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—PROSPECTUS TO BE FILED WITH U.S. SECURITIES AND EXCHANGE COMMISSION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I should like to take up with the Minister of Finance an answer he gave me yesterday when he said he did not expect the government would be giving the Securities and Exchange Commission of the United States any new information which was not already available to the Parliament of Canada.

My clear understanding is that the SEC requires that any government going to them, as the Government of Canada proposes to go to them, must give details of its budgetary and fiscal position for the current year. In other words, it would appear that the government of Canada would be required to disclose Canada's 1979 budgetary position. Will the minister tell us now whether the government, in filling out its prospectus to an agency of another country, will be setting out in detail such matters as estimated economic growth, any changes in fiscal policy which may have resulted from the first ministers' meeting, and the anticipated budgetary deficit?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I verified this problem with my officials and they have assured me that there is no information that is required by the filing of that prospectus with the SEC that has not been made public already in Canada.

Mr. Clark: A supplementary question, Mr. Speaker. I wonder if the minister could address himself to the specific question I put to him, as to whether or not the government of Canada will be detailing the growth estimates for 1979, any changes in fiscal policy resulting from the agreements reached at the first ministers' meeting, and the anticipated government deficit. Will those matters be part of the prospectus given to the SEC?

Mr. Chrétien: I think the way I replied to the question covered all those points, Mr. Speaker. I said—and I repeat—that there is no information which will be given to this organization that is not public information. I verified this fact this morning with my deputy minister and other officials and they have assured me of that.

Mr. Clark: A final supplementary question, Mr. Speaker. We will see, when the time comes, whether the minister is more forthcoming to an agency of a foreign government than he is to the House of Commons of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: But on the question of the minister's very unusual reluctance to bring in his first budget as Minister of Finance, given the fact that now, after the first ministers' meeting, the government of Saskatchewan and the government

of Ontario yesterday brought down budgets, and given the fact that the treasurer of the province of Ontario has been asking the government of Canada to prove its sincerity in the discussions at the first ministers' meeting, will the minister explain to the House of Commons why he is not acting now on the agreement of the first ministers' conference and why, in light of the dollar situation that gets worse every day, he continues to add to the uncertainty of our economic policy by refusing to bring in a budget? Will he tell us when he intends to bring in a budget for the people of Canada.

Mr. Chrétien: Mr. Speaker, I hope the hon. member would not want me to present the same type of budget that was presented yesterday, when the Ontario government increased taxes. The Leader of the Opposition is asking us to cut taxes. I think some notes should be compared in that party.

On the question of the Canadian dollar, I was very pleased yesterday to hear the man who shows a lot of responsibility as treasurer of the government of Ontario say that he likes the Canadian dollar as it is. I can see that the view of the Ontario administration, vis-à-vis the Canadian dollar which makes Canadian goods more competitive, is acceptable to Ontario. But, of course, it is not acceptable to the official opposition.

CALL FOR INTRODUCTION OF BUDGET

Mr. Joe Clark (Leader of the Opposition): A final supplementary question, Mr. Speaker. The sadness for Canada is that we have a federal Minister of Finance who continues to refuse to accept his responsibility to provide some economic leadership to the country. The ministers of finance of other jurisdictions are prepared to act on the agreements of the first ministers' conference. This minister continues to play games and evade bringing in a budget.

Will the minister now confirm to the House of Commons that he has let it be known to private groups with whom he has been meeting that the question of when a budget will be brought before the House of Commons of Canada is now out of his hands and has been turned over to the Prime Minister and his political advisers; and that that decision will be taken on the basis of the political interests of the Liberal party and not the economic requirements of this country?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, about five weeks after I became Minister of Finance, I brought into this House what I call an economic statement; some call it a mini-budget and others call it a budget. It took me less than five weeks to change the economic policies of the government. In that statement I provided a stimulative stance for the Canadian economy in 1978 to the tune of $3 billion. That started on January 1, 1978.

I think it is only common sense that I should wait to see what the effect will be before I bring down a budget. I said that there will be a budget. There will not be a budget, however, until I have had time to assess the stimulative stance I took in my economic statement of October 28. I will not write a budget because the hon. member wants me to bring down a budget; I will have a budget when it is time to have one.

● (1422)

VALUE OF CANADIAN DOLLAR—BORROWING TO SUPPORT RATE OF EXCHANGE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my follow-up question to the Minister of Finance relates to the $200 million he indicated the government intends to take down, or has taken down in respect of our $1.5 billion line of credit with Canadian chartered banks. Will he indicate if the government have taken down any further funds, or have they made any initial preparations to take down further funds in respect of this credit, in order to support our dollar?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I said at the time I made the announcement about the first $200 million that if there were to be further drawings from that facility in the marketplace, it would be indicated at the time we publish the reserve figures at the beginning of next month.

Mr. Stevens: Mr. Speaker, my supplementary question is for the Minister of Finance. In view of the fact the government has acknowledged that a falling dollar triggers inflation, is the minister aware that in the three months ending January, Canada had the highest three-month annualized inflation rate of any of our major trading partners: higher than the United Kingdom, the United States, Japan and Germany? If he is aware of that, will he indicate whether the government is totally indifferent to the decline in the dollar and, in fact, is saying a lower dollar is good—inflation be damned?

[*Translation*]

Mr. Chrétien: Mr. Speaker, when the figures on inflation were published early last month, we say that the inflation rate had dropped from 9.5 to 9 per cent. We are still confident that we shall fulfill our objectives, namely a rate of inflation of about 6 per cent by the end of 1978.

[*English*]

STATUS OF WOMEN

GUARANTEED ANNUAL INCOME FOR SINGLE-PARENT FAMILIES—GOVERNMENT POSITION

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the minister responsible for the status of women. In view of the fact that 200,000 women in Canada are single parents, one-third of whom are living at or below the poverty level, and in view of the fact that the Royal Commission on the Status of Women recommended eight years ago that the federal government institute a guaranteed annual income for single-parent families with dependent children, will the minister tell us when such a program will finally be implemented?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the proposal of the government is to institute an income supplementation program that would

not be aimed only at single-parent families with children, but at all families with children and at people of an age between 55 and 65.

Some hon. Members: Hear, hear!

Mr. Lalonde: Such a proposal was discussed with the provinces in the course of the social security review. There have been differing views expressed by the provinces. My successor is currently studying this matter, examining whether there are various alternatives to implementing such a proposal. The exact time when these studies will be concluded and when we will have the financial resources to put this particular proposal into effect is a matter that will be considered by cabinet at a later stage.

Mr. Symes: Mr. Speaker, the minister is quite right in saying he is having difficulty getting this expanded program accepted by the provinces. I was referring to a particular, narrow program involving single-parent families headed by women. We could have achieved more progress in that regard. Because of the concerns expressed that women are not receiving proper attention under government programs and planning, the cabinet issued a directive in 1976 entitled "Integration of Women's Concerns into Policy and Program Development", which was to be monitored by the co-ordinator on the status of women. Why has there been no accounting to date of the progress that has been made? Will the minister table the report, or is he too embarrassed about the results?

Mr. Lalonde: No, Mr. Speaker, there is no embarrassment about the results as such. There has been no formal report on this particular subject. This is a matter of continuing concern. The co-ordinator on the status of women has been in touch with all departments of the federal government. She is working on a regular basis with the department, seeing that the directive of the cabinet in this respect is being implemented by the various departments.

At the level of the cabinet committee and the cabinet itself, I am charged with the responsibility to see that those particular concerns are taken into account in cabinet decisions. In that respect, there is no formal report that has been written and none will be forthcoming. It is a matter of current and continuing concern which arises on every issue as it comes before parliament or as important decisions are taken by various departments. So it is a matter that is integrated into the current operations of government. We are trying, in every policy decision, to make sure that these concerns are taken into account.

• (1427)

Mr. Symes: That is a disappointing reply, because we have no way of knowing just what progress is being made, when we cannot have the information.

[Mr. Lalonde.]

PROGRAMS TO UPGRADE SKILLS OF WOMEN

Mr. Cyril Symes (Sault Ste. Marie): I have a supplementary question for the Minister of Employment and Immigration. I view of the fact that the unemployment rate among women is 17 per cent, when the hidden unemployed are taken into account, and that the minister recently indicated that of the $450 million for the employment strategy fund, $48 million would go for native programs and $117 million for youth programs, can the minister enlighten us as to how much will be spent on programs meeting women's needs, especially in light of the report on the status of women which states that in the minister's own departmental programs women are underrepresented in the apprenticeship and skilled programs that are available?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I would not pretend to have all the statistics at my fingertips, but I should point out to the hon. member that in the upgrading and language courses the percentage is about 54 per cent for women. In the skilled courses the figure is 40 per cent for women. In the managerial and administrative courses it is 34.5 per cent for women.

I believe I indicated earlier that under our Canada Works Program the percentage of participation of women is actually higher than the percentage of women in the labour force. That is not to say we are satisfied with those statistics; that is why there are programs like Affirmative Action which convince firms to do upgrading and to give training courses to move women into their untraditional forms of employment. All these things are necessary. I think most assuredly that day-care centres to give women an equal opportunity to participate in the work force could be improved upon.

An hon. Member: When?

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[*Translation*]

NATIONAL DEFENCE

QUEBEC—COMPENSATION FOR DAMAGE CAUSED TO AQUATIC FAUNA BY CANADIAN FORCES

Mr. René Matte (Champlain): Mr. Speaker, my question is directed to the Minister of National Defence. Could the minister say whether he was aware of the manoeuvres of the Canadian forces in Quebec during an exercise of the Canadian detachment of the allied forces of NATO and would he say to what extent these manoeuvres were authorized?

[*English*]

Hon. Barney Danson (Minister of National Defence): I have had questions on this matter from the hon. member for Pontiac and other hon. members on this side who have expressed concern. There is no need for concern. This is normal training for the Canadian armed forces prior to deployment to the Arctic Express exercise in Norway. It has

taken place in the past with the permission of the licensee, who in this case is the E.B. Eddy Company.

The local conservation officers are aware of this situation and some concern was expressed this year—in January, I believe. As soon as that concern was expressed, the operations were stopped. We then asked if they wanted the training discontinued, but the conservation officers did not want that. Inspections were made and it appears there was no damage to wildlife—animals, fish or beast.

[*Translation*]

Mr. Matte: I have a supplementary, Mr. Speaker. Mr. Speaker, I understand very well that there are such manoeuvres but they take place under an agreement with the authorities concerned. As there was apparently no such agreement in that case, could the minister tell us now whether he has received official complaints from government authorities in Quebec and what he intends to do to deal with this conflict, given the impact of these incidents?

[*English*]

Mr. Danson: Mr. Speaker, there is absolutely no conflict. Authority has been received from the licensee who has the cutting rights there. I think it would be appropriate for future operations to have such a clearance with the province of Quebec, in view of the fact that it could affect—although it has not affected—game and wildlife. There is no conflict whatsoever.

* * *

● (1432)

STATUS OF WOMEN

EQUAL OPPORTUNITY PROGRAMS FOR WOMEN IN PUBLIC SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, my questions relate to concern about women in the work force. I have an additional problem. A moment or two ago a ministerial briefing book was put on my desk: it seems to be a briefing book for the minister responsible for the status of women. I expect one of these books shortly, but I may have to wait for an election.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): While giving the minister time to review his music, I would like to pose a question relating to the same matter to the Minister of Employment and Immigration. A few days ago the Minister of Employment and Immigration issued a report refuting some of the serious concerns raised by a group of women in the public service about growing discrimination and non-application of equal opportunity programs. In his somewhat fragmented reporting of statistics from his department, the minister gave statistics only for the CR-5 group and omitted, noticeably, CR-6 and CR-7 as well as the important categories of PM and AS. Can the minister indicate whether substantial progress has been made in those areas, as indicated by the general nature of his press release? While he is on his feet, can the minister also indicate whether the 44 acting appointments of females which were made on a temporary basis were made permanent? What percentage later became permanent appointments?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the purpose of the release was not to refute that which was said by the group referred to by the hon. member, but to put it into some kind of perspective. A suggestion had been made that there were none in the SX category and none in managerial roles, and that there were no women in charge on the Immigration Appeal Board staff. In response to that suggestion, we felt we should put some of the counterstatistics on the record, and in effect that is what was done.

With respect to the particular categories to which the hon. member has referred, the odds are that we have not improved in those areas. That is probably why that was not included in my report. However, I would be very happy to check it out to see what the situation is. I do not have at my fingertips information regarding movement from temporary to permanent positions, but I will check that out.

REQUEST FOR ANNUAL REPORTS ON EFFICACY OF EQUAL OPPORTUNITY PROGRAMS

Mr. David MacDonald (Egmont): Mr. Speaker, now that the minister responsible for the status of women has had a chance to review his notes, and because of his over-all responsibility since 1974 for implementing equal opportunity programs for women and the commitment made in the fall of 1975 with respect to reviewing, on an annual basis, the progress being made in various government departments and Crown corporations, can the minister indicate why no yearly accounting has taken place?

Very obviously, the Minister of Employment and Immigration is interested in trying to set the record straight. When can the minister responsible for the status of women give us a firm indication that we will have a comprehensive report so that doubt, uncertainty or anxiety on the part of women presently employed in the public service will not continue?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, first I would like to thank the hon. member for returning my documents. I am glad that there is at least one hon. member opposite who returns documents that do not belong to him.

Some hon. Members: Hear, hear!

Mr. Lalonde: I want to assure the hon. member that reports which have been requested of all departments have been filed and have been received by Treasury Board. Treasury Board has assigned officers to review these reports with the individual departments to see whether further improvements can be made in terms of plans. I will be glad to see what information can be made public in this respect, in addition to all the information

which is being made public by the Public Service Commission on an annual basis and also in appearances before the parliamentary committee.

If Treasury Board can also provide additional information to the hon. member when the estimates come, I will certainly be very happy to help: and I am sure my colleague will be very happy to make that information available. At the present time, these reports are being reviewed with individual departments by officials of Treasury Board.

Mr. MacDonald (Egmont): Mr. Speaker, would the minister indicate why he feels it has been necessary to keep these annual reports secret? There is very real interest and concern that people in the public service, and the public generally, have in the leadership the federal government can provide in this area. Will the minister make a firm commitment that the reports will be made public? He shows no reluctance in issuing plans of action and making general statements public.

Will he give us that information, particularly because of the offhand remarks of his colleagues, including the Prime Minister, the Minister of Finance and the Minister of Employment and Immigration, about women being marginal or of secondary importance to the work force? What steps is the minister taking to clear up the very great disservice these ministers are doing the women of this country?

Mr. Lalonde: Mr. Speaker, I think the greatest disservice that could be done, not only to the women of this country but also to the cause of women generally and the cause of honesty in politics, would be to make the kind of statement the hon. member has made about my three colleagues.

Some hon. Members: Hear, hear!

Mr. Lalonde: I challenge the hon. member to indicate a single instance in which any of those three colleagues of mine have made any statement of the kind referred to by the hon. member. I hope the hon. member will stop peddling that kind of stuff, because I believe he is an honest man.

With regard to the question, the hon. member knows those documents are not under my control or responsibility. I will be glad to raise the matter with my colleagues. I think this matter should, indeed, be further examined and, if possible, I would be very glad to see those documents tabled or made available to a parliamentary committee when the secretary of the Treasury Board appears. I will explore this matter.

* * *

INDUSTRY

CONSTRUCTION OF FLOATING DRY DOCKS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce or the Minister of Regional Economic Expansion. It arises from the growing sense of urgency about resolving the problem of the construction of floating dry docks on both the east coast and the west coast. Because there is a potential buyer—either the province of Nova Scotia or a Canadian shipping company—and because of the uncertainty which still surrounds the finalization of the sale, I wonder if the minister or his colleague could give the House an indication of the stage the government's plans have reached or the stand of the department involved with respect to replacing the floating dock, particularly at Halifax but on the west coast as well.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, as I said some time ago, my department is carrying out a study on where best to assist the development of large and small dry dock facilities on the east coast. Until that study is completed, I really think I should not comment.

Mr. Forrestall: Mr. Speaker, my supplementary question is also to the Minister of Industry, Trade and Commerce. This matter has been before the government for three or four years. In light of the urgency, will the minister indicate to the House when he expects to receive this report and when, having received the report, he expects to make a decision? I ask this question because some 1,400 jobs are directly involved at the port of Halifax.

Mr. Horner: Mr. Speaker, I expect the report very soon, and as soon as I get the report the decision will be made rather quickly thereafter.

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EXTERNAL AFFAIRS

REPORT ON BELGRADE REVIEW MEETING OF HELSINKI FINAL ACT

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I would like to ask the Secretary of State for External Affairs when we in this House can expect a comprehensive report on the Belgrade Review Meeting of the Helsinki Final Act.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, it is difficult to say with precision, but the meetings ought to conclude within the next few days, although that is by no means certain. As quickly after that as it is possible to assemble a full and comprehensive report, I will be glad to make it available to hon. members in whatever is the most appropriate forum.

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NORTHERN AFFAIRS

PUBLIC INQUIRY INTO CONSTITUTIONAL DEVELOPMENT OF YUKON

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development, based on a story in this morning's *Globe and Mail* indicating

that a proposal was made by the minister, secretly, late last week to the executive committee of the Yukon territorial government and to the Council of Yukon Indians with respect to setting up a public inquiry which will be charged with inquiring into constitutional development.

Will the minister explain whether the story is accurate and, if it is, why there was this gross intrusion into the affairs of the people of the Yukon who should make these decisions through their elected representatives in their own assembly?

• (1442)

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, the hon. member knows that last fall I met with the members of the Territorial Council and we discussed the question of the next phase of constitutional development. I told them at that time that I felt we should focus on a process which could lead us in that direction. I promised the Council that I would give it some thought, discuss the matter with my colleagues and come back to them with a proposed process. That is what I did Friday of last week in Whitehorse. I am awaiting a response from them.

Mr. Nielsen: The article goes on to stipulate one of the considerations and says that such a public inquiry created by the federal ministry, instead of by the elected assembly of the Yukon, will create a resource revenue-sharing program with one-third of resource revenues going to the native people in the Yukon, one-third to the other 80 per cent of the population of the Yukon, and one-third to the federal government.

Does the minister not realize that such a proposal, including federal intrusion by setting up such an inquiry, is furthering the creation of an apartheid situation in the Yukon, and by such a suggestion he is encouraging the inevitable result of seriously imperilling the pipeline legislation which is now before the committee?

Mr. Faulkner: Mr. Speaker, I categorically reject the piece of alarmism that my proposal on Friday will in any way jeopardize, compromise or affect the pipeline. I think it is irresponsible for the hon. member to make that sort of suggestion. Secondly, he knows as well as I do that we are both trying to work toward avoiding any form of apartheid in the Yukon. Dean Lysyk drew to our attention that a fracturing is taking place there. I am trying to find a process that will abridge that fracturing. I would hope to have the hon. member's support in that effort.

Mr. Nielsen: Mr. Speaker, the minister will have my support, as he has all along, with respect to the avoidance of an apartheid situation in the Yukon, which I suggest he is furthering. The only method by which he can circumvent that situation is adopting the policy which has been expressed on this side of the House by our leader and create a province of the Yukon. That will solve his problem. Will the minister consider that?

Oral Questions

POST OFFICE

STEPS TAKEN TO AVERT STRIKES

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Postmaster General. The Postmaster General rose in his place in this House yesterday and said, concerning the Post Office:

> I think everything is being done to avoid a strike. I can tell you, sir, that if we have a strike at this moment, it would not be our responsibility. Everything, as far as management is concerned, is being done to avoid it—

In view of that, could the minister now tell the House when the CUPW first made its contract proposals, when the department first responded in detail to these proposals, and why the conciliation process has not yet started?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I think the question put by the hon. member for Nickel Belt is very clear. As everyone knows very well, we are now at the conciliation stage and each party is discussing what clauses may or may not be negotiated. As soon as that matter is resolved, conciliation as such can start, which should be within about a week.

[*English*]

Mr. Rodriguez: Mr. Speaker, in view of the fact that the Postmaster General's answer reveals a complete lack of knowledge of what is taking place with respect to the negotiations within the department, in view of the fact the union first made its proposals to the department ten months ago, in April, 1977, and to this day the Post Office Department has not responded to those proposals of the union, and in view of the fact that after requesting and having the union agree to conciliation in November, 1977, the department turned around in January and asked for a delay so they could respond to the union's proposals of ten months earlier, could the minister tell the House just how this lack of response and record of inaction constitutes the fact that management is doing everything it can?

Mr. Lamontagne: Mr. Speaker, I think we are doing everything we can. It might be useful for the hon. member for Nickel Belt to know exactly what I have done in the last month. I have met with all the union leaders. I have met with top management. The GLT agreement has been exercised and we do not have any rotating strikes at the moment. We have nominated the president of the conciliation board. The Hubling commission is reacting now concerning the horror stories of last December.

We have visited many plants in Toronto and other places and talked to the workers. I have repeatedly invited CUPW to come and talk with us. I have even invited the president, Mr. Parrot, to discuss his "pet baby", which is the establishment of a Crown corporation. I said to him, "We will discuss it together". Up to now we have had only refusals.

[*Translation*]

SOCIAL SECURITY

PAYMENTS TO PROVINCES—REQUEST GUARANTEES BE GIVEN CONCERNING USE OF FUNDS

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to put a question to the Minister of National Health and Welfare. Yesterday, the minister signed an agreement with the provinces on the block funding of social services.

As the Saskatchewan Social Services Minister stated that there is no guarantee that the money will be spent by the provinces on social services and not, for instance, on roads, I ask the minister whether, in addition to the provisions of the agreement requiring that the provinces publish a report on the money paid to the provinces by the federal government, the minister can give this House any guarantee that the money paid to the provinces by virtue of the block funding formula will in fact be spent on social services?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I am happy to inform the House of the agreement reached yesterday by the ministers responsible for provincial social services and by the federal government, an agreement which aims at block funding of social services and grants to the provinces all the flexibility and autonomy in what relates to decisions, priorities, resource allocation and so on. Since the provinces have control over that type of decisions, it goes without saying that we agree.

The hon. member's question will certainly surprise his New Democratic Party colleagues as I cannot see how the government of Saskatchewan would fear that funds given to that province for social services might be used for road construction. I think this kind of accusation could lead us to believe that the provinces have no commitment whatsoever towards social services and that consequently the funds will be dilapidated. It means that federal-provincial relationships are not based on trust and therefore, I am not sure I understand the hon. member's question.

The agreement is based on three conditions: one relates to the resident status and provides that Canadians and landed immigrants are eligible for all services, and another to the data concerning future developments in that area. Besides, we will sign an agreement concerning the role the federal government will play in financing services and a mechanism will be established within the next five years which, should a problem arise, would allow me to give notice and end the program.

Mr. Grafftey: It is quite regrettable that the minister does not understand my question since it is of the utmost importance that we know if the money granted by the federal government is actually spent by the provinces on social services. I ask this supplementary question because in the past, for instance, the money granted to the provinces by the Secretary of State in Ottawa for education in the second language was used for entirely different purposes. Let us say that after one year, a province says that the money granted under the agreement signed yesterday was not spent on social services but for other purposes. Could the minister tell the House if other provisions of the agreement that she has signed yesterday with the provinces provide that in addition to provisions related to the needs of the provinces, they have to explain how they have spent that money? What guarantees and what powers does the minister have to correct the situation where money would not be expended for social services?

● (1452)

[*English*]

Miss Bégin: Mr. Speaker, I repeat, there are three grounds on which payments to the provinces can be withheld. I do not think the best way to start reciprocal agreements is by talking about but not believing in Canada and Canadians. That is certainly not the case on this side of the House. This agreement is an historic one, on several counts. Among other things, it gives—at a very critical time for the economic situation of this country—a five-year guarantee on a ten-year proposal for payments escalated according to population, for the benefit of a very vulnerable sector of this country. The current budget of $516 million for social services will, in ten years' time, be approximately $1.9 billion. That is the extent of the federal commitment to social services, Mr. Speaker.

* * *

AGRICULTURE

REQUESTED LOWERING OF IMPORT RESTRICTIONS ON CHEESE

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is for the Minister of Agriculture. Due to the fact that an announcement should be made shortly on the dairy policy for next year, and also the fact that there will be increased facilities in Canada for the manufacture of specialty cheeses, will the minister confer with his colleague, the Minister of Industry, Trade and Commerce, and have the import restrictions on cheese lowered for the next dairy year by 15 million pounds, as requested by the dairy industry?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, we think the quota we have at the present time is realistic. We know that production and consumption of cheese has increased substantially in Canada, especially in the last two years. There are three cheese manufacturers and processors from other parts of the world considering locating in Canada: one in Prince Edward Island, one in Quebec and one in Ontario. Our producers can provide enough for them to produce the high quality special cheeses that these industries intend to produce.

We are quite satisfied that we have adequate controls at the present time to allow our industry to develop. If other entrepreneurs want to take hold of things and go ahead and produce the cheese that we know they have the ability to produce, they can compete with imported products.

Mr. McKinley: Mr. Speaker, I am surprised at the answer of the minister. It is another indication that he is failing to look after the people that he was given the job of looking after.

AMOUNT SPENT IN PROMOTING SKIM MILK POWDER

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture. It is prompted by his actions and the reasons given for the abrupt removal of the skim milk powder subsidy, meaning a loss of some $13 million. What advertising or promotional programs, if any, were carried out by the government to encourage greater utilization by lower income groups of that product, bearing in mind that the minister's own agency, the Canadian Dairy Commission, had a budget of $4 million to spend on advertising and promotion. What portion of that $4 million was spent in promoting skim milk powder?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am not in a position to say how much was spent to promote skim milk powder. I am sure we all recognize that Canadian society was never more educated with regard to the fact that skim milk powder is a highly nourishing type of food and was put on the market at a very cheap price. That knowledge was available to all. Surveys show that some of the people who are the greatest users of skim milk powder did not read either one of the official languages, but they knew the value of it.

The ads were provided by the supermarkets and the dairy industry promoting this product. The people who use skim milk powder to the greatest extent are not those for whom the subsidy was intended. Continued use of skim milk powder is taking place in the upper income groups; therefore, it is contrary to what the whole policy was for.

Mr. Wise: Mr. Speaker, obviously the minister has not answered my question. Will he reconsider his decision and give serious consideration to providing a subsidy to regions of the country with high unemployment or those regions where the wage rate is lower than the national average? Also, will he make available to us the study on which he based his decision to discontinue the program?

Mr. Whelan: Mr. Speaker, the study was made by Statistics Canada. With regard to the use of skim milk powder in the far reaches of Canada, that is not only being considered by my department but by other departments. They know that this is the easiest way to ship this highly nutritious food, skim milk powder, which contains so many of the minerals that are necessary for those in our society to survive. Therefore, we are doing that very thing.

[*Translation*]

SPORTS

INQUIRY WHETHER GOVERNMENT WILL ASSIST CERTAIN CITIES TO OBTAIN NHL FRANCHISE

Mr. Louis Duclos (Montmorency): Mr. Speaker, I should like to direct a question to the Minister of State responsible for Fitness and Amateur Sport.

In view of the fact that the minister has publicly indicated that she hoped Quebec City, Winnipeg and Edmonton would obtain NHL franchises, and that the Quebec Nordiques announced yesterday that they would apply very shortly for such a franchise, could the minister advise the House whether the government would accept to grant financial assistance to these cities and help them meet the NHL requirements as to the capacity of their sport facilities?

[*English*]

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, not only with regard to hockey facilities does such a need exist. I draw the hon. member's attention to a number of Canadian cities where stadium needs are also paramount for Canadian Football League survival. I am in favour of examining this question with the provinces and the cities involved to determine whether there is a disposition to enhance facilities such as the hon. member suggests. In respect of hockey, I think we are primarily speaking about Quebec City and Winnipeg. I do not think that is the case in Edmonton, because this government has just put $3.8 million into the coliseum as a result of the Commonwealth Games facility.

* * *

PENSIONS

REASON SPOUSE'S ALLOWANCE REDUCED

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I wish to direct a question to the Prime Minister. It concerns the double standard which has developed with regard to the payment of government funds. How does the Prime Minister justify the advance payment of $2 million to Shaul Eisenberg for post-contract services on the sale of a Candu reactor for which no work has been done and for which the chairman of Atomic Energy of Canada Limited has said he expects no work to be done, yet the government does not request the return of that $2 million, while at the same time the government persists in its tight-fisted attitude of withdrawing from some 2,500 Canadian women who were in receipt of spouse's allowance but for whom the spouse's allowance was cut off on the death of the husband, an amount that comes to less than $500,000? How does the government justify paying to Mr. Eisenberg on one hand and taking away from Canadian women on the other?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the premises of the question asked by the hon. lady are, of

course, false. In the first case, the facts are not as she stated. In the second case, the question is, does the government apply the law as it exists and does it try to bring in better policies, as the ministers have suggested, of working toward a guaranteed income for certain persons, or does it not apply the law? I wonder if the hon. lady is suggesting that we should not apply the law.

Miss MacDonald: Mr. Speaker, I now understand why the Prime Minister was the only party leader not in the House on Monday to take part in the debate on women's rights. In light of the report of the Canadian Council on Social Development respecting women and pensions, which shows that single, divorced and widowed women between the ages of 60 and 65 are among the poorest of the poor in Canada, without any access to pensions, without husbands supplying support for them, and in most cases without access to the job market, will he explain by what criteria the government decides that married women in that age bracket are entitled to pensions, while at the same time single or divorced women, who in many cases are worse off, are not entitled to the same benefits?

● (1502)

Mr. Trudeau: The simple answer, of course, is that we do not want to force two people to live on the pension of one person. The course the hon. lady suggests would have the effect of expanding even further Canada's expenditure in the social welfare area. Of course, the government is always prepared to spend more money, particularly on needy cases—

An hon. Member: Like Shaul Eisenberg.

Mr. Trudeau: —but she and her leader have been saying that the government has been spending too much. She has to make up her mind what her policy is.

Miss MacDonald: Would the Prime Minister personally undertake to read the letters from single women, widowed women, divorced women in the age group 60 to 65, detailing the hardship under which they are living at the present time because of the policy of the government—

Mr. Speaker: Order. I thought I had extended a lot of leeway to the hon. lady in her first two questions, but now she has gone a bit too far.

* * *

PRIVILEGE

MR. NIELSEN—APPLICABILITY OF OFFICIAL SECRETS ACT TO MEMBERS OF PARLIAMENT

Mr. Speaker: Discussions have been held concerning the motion put forward a day or two ago by the hon. member for Yukon (Mr. Nielsen). Preliminary to any resolution of that problem, of course, would have to be the reconstitution of the Committee on Rights and Immunities which may take place at a later time. It is not, therefore, opportune for me to comment on that aspect now. I would only want to wait to see whether that committee is reconstituted. There have been some discussions about the possibility. I can, however, without prejudice, inform the House that, as I undertook, I have entered into some conversations with members of that committee, not with all of them, but with the majority of them, and have determined that there is a consensus among the members of that committee that the subject raised by the hon. member for Yukon could be canvassed very usefully by that committee in an effort to come back with a report quite soon.

As hon. members are aware, that committee has met in the past and has reported to the House on one matter affecting rights and immunities, and would be quite pleased to discuss other matters, particularly to discuss the subject of rights and immunities on a priority basis as they are affected by the Official Secrets Act, and attempt to analyze the position of a member in the face of that Act when there is confidential information in possession of a member, and also, if possible, to canvass and examine the matter of a privileged source of information if, in fact, it does exist, and, if it does, to try to define it and determine whether or not in fact there is any legal authority or precedent for the existence of such a right in the hands of an elected person as there is in the case of lawyers who receive confidential or privileged information.

I should stress that in the past the committee has functioned in a format which is conducive to this kind of work and that it would wish to continue to do so, so it would not be the kind of meeting which would lead to the taking of testimony or the examination of an individual grievance. Rather, it would be a study of the general subject raised by the hon. member in the hope of producing some consensus which would be worthy of report to the House, possibly before the Easter recess. If the committee is reconstituted, and if there is a consensus in the House, it would be my hope that we could begin work right away and, if so, it would not be necessary to pursue to the end the procedural regularity of the question of privilege raised by the hon. member for Yukon.

Mr. Rodriguez: On a question of privilege, Mr. Speaker—

Mr. Speaker: I wonder if the hon. member for Nickel Belt would permit me to make an announcement before we take up his question of privilege, about which he has given me due notice and which relates to previous notices he has given me?

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRESIDENT OF EUROPEAN ECONOMIC COMMISSION

Mr. Speaker: I wish to draw the attention of all hon. members at this time to the presence in our gallery of a very distinguished visitor in the person of the Right Hon. Roy Harris Jenkins, President of the European Economic Commission.

Some hon. Members: Hear, hear!

PRIVILEGE

MR. RODRIGUEZ—ALLEGED ELECTRONIC SURVEILLANCE OF HON. MEMBER

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise on a question of privilege. I want to read into the record a letter which I received yesterday from the Solicitor General (Mr. Blais):

Dear Mr. Rodriguez,

On Wednesday, March 1, you raised a question of privilege in the House of Commons asking the Speaker to obtain any tapes or other objects resulting from electronic surveillance against yourself, and to discover why that electronic surveillance operation was undertaken and why the tapes have not been turned over to you.

Unfortunately, I was not in the Commons when you raised your question of privilege but I gave assurances to reporters outside the House that no such tapes existed. On Thursday, March 2, in reply to a question from Elmer MacKay, I stated that:

"not even incidentally do we have any record of the honourable member for Nickel Belt being subjected to taping or to any other surveillance".

The full text of my response to your question of privilege is as follows:

"Mr. Speaker, I rise to speak on the question of privilege raised by the honourable member from Nickel Belt yesterday. I wish to advise you, Mr. Speaker, and through you, members of this House that I am informed by the RCMP that no authorization was ever given to Warren Hart to conduct electronic surveillance on any member of parliament.

The RCMP advised me that they do not have any tape or any record of tape existing of a conversation between one of Mr. Hart's targets and the member for Nickel Belt. Obviously, Mr. Speaker, it is impossible for me to turn over any tapes or transcripts to you or to the honourable member because if they exist, they were never in the possession of the RCMP.

In view of this reply, Mr. Speaker, the other concerns of the honourable member as to the reasons for the undertaking of an electronic surveillance and to why he was not informed do not apply".

If you so wish, I would be pleased to state this in the House as a formal reply to your question of privilege.

Jean-Jacques Blais, P.C. M.P.

Mr. Speaker, I am sure we have no reason to question the veracity of this letter. It was written by a person who is both a member of parliament and the Solicitor General. There is, however, an important problem. We have in our possession a copy of the sworn affidavit of a Mr. Warren Hart in which he says:

On explicit instructions from members of the security service of the Royal Canadian Mounted Police, I conducted electronic surveillance on the then Solicitor General of Canada, namely the Hon. Warren Allmand, a member of the Canadian House of Commons, and John Rodriguez from the Nickel Belt riding, and the NDP in British Columbia.

There is clearly a contradiction between the sworn statement of Mr. Hart and the statement of the Solicitor General in the House and in his letter to me. There is a further complication here because the Solicitor General did state in the House on February 27 that Mr. Hart was in the employ of the RCMP. He is also reported in the press as saying outside the House that the taping of both the former solicitor general and myself was "accidental", although he changed that word to "incidental" on February 28.

● (1512)

Let me repeat that I am not questioning the word of the Solicitor General (Mr. Blais) who, as a member of parliament and a minister, we must believe would not deliberately mislead the House. However, I must make the point that the Solicitor General's statement may be seen as irrelevant to my point of privilege, for two reasons.

First, over the course of previous months we have seen frequent occasions in the House when it was made clear that present and past solicitors general had not been fully aware of activities under the jurisdiction of their departments. We were told, for example, that the solicitors general had no prior knowledge of certain illegal acts and, again, that as members of parliament we should believe them. Thus, we may be lead to the conclusion that once again in this case a solicitor general may lack certain knowledge.

Even if the Solicitor General's statement is accurate, however, there is still a question of privilege to be dealt with. Mr. Hart has stated in a sworn affidavit that he conducted electronic surveillance operations against me under the orders of the RCMP. If his statement is true, if he did conduct electronic surveillance operations against me, whether or not he was acting on the orders of the RCMP, then my privileges have been breached since such surveillance breaches the confidentiality of my communication with my constituents and with it my ability to perform my duties as a member of this House.

If, however, Mr. Hart's statement is completely false, my privileges have still been breached. Mr. Hart's notarized statement has been made public, and both the statement and the specific allegation that I have been the subject of electronic surveillance have received extensive publicity.

A Canadian press article, for example, in the Ottawa *Citizen* of February 28, 1978, has as the headline, "Blais Confirms Hart Taped Allmand, M.P." and reads in part as follows:

Solicitor General Jean-Jacques Blais confirmed in the House of Commons Monday that Warren Hart, an FBI informer working for the RCMP, accidentally eavesdropped on former solicitor general Warren Allmand and MP John Rodriguez (NDP-Nickel Belt).

Again in a Canadian press story in the Ottawa *Citizen* of March 1, 1978 there appears the headline as follows:

'Control' of Informer Arranged by RCMP

And in the article this statement occurs, Mr. Speaker:

Hart claimed part of his duties were to electronically eavesdrop on then solicitor general Warren Allmand and NDP MP John Rodriguez (Nickel Belt). Blais has said conversations of Allmand and Rodriguez were taped accidentally while Hart was bugging someone else.

And, Mr. Speaker, Mr. Hart has gone further—to make statements on national television in which he again stated that such electronic surveillance operations had taken place. Thus, whether or not Mr. Hart's statement is true, it has been given such extensive publicity as to call into question in the minds of my constituents the confidentiality of our communications. This, as I have stated before, distinctly impairs my ability to perform my duties as a member of this House.

The government has established in the McDonald Commission a mechanism whereby certain actions of our federal police force may be examined, but I believe in this case that is not the mechanism that should be used. In this case we are not discussing general policies or actions but rather the possibility of a specific breach of the privileges of a member of this House. As such I believe that breach must be examined and dealt with by members of this House.

Only by taking such an action will it be possible to ascertain clearly what has taken place, and what has not taken place. The question of whether or not I was the subject of electronic surveillance, whether officially sanctioned or not, must be clearly answered. If the action did not take place, then the sworn statement of Mr. Hart must be discredited by investigation so as to reassure my constituents.

If the surveillance did take place, then the circumstances surrounding that surveillance must be investigated and reported on in a public manner. I believe the only body which can and should undertake such an investigation is the Standing Committee on Privileges and Elections of this House. I, therefore, move, Mr. Speaker:

That this matter of privilege concerning possible electronic surveillance against myself, the sworn statement of Mr. Warren Hart and the statements of the Solicitor General be referred to the Standing Committee on Privileges and Elections, and that that body be requested to undertake to bring before it any persons having or claiming knowledge of this affair, so that the whole truth may be discovered and publicized in such a way as to restore the confidence of my constituents in the confidentiality of our communications and thus end the breach of privilege which exists.

Some hon. Members: Hear, hear!

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I just want to make a brief contribution, and I should say at the outset, sir, that it is in support of the motion that has just been moved now by the hon. member for Nickel Belt (Mr. Rodriguez).

It seems to me, sir, that we have facing us in this House, particularly during the time the Solicitor General (Mr. Blais) has held his portfolio, some rather curious events and circumstances with respect to his answers relating to matters within his jurisdiction. The reason I support the motion now placed by the hon. member for Nickel Belt in one aspect is that this is another example of a situation in which we receive in this House, or have received, a categorical denial with respect to activities of the security service or of people who have been engaged by the security service with respect to the members of parliament.

I should point out that it is not from the point of view of the interests of the members of parliament that this motion should in fact be accepted and supported by all members of the House but, rather, on behalf of those people whom we represent because, sir, the fact of the matter is that the point of confidentiality does not lie in the interests of the member of parliament. We derive, sir, no particular benefit from that confidentiality. It is the constituent, the person who has the grievance, the complainant in many instances, who wants, requires, and, indeed, should have this particular confidentiality in dealing with a member of parliament in the highest court of the land, as is parliament.

The reason that I am quite concerned about the answer that has been given by the Solicitor General, and the apparent contradictions which now appear in the national press, on television, and in other ways, is that the Leader of the Opposition (Mr. Clark) received from the Prime Minister (Mr. Trudeau) a categorical assurance by letter that there was absolutely no instance of any member of parliament being under surveillance by the security services or any other police force under the federal jurisdiction. Mr. Speaker, the Prime Minister did not qualify that by saying that this was incidental—that the person was under surveillance incidentally or indirectly. He made the categorical statement in that letter and assured the Leader of the Opposition. The fact of the matter is that, out of the mouth of the Solicitor General himself, now comes an exception, an exception to this particular proposition that was put forward by the Prime Minister.

I say to you, sir, that if this is in fact the kind of answer we receive, it not only speaks badly of the Solicitor General but I want to say, sir, that it speaks absolute volumes about the Prime Minister and the way in which he cavalierly gives assurances to officers of this House.

So, sir, I simply want to say to you that as far as I am concerned I support very strongly the position that this particular motion is an ideal situation by which a direct conflict is documentable in that the Solicitor General has said one thing in the House, and said another thing quite the opposite, outside the House. It should be referred to the committee on that basis alone, but, more important, the whole question of the rights and privileges of a member of parliament to receive representation and information from constituents from the people of this country on a confidential basis, should be examined thoroughly by this committee, using this particular instance as the focal point for its examination.

Sir, I therefore wish to support very strongly the motion put forward and assure the hon. member of my support in this particular endeavour.

Some hon. Members: Hear, hear!

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I would like to urge the House to accept this motion and send it to the committee, and I do so, Mr. Speaker, because of the sleazy way the government has of answering charges that are made in the manner that this one has been made.

The hon. member for Nickel Belt (Mr. Rodriguez) points out that the minister changed his wording from "accidental" to "incidental", and that that should make a difference. Mr. Speaker, I would suggest to you that it certainly makes a difference, and that probably the wording was not loosely used but was correctly used.

My knowledge of the former solicitor general is not good enough for me to be able to say what the intention was, but I am sure in the case of the hon. member for Nickel Belt, it was incidental to the taping that Hart was doing in relation to

Rosie Brown or Douglas Brown or Rosie Douglas, or whoever it was. He was probably the person under surveillance and it was incidental that words of the member for Nickel Belt, who is usually quiet and reserved and non-vocal, would accidentally get on that particular tape. But, Mr. Speaker, I, as a member of parliament, frankly do not believe that tape was destroyed. That tape was used, and undoubtedly was translated into a document. That document does not refer to the member for Nickel Belt. That document, Mr. Speaker, refers to an investigation that was going on against someone that we agree was under surveillance. We certainly did not hire the police to make a tape that they were going to destroy because "incidentally" they would get some background noise.

I am surprised at some of the things that have happened recently and at the reluctance of most members to look at the RCMP in relation to the problem of security.

The Solicitor General (Mr. Blais) and the Prime Minister (Mr. Trudeau) have said that no members were under surveillance, to the best of their knowledge. I suggest the key words are "to the best of their knowledge", and that their knowledge is not very good.

I sincerely believe that I observed the surveillance of a member of parliament in the Toronto airport by an officer acting under the jurisdiction of the RCMP within the last two weeks. This was not done by myself alone. There were two other members of parliament discussing this openly.

• (1522)

The gentleman who was carrying out the surveillance was well aware of the fact we were discussing him. He was doing one of two things; he was either carrying out surveillance of that hon. member of parliament or, worse still, he was attempting to intimidate that member of parliament. He was not intimidating me. I do not think I was important enough in the circumstances to be kept under surveillance, and the gentleman who was with me, that other member of parliament, was not involved to a degree that surveillance could be justified.

I have been here long enough and have been involved in enough things of various natures that I am sure intimidation would not really be effective. This leads me only to the conclusion that another member of parliament was under surveillance.

Let me suggest that the Solicitor General does not know anything about this for one of two reasons; he does not want to know and has never asked, or the RCMP is not about to tell him anyway.

It is my belief that these things should be in the open and discussed. It is very doubtful if the hon. member for Nickel Belt will be damaged, but a member of parliament could be damaged as a result of the fact he is given this great amount of attention on the national media. Intimidation is a two-edged sword as far as a member of parliament is concerned, particularly having regard to the information he may accept.

The Solicitor General may well suggest this was incidental or accidental and the surveillance no longer exists, but I doubt if that is true. I think it would be very hard to make any kind of case against someone who has been under surveillance for sometime, during which time a tape has been made which has whole sections missing. I doubt if any case could be made with a tape that has blank spots every few minutes. We know what happened in another country regarding a tape with missing sections. I think some questions would be asked again in respect of a tape made during an inquiry which had blanks, or missing sections in a record made from such a tape. I cannot visualize the RCMP carrying on that kind of surveillance over a period of time, bringing a man in from another country, and all the other things that have happened, if they were then all of a sudden going to destroy the tape and the evidence which had been gathered during that period of surveillance.

We have not yet reached the point where we are burying our mistakes in this country. I believe it would be wise to bring them to light and have a look at them. Undoubtedly when we established the security apparatus of this country we really never spelled out what it was supposed to do. I am sure that some types of activity which may be anti-government, and that means anti-Liberal, would appear to be subversive to some officers. I am sure one would not have to go as far as being against a provincial government to be considered by some as being subversive. It may be felt that an individual was subversive if he said something during an angry moment about somebody who was considered the boss.

This matter should be examined, because I believe that after a full examination of this and a number of other matters before Your Honour at the present time we would have a much better system of national security and a much more clear understanding of what members of parliament can do and the protection which exists for them. Lastly, I am sure that we could establish once and for all what are the real responsibilities of the Solicitor General regarding our national police force, what accountability on their behalf he must have to parliament, and how open he should be with this institution.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, on the question of privilege, I submit that this involves a question of fact. The whole matter revolves around a statement I sent to the hon. gentleman in letter form, which I am sure he received today. I am just reiterating what I said, that I have conducted a very thorough and full investigation with the RCMP, and I am saying in this House, as I indicated in the letter I submitted to the hon. gentleman, that there has been that very thorough investigation during which I interviewed supervisors in the RCMP relating to this matter. I did so because of my concern about the rights of members of parliament, and I would use my best effort to allay any suspicion that may arise.

As a result of that very thorough investigation, for which I take full responsibility, I can assure the hon. gentleman that his fears ought to be allayed, because there is not, and never has been, any tape of any conversation involving the RCMP in relation to this matter, in any particular. As I indicated to the hon. gentleman, the RCMP—

Mr. Benjamin: They are not going to tell you.

Mr. Blais: Surely the hon. gentleman does not—

Mr. Benjamin: They lied before to your predecessors.

Mr. Blais: I am suggesting to the hon. gentleman that he ought to have a bit more respect in terms of the RCMP than he is manifesting now. I suggest to him that the statement I made to the hon. gentleman, and the replies I have given in this House, were quite categorical. There is no indication that the hon. member for Nickel Belt (Mr. Rodriguez) has been the subject of any taping. What Mr. Hart has said in his affidavit is just what he has said in that affidavit, and I understand that matter is now a matter at which the McDonald Commission will be looking. It is seized of the matter and is interested in having Mr. Hart attend before it.

In terms of proceedings in this House, Mr. Speaker, I, as a minister of the Crown, have stated there is no cause for the hon. gentleman to make the allegations he has made.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, it is obvious that I have to support the motion of my hon. colleague, particularly as it has been clear for a few months that we should use all available means to know the truth. We can no longer be satisfied with the answers of the Solicitor General (Mr. Blais) which, as it has been proven, can vary from month to month according to the immediate circumstances.

Mr. Speaker, we do not care about how the Solicitor General manages to escape his responsibilities, we want to know the truth because the famous issue of national security has paved the way for so many illegalities that nobody even in this House is safe, since we have no form of guarantee with regard to our real freedom.

The motion of the hon. member for Nickel Belt (Mr. Rodriguez) being referred to committee, this could provide the opportunity to shed more light on all these matters more or less relating to security, and especially to this interference with individual freedom. Mr. Speaker, I would personally have many incidents to relate on this matter, and that is why I believe, on behalf of all my constituents, that we have the duty to tell the people of all the means available to some authorities who, under the cover of national security, push their weight around. Not only do they not bring about this security, but on the contrary they are traumatizing the whole population. That is why I wholeheartedly support the motion put by the hon. member.

● (1532)

[*English*]

Mr. Alkenbrack: Mr. Speaker, I have another thought on the question of privilege.

Mr. Speaker: Order, please. The hon. member for Moncton (Mr. Jones).

[Mr. Blais.]

Mr. Leonard C. Jones (Moncton): Mr. Speaker, this subject, which should be referred to the committee, is very serious. I know that debate in this House on the subject could continue from now until eternity. It seems to me that this is not a matter such as the Solicitor General (Mr. Blais) has indicated will be investigated by a judicial inquiry. We are a body which should not have to look to judicial inquiries to correct our problems. We should be able to wash our linen within our House through a committee of the House.

I think the motion of the hon. member for Nickel Belt (Mr. Rodriguez) is a proper motion. It might certainly clear the air on this matter and a lot of other matters if the subject matter of the motion is referred to the committee without too much rehashing in public. I believe it should be done immediately.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I earnestly hope that Your Honour will find that my friend, the hon. member for Nickel Belt (Mr. Rodriguez), has a question of privilege, and, if you do, I shall be pleased to second his motion for the reference of this matter to the Standing Committee on Privileges and Elections.

It seems to me, sir, that what is at issue is not the activity of the RCMP, not even the question of why the Solicitor General (Mr. Blais) said one thing at one time and another thing at another time, in both cases being properly advised by his officials. The issue is whether or not the hon. member for Nickel Belt has had his name brought under a cloud. The issue is whether his capacity to do his job as an MP has been impaired. I suggest that the answer to that is yes either way.

If it is true that he has been the subject of surveillance by somebody working for the RCMP, surely that, by definition, is an interference with the rights and privileges of a member of the House of Commons. On the other hand, even if it turns out that there was no electronic surveillance, in view of the sworn statement by Mr. Hart and in view of the nation-wide publicity given to that, many people in this country, particularly many people in the constituency of Nickel Belt, think that my hon. friend has been made the subject of electronic surveillance. I suggest that that puts him in a very difficult position.

I have listened with interest to the debate on what the RCMP is doing or not doing, and whether we should say things about how the RCMP informed the minister, and all of that, but when it comes down to the question that Your Honour has to decide, it is a very simple one: does a member of the House of Commons have a question of privilege? I feel very strongly that the hon. member for Nickel Belt does have one.

Having said that, may I say that it seems to me the things that must be investigated relate, on the one hand, to the statements made by the Solicitor General and, on the other hand, to the sworn affidavit made by Mr. Warren Hart. The Solicitor General has said on one occasion outside the House that the hon. member for Nickel Belt was the subject of surveillance, accidental or incidental. The Solicitor General has admitted that Mr. Hart was in the employ of the RCMP. The hon. member for Nickel Belt admits that he was in a

certain automobile with Mr. Warren Hart. So there do seem to be things that have to be cleared up. I think we need to know why the Solicitor General was advised to say one thing on one occasion, and now says that there is no record of any such surveillance. I come back to the main point: we need to have that cleared up, not for the sake of the good name of the RCMP or the good name of the Solicitor General. We need to have it cleared up because a member of this House has had his position impaired. That is one aspect that needs to be considered.

The other aspect that needs to be considered is the question of Mr. Hart's affidavit, his assertion that in a car, along with the hon. member for Nickel Belt and Mr. Rosie Douglas, he recorded certain conversations. As I said, all of that is before us in the form of a sworn affidavit. My insistence is that the issue is not how the RCMP acts or how Mr. Hart acts. The issue with which Your Honour should be concerned and with which we should be concerned is with regard to a member of the House. Has he been molested outside the House—to use some of the language in the book—has he been interfered with, or has his position as a member of parliament been impaired? It seems to me that it has, and on that basis Your Honour should rule that there is a prima facie case of privilege and allow the motion to be put. If you do that, I certainly will be happy to second the motion and, if Your Honour puts the motion, I hope the House will agree to it.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, what the hon. member for Nickel Belt (Mr. Rodriguez) mentions is a matter of fact, and in support of his statement he invokes the affidavit of an individual known as Hart. Running counter to his statement, that fact, we have the categorical, clear, specific and non-equivocal version of the Solicitor General of Canada (Mr. Blais) who formally denies the assertion of the hon. member for Nickel Belt. As Speaker of this House, you are therefore up against the fact that there are two absolutely contradictory versions. After looking into the procedural aspect of the situation and consulting Beauchesne on the matter, I respectfully suggest that this cannot be considered a matter of privilege. Beauchesne, on page 102 citation 113, edicts clearly as follows, and I quote:

But a dispute arising between two members, as to allegations of facts, does not fulfill the conditions of parliamentary privilege.

In addition, I have often heard you say in this House, Mr. Speaker, that when opinions differ on facts, the question of privilege cannot be invoked, and you turned them down accordingly. At this time Mr. Speaker, there is a motion before the House and I maintain respectfully that this institution is being abused by a deliberate attempt to nourish an atmosphere of suspicion with regard to the RCMP. What the hon. member for Nickel Belt is suggesting, and what comes out of the argument of all hon. members who rose in support of the motion of the hon. member for Nickel Belt is nothing else but an attempt to undermine the credibility of the RCMP who, in the present case, assured the Solicitor General of Canada that the hon. member for Nickel Belt has not been subjected to electronic surveillance. So if the members of all opposition parties want to use this institution to move a motion with the obvious intention of blaming the RCMP, we on this side of the House are not prepared, Mr. Speaker, to take advantage of this situation to abuse this House and blame the RCMP. Furthermore, this is obviously a lack of respect for an institution established under federal legislation.

Mr. Speaker, the MacDonald Commission has been established to inquire into a number of facts related to the RCMP. The question raised by the member for Nickel Belt will be examined by the MacDonald Commission. Why should we approve this overlapping and force a House committee to play the political game of the opposition and investigate facts that are categorically denied by the police and by the Solicitor General of Canada?

Mr. Speaker, maybe because I talked too fast the hon. gentleman could not catch the translation of what I said, but if he would just take the trouble to listen, I am sure he will bow to common sense. A federal body, established by a law of Parliament and, as such, entitled to our respect, will investigate the very matter raised by the member for Nickel Belt. Given the circumstances, and pursuant to section 4 of the Inquiries Act, which the Leader of the Opposition can very well read, the commissioners are granted the authority and the privilege to interrogate even ministers. This should take care of his objection. The investigation will be thorough, but meanwhile this motion on a question of privilege is contrary to the rules of this House. It is a question of conflicting facts, of differences of opinion, but not a question of privilege, Mr. Speaker.

• (1542)

[*English*]

Mr. Speaker: Order, please. I would like to hold the matter under consideration. There has been a considerable amount of argument put forward this afternoon to the effect that, in order to support the motion of privilege by the hon. member for Nickel Belt (Mr. Rodriguez), it is necessary to discredit the Solicitor General (Mr. Blais) and the RCMP, and I think I ought to disabuse the House of that proposition.

Some hon. Members: Hear, hear!

Mr. Speaker: It seems to me that the situation is such that the hon. member for Nickel Belt—and I will have to examine the transcript—began by saying he had assurances from the Solicitor General, which he accepts—the Solicitor General had put them in writing—that certain facts were true. Again I say I will have to examine the transcript. I do not want to put words into the mouths of those who have argued, but I think we have to examine two things.

First, accepting the assurances given by the Solicitor General that no instructions for this alleged activity were given by the RCMP and therefore that the RCMP was not responsible for them—and this has not been recorded or kept by them—in the face of those assurances there may still be a question of privilege relating to the position of the hon. member about whom an allegation had been made by way of a sworn statement that he has been the subject of electronic surveillance. That may stand on its own, and it may not. I do not know.

The point is that it seems to me there is a very serious possibility that the hon. member for Nickel Belt may have a question of privilege while the Solicitor General's assurances may be totally accepted, in which case one of the difficulties I will have will be in resolving the matter of the reference of the statements of the Solicitor General to the committee. That may be a problem, but basically the possibility of electronic surveillance of a member of the House of Commons and a sworn statement to that effect by some sort of an intelligence agent is, on the face of it, a very serious matter.

I am concerned that by allowing that to stand alone as a question of privilege we may be opening the door to questions of privilege which would be raised in every case that a member, no matter where he may find himself, either inside or outside this building or in or outside the performance of his duties, may be interfered with in any way and that we may be extending the parameters of questions of privilege.

However, I do not want to inform the House that I take this motion seriously and that I accept, along with other members who have spoken today, the assurances given by the Solicitor General. He has told the House today in his letter to the hon. member for Nickel Belt, and he has stated on the record of the House of Commons, that those statements given by him were upon advice in his ministerial responsibility, and they are accepted as true, as they always have been in this House. Nevertheless, there may rest in the hands of the hon. member for Nickel Belt a very important question of privilege, and I need some time to reconcile these problems and to try to sort them out. I will try to come back to the House with a decision as soon as possible.

Mr. Diefenbaker: Mr. Speaker, I rise on a question of privilege.

Mr. Speaker: Order. I wonder if I might just interrupt the right hon. member for one moment. I think there are one or two ministers who have been waiting to table documents, and I wonder if, out of courtesy, we might permit them to do that and allow them to go before the right hon. member's question of privilege. Is that agreed?

Some hon. Members: Agreed.

[Mr. Speaker.]

ROUTINE PROCEEDINGS

[*English*]

IMMIGRATION

TABLING OF 1978 REGULATIONS

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I thank the House for its courtesy. Pursuant to Standing Order 41(2) I would like to table, in both official languages, the immigration regulations, 1978.

* * *

PRIVILEGE

MR. DIEFENBAKER—PROCEDURE ON S.O. 43 MOTIONS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, today we have witnessed once more what has been taking place here with regularity, namely, a denial of the opportunity for hon. members to raise questions under Standing Order 43. I say at once that the individual who speaks on behalf of the government is the hon. member for Drummond (Mr. Pinard). I have watched him in action day after day and week after week. He spoke with sonorous emphasis this afternoon, but normally he speaks with bated breath. Whenever a motion which the government does not want is moved, in those subdued, sibilate tones he uses he says no, and the wishes of the House of Commons are thereby denied. I did not know until today that the hon. member had such a vociferous capacity, but one learns. I have only heard him in operation when denying the right of hon. members in this House to introduce resolutions.

Today two were introduced, one by the hon. member for Egmont (Mr. MacDonald) in connection with this day of days, International Women's Day. The resolution the hon. member for Egmont was asking permission to move was a reasonable one. I am not going to read it because I do not want to clutter the record, but it was reasonable. In effect it said that the Treasury Board and the Public Service Commission should immediately review each department's five-year plan of action to ensure no further erosion of the advancement of women. I thought that would be generally accepted, but the hon. member, the voice of the government, the Parliamentary Secretary to the President of the Privy Council, said no.

Then a little later the hon. member for Winnipeg North Centre (Mr. Knowles) endeavoured to move the following resolution:

> That this House takes note of the fact that this is International Women's Day and calls on the government to act forthwith on the recommendations made recently by the Advisory Council on the Status of Women . . .

Again I am not going to read the entire resolution.

Mr. Pinard: And report within 30 days.

Mr. Diefenbaker: The hon. gentleman had an opportunity to speak, and we now learn that he has a voice. He said no. This is the type of thing which makes a farce of parliament.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Members in all parts of this House have spoken today in mellifluous language on behalf of the rights of women and about International Women's Day. Members of the government have done so. Outside the House the greatest of ejaculations have been uttered in favour of women. When a member of parliament tries to move a resolution, however, it is turned down because of a rule which is unjust and unfair.

I mention this because the time has come when Canadian people should realize that it is impossible to get resolutions before this House because of one member. I do not say in this case that the hon. member was speaking for himself because he spoke for the Government of Canada by virtue of his position as a parliamentary secretary. However, he has turned down the women of Canada, and they are being deceived. They think parliament turned them down. Parliament did not turn them down. It was the Liberal government through a parliamentary secretary acting for the Liberal party.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The right hon. gentleman is raising by way of a question of privilege the operation of a rule of the House which has not, to my knowledge, in any way been transgressed. The rule reads fairly clearly that a motion can be moved with unanimous consent. It is the right of any member to withhold his consent, and I am not sure that it is the right of any member to comment on the withholding of that consent or to identify people. It may be an impropriety to comment on a proper invocation of any rule.

● (1552)

I wonder if we are anywhere near a question of privilege in discussing the unfortunate effects of a rule which is operating the way it is written on the books. It may be appropriate to move to change that Standing Order, but I have grave reservations, first, if it can be done by privilege, and secondly, unless there is some impropriety in the exercise of the rule, if it is proper to make reflections on the invocation by any member of this House of any Standing Order so long as he is doing so in the proper way.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, I have been here a while in this House and I have never seen anything to equal what is happening today. I am simply pointing out to the women of this country that what happened was the voice of the Liberal party, hypocritically on the one hand supporting women's rights, and in the House of Commons denying the statement. Your Honour rules that that is not a question of privilege, and I accept your ruling as I always do. I simply put it on the doorstep of these people with their hypocrisy, pretending to the Canadian people that they believe in women's rights, and then preventing discussion in the House.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I want to congratulate the right hon. member for Prince Albert (Mr. Diefenbaker) for making a suggestion which could be described as what would seem to me to be a constructive intervention. I have a lot of respect for institutions and I also have a lot of respect for this institution, including the right hon. member for Prince Albert. Theoretically, if one takes the political flavour out of his comments, what he is actually complaining about is a rule—

[*English*]

Mr. Diefenbaker: No politics. The politics are from over there.

[*Translation*]

Mr. Pinard: I let the right hon. member talk and he even blamed me for not talking often enough. I think he occasionally talks too often. So I would ask him to have the courtesy to show respect for this institution and let me talk as I have been given the right to do, Mr. Speaker.

I would say it has been obvious for some time now that abuses have taken place with respect to Standing Order 43 which requires an emergency that is not always set forth. Mr. Speaker, you have heard recently motions under Standing Order 43 with excessively long preambles which were sometimes frivolous and sometimes tainted with political partisanship. Motions introduced under Standing Order 43 sometimes contain very positive elements, I admit. As it happens, a motion was introduced today dealing with the status of women and, generally speaking, on the whole, that motion appeared to me, as a private member, to be quite acceptable. However, it included restrictions which would make the government's job very difficult with respect to the proposed business for today because that motion—in which the right hon. member for Prince Albert, probably by inadvertence, omitted to read everything—specifically said at the end, and I remember it quite well, that the committee would have 30 days to report to the House.

This institution wants the government elected by the majority of Canadians to be responsible for establishing the priority of subject matters submitted to this House. If every time a motion proposed pursuant to Standing Order 43 must be passed because it includes some good provisions we would never be able to achieve a program serving Canadians and we would deny the right of the government to establish priorities. In conclusion, Mr. Speaker, this is why I emphasize the necessity for motions pursuant to Standing Order 43 to respect the nature and spirit of this Parliament and to be written in the future with a preamble which will be less binding on the government and not compel us to change the legislative program we must follow to solve the various problems we are facing.

Mr. Speaker, the suggestion made by the right hon. member for Prince Albert implies a change to the Standing Orders of this House. I fully agree with him but I think he has suggested only 1/116 of the parliamentary reform that should be done here in the Canadian parliament. There are 116 Standing Orders and the hon. member complains about only one of them, but a more serious reform should be considered to modernize our parliament, to make it more efficient, to rejuvenate this institution and also allow our constituents whom we meet regularly and who are now watching what happens in this House through television, to allow them to witness a performance that would be more worthy of parliamentarians and politicians.

In conclusion, I subscribe to the intent of the right hon. member for Prince Albert, if I made a right interpretation of his desire to change this institution to make it more efficient, but I contend that he does not go far enough and that he suggests only 1/116 of the parliamentary reform for which we have been asking on this side of the House at least since my coming here, three years ago, and which is often denied to us because of the lack of consent from opposition members.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I regret very much that the parliamentary secretary in the latter part of his remarks attacked the institution which he purported to revere at the beginning of his remarks. I listened to his submission with great interest. He mentioned the rules of this place, and he is quite right in respect to some of them.

One of the problems in the House of Commons is that the government has always tended to use the Parliament of Canada, the House of Commons, and view it as a legislative mill as if the only business which was important was the business the government chose to designate as important. Over the course of the last little while the private member in terms of being able to advance something in this House has slowly but inexorably had his rights limited and removed, all in the name of the legislative necessities of the government. That is a fact.

We have been sitting in this House now since October, the beginning of the session. Unfortunately there has been no move on the part of my hon. friend's senior to put a reference before the Standing Committee on Procedure and Organization, not one. What has happened, therefore, is that these rights have been limited. As the government has come to regard parliament only as its own precinct for legislation we have tended to look away from the other side of parliament, and seek an opportunity that all members on all sides of the House ought to have to examine the relevancy, the propriety, and direction of programs. Somehow or other, Mr. Speaker, this whole thing has gone out of whack. We might as well be candid with each other. One of the reasons that Standing Order 43's are shouted down, sometimes by one and sometimes by many—

Mr. Diefenbaker: Generally by one.

[Mr. Pinard.]

Mr. Baker (Grenville-Carleton): —is that the government is always concerned that there will suddenly be a debate if consent is given and then the matter becomes a matter for discussion before the House or potentially so.

I say to the hon. member that members of parliament do not put motions frivolously under Standing Order 43 most of the time. They put them forward using one of the few vehicles left to private members to put a point before the public and perhaps influence the government, or at least bring public opinion to bear on a matter that may concern them with respect to their constituents.

There is this ungodly fear that something from a private member might come forward to upset the government's program, and if you look at the order paper today the program is pretty slim in terms of meeting the necessities of the country.

The other day when speaking on this topic, the right hon. member for Prince Albert (Mr. Diefenbaker) proposed a solution to this matter. You will recall the solution, Mr. Speaker, I do not have to repeat it. I do not know whether that is appropriate to get by this impasse which led the Parliamentary Secretary to the President of Privy Council to call two motions with regard to the status of women on International Women's Day frivolous. They certainly were not advanced in any frivolous way.

• (1602)

Mr. Pinard: You are not being honest.

Mr. Baker (Grenville-Carleton): When he said today that he was concerned about the government's program, he was admitting that this matter, the whole question of the operation of Standing Order 43 and the right of private members to advance these motions, was always subject to the convenience of the government. It was not intended that way.

It is time the public realized what is happening in terms of my right and the right of other private members to bring forward motions under Standing Order 43. It is important that those motions do not just occupy members of the opposition. There are members of the government who are suddenly having the courage to get up under Standing Order 43. Some of those motions should be examined.

It is unfortunate that backbenchers are having denied to them, day after day, the right to have something dealt with by the House of Commons, something that is important to them as members and that may indeed go beyond the importance of a particular member's responsibility.

If we are to get out of this impasse, it would be well to remember that the Standing Committee on Procedure and Organization dealt with matters that were presented prior to the last session of this parliament. It is equally important that there is anxiety on all sides of the House to deal with reform of the parliamentary process.

Perhaps the right hon. member for Prince Albert in dealing with this matter under Standing Order 43 has managed to focus the attention of the public on a House of Commons where the rights of the private member are being overbur-

dened to a greater degree each day by the movement toward the government considering this House as purely its own.

Hon. Robert K. Andras (President of Treasury Board): Mr. Speaker, I listened to the right hon. member for Prince Albert (Mr. Diefenbaker) with the usual respect I have always had for him and other speakers. Of course Your Honour's comment that this is really a matter of concern about the rules affecting this chamber rather than any question of privilege hold absolutely true.

I was interested in the rather outraged approach to the fact that denials for the movement of Standing Order 43 motions are always on this side of the House. I heard a very reasonable motion put forward the other day by the hon. member for Vancouver East (Mr. Lee). After a logical explanation as to why it was urgent, it stated:

> That this House condemn the artificial distinction made by the Leader of the Opposition as to North American and European Canadians, and that this House recognizes the great contribution of Canadians of European descent to our society and our nation.

That was denied. There was a no. The reasonableness was attested to by the hon. member for Edmonton Centre (Mr. Paproski) who rose in outrage saying that the no came from this side of the House. Of course it had not. It came from the opposition. In that sense, this works both ways.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, what I regret most of all about this is the determination indicated once again by the President of the Treasury Board (Mr. Andras) to treat this very fundamental reduction of the rights of private members of the House of Commons as an insignificant matter, a matter to which some kind of debating trick response can be deemed to be sufficient.

As has been pointed out by the right hon. member for Prince Albert (Mr. Diefenbaker), and very important for parliament, there has developed on the government side of the House the practice of designating a parliamentary secretary whose single responsibility in this House is to say or to indicate no when private members of the House of Commons raise Standing Order 43 motions to try to have the House of Commons consider matters of very serious importance to those members of parliament.

Of course it is going to occur from time to time when there is an unreasonable motion put forward, as there are from all sides of the House from time to time. It would be natural that in the face of unreasonable motions from time to time there would be members of the House who would say no because they took exception to the particular matter being proposed.

We are dealing here with a very different case. We are dealing with a regular practice of the parliamentary secretary to the leader of the government in the House of Commons. Virtually every time a motion comes from this side from a private member who wants to exercise the traditional right of a private member to have parliament consider a matter of very real importance to that private member, when that matter is put forward a representative of the Liberal government automatically says no. That is a very different situation from a matter being judged on the basis of its merits.

What we have here is a clear determination by the government to use, in a way in which the rules were never intended, the opportunity to object to a private member for party purposes, trying to stop the House of Commons from considering matters that, in the view of at least one of our members, are very important.

This becomes doubly important. It is part of a continuing process which we have seen through this decade of the limitation of the powers and rights of individual members in this House of Commons.

The other very important matter here had to do with changes with regard to the control of the estimates. No member here is able, with the rules that are now in place—I do not intend to disinter history, but it is important to bear this in mind—as a matter of practical fact to limit or control in any particular one five cent piece, if I can quote an historical phrase, spending by the Government of Canada, given the changes in rules relative to estimates.

That is a very serious restriction upon the prerogatives of an individual member of parliament. One of the few prerogatives that a private member now has is the opportunity to raise a matter of very real importance on the floor of the House of Commons and to have the possibility erected of that being debated. That has been resorted to by many members of the House of Commons. The hon. member for Ottawa-Vanier (Mr. Gauthier) is in the chamber. On occasion he has used Standing Order 43 for a matter which I presume to be of very real personal interest to him, something he believed that the House of Commons should debate.

On these matters which are of very real concern to private members of parliament, who have few other means by which they can have their concerns considered by the House of Commons, there is one person in this House who has been given a responsibility, given a job by his party, to say no. That is the Parliamentary Secretary to the President of the Privy Council (Mr. Pinard). That is a very serious limitation on the ability of private members to bring business to the attention of the House of Commons.

The argument has been made on the other side, and I accept its legitimacy in part, that from time to time noes have come from both sides of the House. However, any fair examination of the record will show that far more frequently matters are turned down by that side of the House. As the right hon. member for Prince Albert said, almost every day on almost every question, the no comes automatically on assignment, as the job of that particular parliamentary secretary, from the parliamentary secretary to the leader of the government. In my judgment, that is a very serious limitation upon the ability of any private member in this House which was designed not just for governments but for private members as well. It is a very serious limitation on the ability of a private member to have this House of Commons seize upon a question which that member considers to be important.

As he has done so often in the past, the right hon. member for Prince Albert has performed a signal service to the House of Commons today by rising in his place to take exception to an automatic practice which severely limits the rights of private members of parliament in this House of Commons.

● (1612)

Mr. Steven E. Paproski (Edmonton-Centre): Mr. Speaker, I should just like to straighten out the President of the Treasury Board (Mr. Andras). I do not think he was in the House when I stood up after that motion under Standing Order 43. As reported at page 3244 of *Hansard* of February 27, I said:

So there will be no misunderstanding, I said to the motion by the hon. member for Vancouver East (Mr. Lee) that this motion is not true and it should be debated.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of Treasury Board): Mr. Speaker, I shall be very brief because I know the President of the Treasury Board (Mr. Andras) and others are waiting to bring forward important legislation. However, I cannot help making a few comments on this subject. I have been sitting in this House for about 12 years now and I have noticed the increasing number of motions presented under Standing Order 43. I estimate that during this present session the number of such motions has doubled or trebled. I hope the House leader for the New Democratic Party will say a few words on this aspect. He knows that, if even half these motions were accepted, the legislative calendar would be completely cluttered up. There is no way in which an already overloaded House could accept the legislation involved.

I listened to what was said by the Leader of the Opposition (Mr. Clark) who made a very thoughtful contribution. I think we all recognize that backbenchers must be able to use this parliament as well as the leaders of the parties. After all, they represent a lot of people. The problem is that some of these motions under Standing Order 43 imply important changes, or amendments to government legislation—legislation which might have taken weeks to get through the House in the first place.

An hon. Member: Months!

Mr. Lefebvre: Other motions would involve major items of government expenditure. How is one to reconcile an already overloaded legislative calendar—members are saying we are already sitting too long in Ottawa, spending eight, nine or ten months here when we should be getting out in our constituencies—with the need to allow adequate time for the consideration of initiatives put forward by private members? I would suggest that the House leaders should hold discussions and maybe come up with proposals to submit to Your Honour, or to a committee of the House, designed to reconcile the legitimate rights of backbenchers on both sides of the House with the need to make progress with the legislative calendar.

Mr. Stanley Knowles (Winnipeg North Centre): I thank the hon. member for Pontiac (Mr. Lefebvre) for his invitation—

Mr. Howie: It was too much for you to resist!

[Mr. Clark.]

Mr. Knowles (Winnipeg North Centre): Even so, I rise to speak on this subject for only a few minutes. I have a hunch we are not going to solve this problem today. But it is my earnest hope that immediately after the forthcoming election, when a new parliament assembles, we shall appoint a committee which will grapple with this task. The difficulty, as I see it, is this: the government, as has been said today—and I agree—must have arrangements by which it can put its business before the House. There has to be a schedule which cannot be upset or interrupted in an unplanned way. I support that position. But it is also true that private members of the House ought to have an opportunity to present their ideas.

We have rules which are supposed to provide for this. We have private members' hours. There, however, it is not the case of somebody saying, no; it is a case of somebody on the other side saying too much until the best of ideas are talked out. I believe, there is almost as much farce connected with the private members' hour as there is with the period having to do with motions under Standing Order 43. We have developed the late show and, if I do say so myself, having had something to do with the introduction of the procedure, I think it works very well. Members get the opportunity to say more than they can in the question period, and they do get an answer. Still, we have not solved the problem of balancing the right of the government to time it can count on with the right of private members on both sides of the House to have their ideas considered.

I have served on a number of committees on procedure back in the days when there were special committees, and in more recent days when there has been a standing committee. A lot of study and a lot of research has been done but the main thrust of most of the reports which such committees produce is to limit the rights of private members and make sure that the government gets its business through. I think that is the reason why these reports do not reach the floor of the House; they are too one-sided.

It seems to me if we are to solve the difficulty of getting the proper balance between the government's rights and the rights of opposition members we shall have to find a means to get the government business through a little faster.

I say again, as I have said on other occasions, that I think the time has come for us to consider categorizing government business as "important", "routine" and "very minor". I would be quite happy to see an arrangement made whereby the opposition parties could say that they wanted, say, three or four bills open to unlimited debate but in return would be prepared to see some eight or ten unimportant bills go to committee without any debate. If we could get some method of better planning and make better use of time spent on government legislation we could then leave a little more time—whether an extra hour here or a day or so there—for private members' ideas to be considered.

I am not cynical—I have been around here too long and I love the place too well. I think it is a good place. As for motions under Standing Order 43, I realise that most of the time those I move get turned down. But there is some satisfac-

tion in being able to make them, to get an idea into print. Maybe it gets shown over the television, too; the people out there know what we are proposing, and to what those people over there are saying no. I think there's value in that. In the last few days, using what few devices there are, we have been pressing the case for equal rights for women. We haven't won any battles on the floor of the House this week but we have asserted the principle of our position and I think it has been good.

As I say, I have no hope that in the atmosphere of the House, where we are just wondering on what date the election will take place, we will be making any major changes in the rules.

An hon. Member: What's your guess?

Mr. Knowles (Winnipeg North Centre): What is my prediction? June 26. If I am out a bit, if will be only by a week, so don't call me a false prophet.

Mr. Speaker, I think it is good we have had this discussion. I think it reflects the experience of members in this parliament, namely, that we have not done either job well—we have not handled the government's business with an eye to the best use of time and we haven't given recognition to the proper rights of private members. I think we should have the wit and the wisdom very early in the next parliament to sort out this whole business.

Some hon. Members: Hear, hear!

Hon. Marcel Lambert (Edmonton West): As vice-chairman of the committee on procedure for the second session I want to say, briefly, that although discussion of this question may be of value to hon. members, only the President of Privy Council (Mr. MacEachen) can decide to bring forward matters and refer them to the committee. He has not done this for two sessions. I am afraid representations should be addressed not only to the Chair but to the President of Privy Council urging him to let go and refer some of these problems to the committee so that it can act and make references back to the House so that a lot of these difficulties can be eliminated.

Mr. Speaker: I want to thank all hon. members for their enlightening observations on a very difficult subject. The right hon. member made reference to this in the House a few days ago. At that time I indicated what I think, what has been expressed again here today by the right hon. member and by others who have contributed, that there are severe constraints on the operation of this rule as there are constraints on the operation of any other rule.

● (1622)

Indeed, the hon. member for Edmonton Centre (Mr. Paproski) set aside one of these motions the other day for a very important reason, and that is that often when a motion is put forward, no matter how meritorious it may seem, members may take an objection in principle to being asked, because if the solution seems to be that the matter be voted upon, or carried without debate, that in itself is often an affront to members of the House of Commons who say that on important subjects they were not elected to this House to pass motions in a wooden way without debate.

The rule has very severe limitations on it, because if the solution proposed is that motions be passed without debate, that is not very satisfactory. If it is because it is worthwhile they are debated, then that obviously is not satisfactory either because there is no time and, therefore, the rule is now being used primarily as a replacement for a grievance procedure which is non-existent. Again, I say that perhaps the most important note was that from the hon. member for Edmonton West, that is, if changes in this and other procedures are going to be made, it will have to be a matter for study and recommendation by the procedure committee.

It is not a matter for the Chair and it is not a matter of privilege in its basic form, but it certainly is an admonition and a hope that the procedures committee might examine this at the earliest possible moment. I think the hon. member for Winnipeg North Centre (Mr. Knowles) was very realistic in saying that the hope it might be done between now and a general election is very slim indeed, but perhaps his prediction may be right for the date and wrong for the calendar year, in which case there will be lots of time to get it through.

MR. ALKENBRACK—EXTENSION OF ORAL QUESTION PERIOD

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I rise on a point of privilege which has a relationship to the important point of privilege raised by the right hon. member for Prince Albert (Mr. Diefenbaker) and other hon. members of the House, including the hon. Leader of the Opposition (Mr. Clark). It is just of a little different nature.

In my 16 years as a member of this House this is the first complaint, sir, of this nature, that I have ever made to you, or any other able or respected occupant of the chair, and I am confident that it will be given your able consideration. It arises because of my inability to ask an important question in the interests of 120 petitioning constituents that I tried to ask twice last week, and again today.

Sir, there is nothing more important than the oral question period in the operations of this House and the rights of members and their constituents. The following is my point of privilege, with my constant respect for the Chair.

The privileges of all backbench members are lately very much limited and denied by too protracted questions and unreasonably long answers permitted in this House, resulting in many members being precluded from placing important questions before you. If these intolerable conditions continue, then as a reasonable concession to the privileges of all backbench members, I ask the Chair to consider the extension of the oral question period in order that important problems of our constituents might be made known to this House, and to the government, and or failing that, that there be strict

limitation on the length of questions and long speeches by ministers serving as answers.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, during the past number of weeks I have been trying to ask questions that were very important not only to my constituents but probably to other members and people across the country interested in these questions, and I have been unable to catch Mr. Speaker's eye. During my observations here in the House I have noticed many backbenchers become very discouraged when they have repeatedly tried to ask a question on behalf of their constituents, something that is not only very important to them but very very important to the people that elected them.

I know that your job is sometimes a very very difficult one, Mr. Speaker, but I think that probably there should be more consideration given to backbenchers in the question period, particularly to the opposition, I often think that some people must envy your position, with all due respect, Mr. Speaker, because I see you get prompt attention from your mailmen and little notes that go up to the Chair. I know that all this has placed you in a very awkward position, but I would like you and other members of the House to realize also the position in which it puts the ordinary member. He has to answer to his constituents at home, not only why he was not on his feet in the House of Commons on every subject, but why he was not bringing to the members of this House the problems that are facing this country today in which they are all interested. I would like to speak at some length on this but I realize our time is precious. An hour and a half have been taken approximately on questions of privilege today, and at this time I will go no further on the matter.

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I heartily agree with the hon. gentleman because even my constituents are wondering why, on this side, members do not ask any questions. In fact a very wonderful lady not only wrote me, Mr. Speaker, but she asked me why we do not ask questions of the Leader of the Opposition (Mr. Clark). She was wondering why, since we have television in the House, Liberal members do not ask questions of the other side. It is very important and it shows that the people of the country are very very interested indeed in what we are saying.

I have all the sympathy in the world for the opposition in regard to the backbenchers on that side having to take a second place in many instances to those who are asking questions because, as is obvious, Mr. Speaker, many of our members on this side do not get a chance to ask questions. We are batting an extremely good average if one or two of our members ask a question in this House in any one day. We realize, of course, that it is the role of the opposition to ask questions, but we also realize that the general public, since we have television in this House, are wondering why we on this side sit like dead ducks and are not ourselves asking some pertinent questions. It would be wonderful for us to send *Hansard* back to our constituents and to let them know the questions we have asked in this House, and also to show them the interest that we have in representing them here which we like to do as well as does the loyal opposition.

I want to let it be known, sir, that the rules to be brought forth, the important matters which the loyal opposition bring to your attention should also apply to us on this side of the House on an equal status.

Mr. Peter Elzinga (Pembina): Mr. Speaker, I hope the Minister of National Revenue (Mr. Guay) shared with that good lady who wrote him the news that he will be able to ask questions of the Leader of the Opposition (Mr. Clark) after the next election.

Some hon. Members: Hear, hear!

Mr. Elzinga: Mr. Speaker, since this has been brought up by the right hon. member for Prince Albert (Mr. Diefenbaker) I, too, would like to express a certain amount of frustration with regard to the question of privilege raised by my good friend, the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack). I think that a good deal of the problem stems from the lengthy answers that we receive from the ministers on the opposite side.

I am sure you realize the frustrations that the average backbench member of parliament experiences when seeking your recognition, and I say this with the highest amount of respect for yourself, Your Honour. But the difficulty lies in a backbench member rising to seek recognition. He can do it for the period of a week and by then the question is outdated. He also has to work in conjunction with the timetable of the minister opposite, hoping that he will be in the House.

I just wish to take this opportunity too, sir, to share with you my deep respect for the hon. members on this side of the House who took time to raise this very important issue in regard to the privileges of backbench members of parliament. It shows the legitimate concern they have for we more junior members in this House of Commons. I would like to pay tribute to the right hon. member for Prince Albert for bringing this to the fore, and to the leader of our party.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, this is a very, very amusing interesting debate on the "ordinary member". I am beginning to wonder which member of this House is the ordinary member unless it is the Independent member of the House of Commons—the one who was elected as an independent member of the House of Commons, sir. There is no person in this House who really has been discriminated against more times and in more ways by the legislation that is presented.

I ask the government and I ask the opposition to examine the debate today on the word no. I heard a debate today on the word no. It is an amazing thing to me for the leader of that party to use the word no. I have had it said to me by members of that party so many times it is not even funny.

• (1632)

Getting back to the question, the hon. member for Rocky Mountain (Mr. Clark) does not speak to me, and I do not speak to him, according to the papers, but this question of privilege is a good one. I have been on my feet for at least three or four weeks straight trying to ask questions in this House. During that time I have been in to see Mr. Speaker. He has promised me that the next day I will be permitted to ask a question. However, I do understand his problem, and he has a devilish problem. He has members of the opposition parties, and I am not a member of an opposition party—God forbid—asking lengthy questions which could be shortened down into very brief questions. If questions are to be asked during the question period they should be brief, and supplementary questions should be shortened.

I would suggest to you, Mr. Speaker, that if the preambles are too long you should cut them off, snuff them out, and if the answers are verbose, toss the answers out. I think we could reduce these questions and answers so that we could all get a break and a crack at asking questions and receiving answers. If members were given this break, and Cabinet ministers did their homework and knew the answers, we would be better off. If ministers do not know the answers they should say they do not know.

I know kids who have gone through school and graduated with Ph.D's who still at times have to say they do not know the answers but will get them for me. The ministers should be truthful and tell us they do not know. That is all I have to say, Mr. Speaker, but I would like to ask a question tomorrow!

Some hon. Members: Oh, oh!

Mr. Speaker: In fairness I must note there are several other members who want to participate in this discussion. This is a matter of great importance raised by the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack), the hon. member for Victoria-Haliburton (Mr. Scott), and others who have contributed.

I think we all understand the very difficult constraints we operate under during the question period. There have been times when I have had to admonish members on both sides of the House about making questions and answers brief. We have a show of splendid co-operation then for a short period of time, which soon tends to dissipate. It is difficult for the Chair to see members of the House trying day after day to be recognized, and know that their legitimate questions are being deferred because of pressing matters of national concern that do take up a good deal of time.

On the other hand, it is not very appropriate for the Chair to be intervening constantly to keep members on both sides of the House under check. We have to try to strike a balance.

It is ironic, I think, that today, if my memory serves me correctly, and I tend to remember these things with great relish, the question period began on an exemplary note. It seems to me the Leader of the Opposition (Mr. Clark), in leading off today, asked questions on matters of the economy. He and the Minister of Finance (Mr. Chrétien) had a series of four questions and answers in the space of less than five minutes. If we could do that every day it would be a wonderful thing. However, thereafter it seems that things began to run downhill. Many questions and many answers were lengthy. Both sides were equally at fault.

Perhaps I should, after these representations, try to intervene more often. I do not like to intervene too often. On the other hand, I do see the problem building up. It will be interesting to note tomorrow how much assistance and co-operation we can get. Perhaps it will be enough to last us all the way through until Easter.

* * *

PUBLIC SERVICE STAFF RELATIONS ACT

MEASURE TO AMEND

Hon. Robert K. Andras (President of the Treasury Board) moved for leave to introduce Bill C-28, to amend the Public Service Staff Relations Act.

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

* * *

Mrs. Holt: Mr. Speaker, with the greatest respect for your position and for you yourself, and I want to preface my remarks by saying I have the greatest admiration for you any your sense of justice, I do feel that backbenchers on this side did not have a chance even to comment on a debate about the ability of backbenchers to ask questions. I rose in the hope that I could make just a short comment, but I was not recognized. I would appreciate being given the right to speak for the backbenchers on this side of the House.

Mr. Speaker: Order, please. The hon. member for Simcoe North (Mr. Rynard) was standing, as was the hon. member for Villeneuve (Mr. Caouette) and two or three other hon. members in this corner, including the hon. member for Winnipeg South Centre (Mr. McKenzie). I think we all recognize that the matter was not essentially a question of privilege but a very serious grievance. Therefore, I attempted to get a general participation. There was, I thought, a rather able respresentation from the government side of the House by the hon. Minister of National Revenue (Mr. Guay). I might have carried on and heard all other members, but I thought I had heard sufficient on the matter.

I regret that all hon. members were not given a chance to participate. If I wanted to take a very hard line perhaps I should have closed it off right at the beginning because the matter was not essentially a question of privilege, but rather a serious grievance. I have been well advised of it and I hope we can improve the situation as quickly as possible. I regret that all hon. members who wanted to contribute could not do so.

Order Paper Questions

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 887, 888, 889, 891, 892, 922, 1,075 and 1,079.

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

[*Text*]

MULTICULTURALISM DIRECTORATE

Question No. 887—**Mr. Mitges:**

1. By province, how many names are on the mailing list for news releases and circulars of the Multiculturalism Directorate?

2. For (a) 1975-76 (b) 1976-77, by programme, how many pieces of correspondence requesting information or assistance were received within the Directorate?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): 1. There are over 6,000 names on the mailing list, which includes persons across Canada, individuals from the media, ethnic organizations, ethnic press, members of the Canadian Consultative Council on Multiculturalism and members of the general public who make enquiries.

2. As inquiries for information and assistance from the Multiculturalism Programme are addressed to, and processed by, not only the Multiculturalism Directorate but also through offices of the Minister for Multiculturalism and the Secretary of State, the Departmental Secretariat and all regional and local offices of the Department of the Secretary of State, such information is not readily available. It would involve an inordinate amount of work at significant cost to gather such data.

Question No. 888—**Mr. Mitges:**

From the time of the Prime Minister's announcement of a multiculturalism policy in October 1971, how many directors have been employed by the Multiculturalism Directorate and, in each case, what was his/her (a) name (b) term as director (c) salary range while serving as director?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)):

(a) Name	(b) Title and Term of Office	(c) Salary Range
Jennifer McQueen	Chairman of Citizen's Culture from 1971 to March, 1974	$17,969-$27,800
Orest Kruhlak	Acting Director from March, 1974 to August, 1974	$22,200-$27,800
Mike Andrassy	Director from September, 1974 to December, 1976	$24,500-$33,000
Stan Zybala	Acting Director from December, 1976 to January, 1977	$26,400-$33,000
Orest Kruhlak	Director from January, 1977 to date	$26,400-$34,900

Question No. 889—**Mr. Mitges:**

1. In (a) 1975-76 (b) 1976-77, what was the total number of staff of the Multiculturalism Directorate?

2. What was the total number of staff associated with each programme under the Directorate and how many were (a) permanent (b) part-time (c) term (d) on contract?

3. What was the salary range of each of these employees?

4. How many of the employees were involved in more than one programme and, in each case, what was the programme?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): 1. (a) 40; (b) 40.

2. 1975-1976

	(a)	(b), (c), (d)
(i) Directorate	3 permanent	No employees were employed as part-time, term or on contract.
(ii) Canadian Identities	12 permanent	
(iii) Ethnic Liaison	15 permanent	
(iv) Canadian Ethnic Studies	5 permanent	
(v) CCM Secretariat	5 permanent	

1976-1977	(a)	(b) (c) (d)
Directorate	5 permanent	None None None
Canadian Identities	27 permanent	None 2 term None
Secretariat	5 permanent	None None None
Ethnic Liaison	1 permanent	None None None

3. 1975-1976

			Salary Range
Directorate	1	PM-7	$24,500-33,000
	1	ST-SEC-2	8,324-11,163
	1	AS-2	12,819-16,204
Canadian Identities	1	PM-6	22,705-28,083
	3	PM-4	15,817-19,549
	2	PM-3	14,054-17,523
	1	PE-4	15,700-25,100
	1	CR-4	8,743-11,364
	3	PM-2	12,879-16,207
	1	CR-3	7,823-10,232

[Mr. Speaker.]

1975-1976			Salary Range
Ethnic Liaison	1	AS-4	14,937-18,627
	2	CR-3	7,823-10,232
	1	ST-SEC-2	8,324-11,163
	1	ST-STN-2	7,808- 9,506
	1	PM-3	14,054-17,523
	1	CR-4	8,743-11,364
	6	PM-4	15,817-19,549
	1	PM-5	18,986-23,473
	1	PM-6	22,705-28,083
Canadian Ethnic	1	AS-4	14,937-18,627
Studies	1	ST-STN-2	7,808- 9,506
	1	AS-5	17,847-22,168
	1	AS-3	13,638-17,080
	1	PM-1	10,536-14,666
Secretariat	1	ST-STN-2	7,808- 9,506
	1	AS-5	17,847-22,168
	2	CR-4	8,743-11,364
	1	AS-2	12,819-16,204
1976-1977			Salary Range
Directorate	1	PM-7	26,400-33,000
	1	PM-4	17,241-21,299
	1	AS-2	14,293-17,654
	1	ST-SCY-2	9,892-12,011
	1	ST-STN-2	8,706-10,228
Canadian Identities	2	ST-SCY-2	9,892-12,011
	1	AS-4	16,431-20,427
	9	PM-4	17,241-21,299
	4	CR-3	9,363-11,173
	3	CR-4	10,394-12,409
	3	PM-2	14,296-17,657
	3	PM-3	15,459-19,123
	1	PM-5	20,695-25,473
	1	PM-6	24,748-30,333
term	1	ST-STN-2	8,706 10,228
		CR-2	7,768- 9,256
Secretariat	1	AS-5	19,542-24,018
	1	AS-4	16,431-20,427
	1	AS-2	14,293-17,654
	1	CR-4	10,394-12,409
	1	ST-SCY-2	9,892-12,011
Ethnic Liaison	1	ST-SCY-2	9,892-12,011

4. 1975-1976: No record; 1976-1977: No record. As the term Multicuturalism Directorate denotes a structure unit created for the implementation of the multiculturalism policy, all employees of the directorate are involved in the implementation of the Multiculturalism Programme.

Question No. 891—**Mr. Mitges:**

Of those programmes of the Multiculturalism Directorate which are not involved in distributing grants and contributions, in what way is the productivity of the programme assessed?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): The productivity is assessed by the intensity of liaison with client groups; volume of correspondence; reports of conferences, seminars and workshops; summaries of research studies and surveys. As multiculturalism deals with such socio-cultural concepts and problems as inter-group relations, cultural integration, cultural sharing impact on ethnic groups, etc. an effective asessment would necessitate a costly socio-metric study.

Question No. 892—**Mr. Mitges:**

1. For 1977-78 what new programmes have been or are going to be introduced into the Multiculturalism Directorate and, in each case, which ones will (a) be involved (b) not be involved, in distributing grants?

2. What number of staff are expected to be associated with each programme and how many will be (a) permanent (b) part-time (c) on contract (d) term?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): 1. The only new programme introduced for 1977-1978 is the Cultural Enrichment Programme to encourage and support voluntary organizations which undertake projects and activities of cultural enrichment through the preservation and development of languages other than English and French.

2. One person (permanent) will co-ordinate this program at headquarters. The operations by and large are decentralized and are being implemented by existing field staff.

INVESTMENT INCENTIVES PROGRAMME

Question No. 922—**Mr. Herbert:**

Does the government intend to introduce a combined grant and tax incentive programme to encourage companies to invest in research and development in Canada in cases where there is presently a choice of another and more attractive location?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): In 1977 the government extended the 5 per cent investment tax credit for a further three years and expanded it to cover both current and capital expenditures on scientific research and development. In addition, the rate of the credit was increased in areas designated under the Regional Development Incentives Act. In Saskatchewan, Manitoba, northern

Ontario, northern Alberta, northern British Columbia, the Northwest Territories and all designated regions in Quebec other than the Gaspé, the rate of the tax credit was raised to 7½ per cent. In the Atlantic provinces and the Gaspé region of Quebec the rate of the credit was increased to 10 per cent. In addition to the investment tax credit, an immediate deduction is allowed under the Income Tax Act for both current and capital expenditures on scientific research related to the business of the taxpayer. The Department of Industry, Trade and Commerce provides assistance to business under the Enterprise Development Program. This program, introduced in 1977, replaced a number of assistance programs to business including: PAIT: Program for Advancement of Industrial Technology; IDAP: Industrial Design Assistance Program; GAAP: General Adjustment Assistance Program; AAA: Automotive Adjustment Assistance Program; FTIAP: Footwear and Tanning Industry Adjustment Program, and; PIDA: Pharmaceutical Industry Development Assistance Program; PEP: Program to Enhance Productivity. The government is very much aware of the vital importance of maintaining the competitiveness of Canadian technology. Accordingly, the effectiveness of these incentives and the need for additional stimulus is under review.

CANADA MANPOWER INDUSTRIAL TRAINING PROGRAMME

Question No. 1,075—**Mr. Benjamin:**

1. Did the Department of Employment and Immigration provide funds in the past two years to Canadian Pacific Railway for on-the-job training of trainmen, apprentice engineers, engineer trainees, road foremen or carmen and, if so, what amount was provided in the (a) Moose Jaw (b) Saskatoon division?

2. Was there any cost of living arrangements made for instructors and, if so, in what amount?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. Yes, in the past two years, sixteen brakemen (yard) and ten locomotive engineers were trained under the Canada Manpower Industrial Training Program, which includes on-the-job training. (a) Moose Jaw Division: $4,412. (b) Saskatoon Division: $18,411.

2. Yes, in the amount of $288.

PUBLICATIONS SUSPENDED BY DEPARTMENT OF EMPLOYMENT AND IMMIGRATION

Question No. 1,079—**Mr. Stevens:**

Was publication of any newsletter, information sheet or other similar document produced by the Department of Employment and Immigration suspended at any time in the last year and, if so, in each case (a) what was its title (b) what was the subject-matter (c) for what reason (d) how long did or will the supsension last?

Hon. Bud Cullen (Minister of Employment and Immigration): (a) Canada Manpower and Immigration Review. (b) Information and statistics on Canadian labour market from public sources and reviews of manpower and immigration developments in Canada. (c) Economy measure. (d) For an indeterminate period.

[Mr. Lumley.]

[*English*]

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

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. JONES—DELAY IN ANSWERING STARRED QUESTION NO. 145

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I do not mean to re-hash this, but I have starred question No. 145 which has been on the order paper since October 19, and was previously on the order paper in July, 1977. It has not been answered. I think if the parliamentary secretary would get those who should do the leg work, some of those lazy bureaucrats, off their butts, they could get that answer to us, and get it to us forthwith.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Well, Mr. Speaker, this is a question which concerns various departments and, generally, those departments' public servants do a very good job of answering questions for the House. As for the hon. member's question, I will make sure he gets an answer as soon as possible.

* * *

[*English*]

MOTION FOR THE PRODUCTION OF PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. 55?

[*Text*]

COPY OF INSTRUCTIONS JUNE, 1976, RESULTING IN CESSATION OF OPENING OF MAIL BY SECURITY SERVICE

Motion No. 55—**Mr. Lawrence:**

That an Order of the House do issue for a copy and/or other evidence, of the instructions issued by the Assistant Director General of Operations of the Security Service which allegedly resulted in June 1976 of the cessation of the practice of intercepting and opening of the mails on behalf of the Security Service.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the Deputy Director General (Operations) RCMP, in July, 1976, gave this instruction orally and it was communicated downward by subordinate officers. Therefore, no directive of instruction exists and I ask that the hon. member withdraw the motion.

Mr. Paproski: Mr. Speaker, on behalf of the hon. member I should like to have the matter transferred for debate.

Mr. Speaker: Transferred for debate. Shall the remaining notices of motions for the production of papers be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-9, an act to implement an agreement between Canada and Malaysia and conventions between Canada and Spain, Canada and Liberia, Canada and Austria, and Canada and Italy, for the avoidance of double taxation with respect to income tax, to which the concurrence of this House is desired.

• (1642)

GOVERNMENT ORDERS

[*Translation*]

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

Hon. Judd Buchanan (for the President of the Treasury Board) moved that Bill C-10, to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I think that hon. members are aware that in the absence of the President of the Treasury Board I have been asked to present in his name the remarks he would have liked to make himself before the House this afternoon. You will remember, Mr. Speaker, that in his statement to the House last April, on the occasion of second reading of the Auditor General Act, the President of the Treasury Board (Mr. Andras) announced the intention of the government to create the office of the Comptroller General of Canada. That measure follows the main recommendation of the annual report of the Auditor General of Canada presented in 1976.

The object of Bill C-10, to amend the Financial Administration Act, is to establish a position of deputy head of a department whose incumbent, made accountable to the Treasury Board, would be made responsible for ensuring the quality and the integrity of the financial administration systems and the related practices and methods used in the federal public service. Hon. members will not fail to notice that the wording of the proposed amendment reflect the provisions of section 4(2) of the Financial Administration Act. This section describes the rank and status of the Treasury Board secretary. The Comptroller General will be responsible to the President of the Treasury Board and this office will actually be a new and somewhat specialized body serving the Treasury Board. It is therefore important that the part of the act governing among other things the structure of the board as well as the implementation of its responsibilities in the field of management, be modified.

In his previous statement, Mr. Speaker, the President of the Treasury Board described the main tasks and responsibilities of that new function. Not only will the Comptroller General have to answer to the Treasury Board on the quality and the integrity of the financial management policy, on the ways and control systems, but he will also have to establish and implement the policies, procedures and ways needed to assess the efficiency and the working of government programs, and submit reports on those matters. To prevent any misunderstanding, I would like to take a few moments to discuss the nature of the relations between the Comptroller General, on the one hand, and the other deputy heads of departments, the government, the Auditor General and the secretary of the Treasury Board, on the other hand.

It is important, Mr. Speaker, to keep in mind that in matters of financial management and control, basic responsibility and accountability are at the subhead level, where they should remain. However, as pointed out by the Auditor General in his report of last year, efficient control includes the distribution of responsibilities and system so that the work of one person or system component be constantly and automatically checked by another person on component, without unnecessary overlapping.

Therefore, while comptrollers in the various departments will report directly to their subheads, a functional relationship will develop with the Comptroller General, who will be the outside official responsible for scrutinizing department systems. The Comptroller General will issue guidelines to help departments discharge their responsibilities in respect of financial management and program evaluation practices.

Mr. Speaker, as is clearly stated in this legislation, the Comptroller General would report to the government through the President of the Treasury Board. This involves a logical and necessary relationship. Systems under the Comptroller General are aimed at ensuring that the government have pertinent, precise and complete information. In the development of systems, the incumbent should therefore consult the people who will be using them and account for the resources used. Such a relationship with the government would also enhance the Auditor General's efficiency, allowing as it would the nomination of a high-ranking official who would be

charged mainly with financial control and other control and reporting systems, and to whom the Auditor General could give certain precise comments.

[*English*]

The Auditor General will continue to be the person who reports to parliament and who will examine the public accounts to make sure they satisfy parliament's interests. Any differences between the office of the Comptroller General and the office of the Auditor General will normally be resolved through discussions between the respective offices and, when they remain unresolved, would be reported in the Auditor General's annual report. These interrelationships should promote not only improved managerial effectiveness of government operations but also more complete and accurate information to parliament.

In light of the close functional relationship between the proposed position of Comptroller General and the existing position of Secretary of the Treasury Board, I want to reiterate that the introduction of this new office will not in any way change the responsibility of the Secretary of the Treasury Board in the field of resource allocation.

As explained in detail to the Public Accounts Committee last April 26, the Secretary will retain responsibility for the direction of the resource allocation and the control processes of funds; and ensure that they will not be reallocated without due authority. The Comptroller General will ensure compliance with the financial and other related control policies of the government. In other words, he will oversee the practices and procedures to ensure that the government's operations are as efficient as possible.

In terms of specific allocation of human resources and functions, hon. members will recall that many of these duties which the proposed Comptroller General will assume are, at the moment, assigned to the financial administration branch and the efficiency evaluation branch of the Treasury Board secretariat. These two branches will therefore be transferred to and form the nucleus of the comptroller general's organization.

Beyond these changes I must add, Mr. Speaker, that as a result of the work undertaken to date on certain aspects of financial administration, a variety of more technical amendments should be made to the Financial Administration Act. It is hoped that these proposed amendments can be introduced in the near future. I feel, Mr. Speaker, that our demonstrated efforts, and indeed achievements in this whole area of financial management, are a tangible proof of our determination to maintain the highest possible standards of control in this all important area of governmental administration.

The Auditor General, himself, commented in this annual report that the initiatives this government has taken with respect to guidelines for Crown corporations, the new Auditor General's Act, and the increase in funds allocated to his office, and I quote:

> . . . taken together . . . comprise strong appropriate and effective measures to achieve, ultimately, a satisfactory system of financial management and control within the federal government and restoration to parliament of an appropriate degree of control over the public purse.

[Mr. Lefebvre.]

We are happy with this recognition of our efforts and our accomplishments by the Auditor General while, simultaneously, agreeing with his observations that there is more to do in the area of financial management and control. The "action-oriented leadership" that he hopes for will derive from the position of comptroller general.

In conclusion, Mr. Speaker, I would hope that this bill will be given speedy approval, thus enabling the incumbent of this new position to get on with the further improvements that we wish to make in this vital area.

● (1652)

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, we are considering at second reading today what I am sure must be the shortest bill of this session and perhaps of any session, but it is a bill which could have profound implications for the operation of the administrative functions of government. This bill, therefore, is vitally important.

The bill purports to establish a senior financial officer for the government who would, in carrying out his functions, assure that proper financial management and control procedures are used within the government. I use the word "purports" because that is in fact not what this bill does. This bill merely creates another deputy minister. That is the sole impact of this bill. The bill ascribes to that position a title different from those currently in use in the civil service. That is all the bill does, absolutely nothing more, and let this House and the country not be led to believe that merely through the passage of this legislation we are proceeding toward better financial management and control which, as the Auditor General has pointed out, are so necessary because of the sorry state of financial management and control in this government.

I have to ask, what is in a name? The President of the Treasury Board (Mr. Andras) through press releases and other comments, including those in this House—although they were uttered today by his parliamentary secretary because the minister evidently does not feel this legislation is important enough to warrant his being here to introduce it—would have us believe that this legislation, coupled with the hiring of Mr. Harry Rogers, who is to occupy the position created by this legislation, is somehow an adequate response to the recommendations of the Auditor General in his report of 1976, which were repeated, incidentally, in his report of 1977. I do not believe it is unfair to ask what magic occurs when, instead of designating the position title as deputy minister, secretary or under-secretary, as these positions are known throughout the civil service, the person is instead designated comptroller general? What magic occurs as a result of that designation which gives that individual the authority to fulfil the obligations and responsibilities the Auditor General clearly indicates are in such desperate need of fulfilment?

Unless this legislation is substantially amended to define within this act the roles, obligations, and responsibilities of a comptroller general, then through the passage of this bill we will have done absolutely nothing more than create another deputy minister. Frankly, it is medicine show flimflam. The

President of the Treasury Board is the flimflam man who stands before the House and the people of Canada and says that in this medicine he is now flimflamming he has the cure for the Canadian government's financial management and control problems. All he has is a bottle with a different title, but the bottle is the same as the other bottles on the shelf.

I want to make it clear that in no way am I expressing criticism of Mr. Harry Rogers. While he is not known to me personally, by all accounts he is a man of outstanding capabilities and precisely the type of man who will make a very welcome addition to the senior levels of government, particularly in the area of financial management.

However, we are terribly concerned that by giving Mr. Rogers a title and absolutely nothing else by way of authority we shall be causing him to operate under such a handicap that his chances of truly addressing and arresting the trends of financial mismanagement so clearly outlined by the Auditor General will be minimal at best.

It is well worth recalling the observation made by the Auditor General in his 1975 report in which he stated as an initial conclusion of the financial management and control study started in May, 1974, that:

> The present state of the financial management and control systems of departments and agencies of the Government of Canada is significantly below acceptable standards of quality and effectiveness.

In support the Auditor General gave numerous examples of the waste which was resulting therefrom and proposed a number of recommendations for remedial action. One year later, as a result of further study, in his 1976 annual report the Auditor General was moved to state:

> Based on the study of the systems of departments, agencies and Crown corporations audited by the Auditor General financial management and control in the Government of Canada is grossly inadequate. Furthermore it is likely to remain so until the government takes strong, appropriate and effective measures to rectify this critically serious situation.

That kind of audit for a privately owned company would result in the bottom falling out of its share prices on the stock exchange, probable delisting by the regulatory authorities of the provinces, and certainly the immediate dismissal of at least the senior financial officers of that corporation. Of course nothing of the sort happened in this instance.

The Auditor General offered a number of recommendations for ways to improve the financial management and control of the federal government's operation, and key amongst these was the recommendation that a Comptroller General be selected and appointed. The Auditor General then went on to describe in some detail the type of person who should be hired for this position and the types of functions that would come under the authority of this individual.

In addition, he proposed other changes in the operation of government which would lead to better and more effective financial management and control. I will not repeat all of these, but I think it is worth repeating for the record paragraph 2.15 of the Auditor General's report of 1976 in which he stated:

> To avoid any possibility of misunderstanding, I should emphasize my belief that a fundamental restructuring of the Treasury Board secretariat is required. The functions relating to resource allocation, personnel policy, administrative policy, and management of the official languages program, would remain with the Secretary of the Treasury Board or would be otherwise assigned as the Government may decide. All functions relating to financial management and control would be assigned to the Comptroller General of Canada, a deputy head like any other but with a status comparable to that of the Secretary of the Treasury Board. His responsibilities relative to other deputy heads and his relationships with departmental financial officers are described in Part 3 of this Report. His basic responsibilities would include the design, development, implementation and monitoring of adequate systems and procedures to ensure that the form of the Estimates provides a sound basis for the Government's budgetary control system, that public moneys and assets are under effective custody and control at all times, that accounting procedures and financial reports throughout government (including the Public Accounts) conform to acceptable accounting principles and standards, that expenditures of public moneys are made with due regard for economy and efficiency, and that satisfactory procedures measure the effectiveness of programs where they could reasonably be expected to apply. The responsibility for maintaining the central accounts of Canada would be transferred to the Office of the Comptroller General from the Department of Supply and Services where it is now located.

In other words, the Auditor General was very specific as to the functions and responsibilities of the Comptroller General and defined clearly what his role should be. Thus it comes as some surprise and, indeed, is somewhat disturbing to see that the legislation the government produces in response to this very proper recommendation of the Auditor General really only creates another deputy minister and gives him the title of Comptroller General. As I asked earlier, what is in a name? How can just a name provide the necessary authority to fulfil the responsibilities which clearly should come within the range of responsibilities of the new Comptroller General? To understand this obvious omission from the bill we have to examine the government's initial responses to the recommendations of the Auditor General. We have to speculate some about the internal debate that must have occurred in cabinet prior to the decision being made that indeed somebody would be appointed and be given the title of Comptroller General.

● (1702)

The House will recall that when the Auditor General first made his recommendation in his report in the early winter of 1976 the initial response of the government was negative. Then the government said, "No, we do not want a comptroller general, an appointment such as that would interfere with such things as ministerial responsibility, the smooth operation of the civil service, the Privy Council office" and all other manner of things. However, the gross mismanagement brought to the attention of the House and the public of Canada through the Auditor General's report caused the public to state that that was quite an unacceptable response from the government. The government could mutter about ministerial responsibility all it wanted, but the people of Canada wanted much more control over the management of their tax moneys. This pressure caused the government to do a flip-flop.

In April of 1977 the President of the Treasury Board indicated that the government had decided, after all, to accept the recommendation of the Auditor General and hire a Comptroller General. While we can never be sure why the government did not accept this proper recommendation of the Audi-

tor General straight away, we can engage in some fairly accurate speculation as to the reasons. Certainly we all have our sources and we have heard of the rumours and mutterings that were part of this debate.

Clearly, Mr. Speaker, the office of the Comptroller General will result in another central agency function which will restrict the flexibility of the managers of existing departments and agencies of the government. Nobody wants another authority looking over their shoulder to ensure that they are performing their financial functions properly. It is an additional annoyance to deputies, assistant deputies and so on. Consequently, they resisted it, and resisted it quite vigorously. Such resistance may well have been merited had these senior officials been demonstrably efficient and effective in fulfilling their responsibilities, which clearly the Auditor General indicates they have not been.

It is common at this point for ministers and their deputies to invoke the principle of ministerial responsibility in defending their position. Their arguments go something like this. They say: "Look, we have a job to do, we have certain responsibilities to perform and a department to manage." Let us manage that department and, under the principle of ministerial responsibility, the minister is thereby accountable for any mismanagement in his department. We need no further checks. Let us manage. We have ministerial responsibility. Ministers will be responsible and then democracy will take care of things. We have a great deal of recent experience, to indicate that when in fact it becomes time to face up to the responsibilities the principle of ministerial responsibility seems to collapse. We have especially during this administration had numerous instances where examples of gross incompetence have been evidenced all the way from the *Bonaventure* to the recent AECL escapade. We have had examples of clear-cut illegal activity.

The Auditor General's report is full of examples of sheer mismanagement. Yet at no time in the last 10 years has any minister resigned or been asked to resign as a result of incompetent or illegal activity occurring under his area of ministerial responsibility. Nor indeed, Mr. Speaker, have there been any examples of any senior civil servants having to pay the price for gross mismanagement under their areas of responsibility. Therefore when any minister or deputy minister or Prime Minister or anybody else tries to claim to this House and to the public that the doctrine of ministerial responsibility provides the necessary safeguards, checks and balances, they are guilty of peddling the flimsiest and shabbiest flimflam.

The net effect of that whole operation is that the Prime Minister (Mr. Trudeau) and his principal secretary, Michael Pitfield, make the decisions; the ministers are merely mouthpieces. That is the net result of this horrible complex collegial system which the government has put in place. Under those circumstances how can we talk about ministerial responsibility?

The Minister of Finance (Mr. Chrétien) is being told by his officials today to bring forward a budget. He would like to bring forward a budget, but it is not his decision. Some committee in cabinet is sitting before the Privy Council office. The Minister of Finance is the mouthpiece, he is here to explain. If he does not explain a situation properly he will be transferred to another job and another mouthpiece will be appointed. But to suggest the Minister of Finance is making decisions and to hold him responsible is ridiculous.

There is no opportunity for the public to supervise ministerial responsibility. Can we supervise ministerial responsibility as members of parliament? We had a discussion this afternoon about the difficulty of members of parliament in even getting their questions before the House. There is no way that a committee of the House can summon a minister before it. There is no way we can force a minister to answer. There was a time when the House could hold up the estimates of a minister's department until he gave members the answers and they got the answers they wanted.

When it comes time to cover up and hide and to resist freedom of information action, we have ministerial responsibility trumpeted forward. When it is time to face up to responsibilities aften something has happened and when a "boo-boo" has been brought to the public's eyes, well, ministerial responsibility is quickly abandoned. How are we expected to supervise ministerial responsibility? How is that responsibility ever measured, assessed, or how does anyone hold a minister responsible? Can it be done at elections?

There have been 115 ministerial changes in the last 10 years. If someone is dissatisfied at the way the Post Office is being run, what minister will they hold responsible? There have been four or five ministers over the last few years. If someone is angry at the solicitor general's operation, who will they hold responsible? How can there be ministerial responsibility when no minister stays put and they are moved around? It is musical chairs. Then there is the cabinet system, the so-called collegial system which this government runs. Ministers do not make decisions in this government. Decisions are made in committee in this collegial apparatus. There is committee upon committee upon committee. That procedure has been taken away from us. There is no such authority. There is absolutely no way in which the House of Commons can hold a minister responsible or can force him to live up to his responsibilities.

To talk about ministerial responsibility is strictly a sham. It should be dismissed from the lexicon of arguments. We do not have ministerial responsibility under this particular government.

It is necessary therefore for parliament to build into this legislation the type of activity and performance we expect from a Comptroller General so that he can in his day to day administration, ensure that proper respect is paid for the taxpayers' money, otherwise the government will do whatever it wants and we will have had no change from the current situation which the Auditor General points out is in disarray.

Nobody in this party likes the notion of imposing new central control or more bureaucracy, more red tape on an already overburdened government. However, Mr. Speaker, there is one thing we like less and that is the waste and

mismanagement of the public's funds and, therefore, because of the failure of this government truly to be responsible or to exercise ministerial responsibility, we see no alternative but to accept and strongly advocate the prescription of the Auditor General, namely, to put in place a Comptroller General with the necessary authority to fulfil the functions as defined in paragraph 2.15 of the Auditor General's report of 1976.

• (1712)

The other argument used internally to try to dissuade the House or the internal decision makers from the idea of a Comptroller General, making sure that the Comptroller General never in fact has any authority, is that you are really not talking about very much money after all. It is really peanuts. If we had brought in a Comptroller General and he really did his job, he might save a few tens, hundreds, or maybe millions, and what is that in terms of a $50 billion budget? That is the argument on the other side.

Some hon. Members: Oh, oh!

Mr. Andre: It used to be said that if you looked after the dimes, the dollars would look after themselves. In this case, if you look after the millions, the billions will take care of themselves. More important than the amount of money, and I agree in terms of a $50 billion budget sometimes $10 million, $20 million, $30 million or $100 million, does not have that much impact, is the attitude of disrespect for money which the public has. That is extremely important.

As a member of parliament I am running into a situation that I am sure honest members opposite would have to admit exists. There is a reluctance to pay tax. Because they read and know about the $2 million given to Shaul Eisenberg, the $17 million spent here, blown there, poured down the drain here or poured down the drain there, there is a genuine reluctance on the part of people to pay taxes.

Accountants tell me they are being asked by their clients to do things in terms of their tax returns which, if they had suggested them to their clients ten years ago, the clients would have fired them. There is a change in attitude. They feel the government has so little respect for their tax dollars that there is a sort of gamesmanship building up whereby they will do their best to prevent the government from getting any of it. They will keep back as much as they can. That is a change in attitude in ten years. Ten years ago the feeling was that a citizen had a responsibility to contribute his share. That responsibility was looked upon as an honour, one of the privileges of living in a free society.

The other aspect of mismanagement and wastage of money which is having a terrible effect upon the body politic is the contempt the public is beginning to feel toward government and politicians. They watch the manner in which their money is being poured down the drain. They read of wastage in the Auditor General's report. They read that the situation in terms of financial management is serious, grossly inadequate. That causes them to have serious contempt toward the government and toward the politicians because we get lumped in with the government, in their view. That is not healthy for the country and our democratic system.

We hear from cabinet and senior officials comments such as "Even in industry things are not handled properly. Occasionally something is spilled, but so what? It is not very important in the whole scheme of things. It is not that much money." We hear ministers and deputies talk as though it is their money. They talk as though the money involved belongs to the government. They say the government tries to do a good job of spending, but if they spill a little bit here and there, corporations do the same.

It is not like industry where the money belongs to the corporation. If they want to spill it, that is their business. Here the money does not belong to the government, but to the taxpayers. The government is merely the trustee of those funds. As trustee, it does not have the right to state that it will sacrifice a little efficiency for speed, flexibility, and all those things that senior officials and cabinet ministers want. It does not have that right when acting as trustee of the public's money.

We need ongoing, regular, day-to-day precautions, procedures and control mechanisms to ensure that this money is treated as it is, namely, money held by government in trust for taxpayers. It does not belong to the government, to those who play with it. When they start thinking that way, we are in trouble.

Colleagues from my party will have more to say about the government's failure to manage its responsibilities properly and, indeed Mr. Speaker, we in this party have a considerable number of recommendations to make to the government on ways in which it could reorganize itself, and indeed divest itself of some of its responsibilities so that it might better manage the ones that remain. I will not take up much time in the House in my remarks but I do indicate to the President of the Treasury Board, or his parliamentary secretary, that while we intend to support this legislation at second reading because we strongly believe in the necessity for a Comptroller General, we are most unhappy with the fact that this bill does not provide a definition of that function, and in committee we will be demanding that additional clauses be added to the bill so that Mr. Rogers, when he assumes his responsibility, has the necessary legislative authority to perform this most vital function which he is called upon to perform.

Without legislative authority, there is one chance in ten that the Comptroller General will be able to perform the job he is called upon to perform. The cabinet and the senior civil service do not want a Comptroller General and resisted it mightily, and only the overwhelming weight of public opinion caused them to rescind on this resistance.

An hon. Member: How do you know that?

Mr. Andre: I keep my ears open. You should do the same. In the interest of proceeding expeditiously with this bill in committee, I wish to repeat something for the benefit of the parliamentary secretary. I hope he will take it to his boss who, for some reason, did not think it necessary to be here when this

bill was being discussed. I refer to the President of the Treasury Board.

Mr. Lefebvre: Mr. Speaker, I rise on a point of order. That is a remark the hon. member should regret. The President of the Treasury Board (Mr. Andras) has a very important bill for first reading on the PSSRA amendments. After waiting in this House for over an hour while another debate was going on, he was called to a conference to explain the details of that bill. I have been a member of this House for 12 years and a member of the Public Accounts committee for seven years. I believe I am quite able to represent the minister on an occasion such as this.

Some hon. Members: Hear, hear!

Mr. Andre: As the parliamentary secretary indicated, the President of the Treasury Board scheduled these events so that he could not be here this afternoon. He sets his own priorities. That is up to him. He can do what he wants.

I will repeat something for the benefit of the parliamentary secretary who, if he is as competent as he indicated, will have no trouble communicating this message. It is vital that there be a Comptroller General in place in the government apparatus to bring the serious situation, to use the words of the Auditor General, under control. It is absolutely essential that he have legislative authority to perform his function. Without that, he will be gobbled up in a huge mass of whatever. There is not one chance in ten that the necessary controls can be brought in unless he has the authority of parliament to perform his function. We will be insisting upon that. We shall be insisting upon it. I do not think it is an unreasonable request, provided the government is sincere in its desire to have a Comptroller General with muscle. There will be no difficulty in agreeing with us that legislative authority should be granted. On that basis we could get the measure through committee in half an hour, get it back before the House, and implement it in short order.

● (1722)

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, the measure before us relates to one of the recommendations presented by the Auditor General to parliament in his 1976 report. Hon. members will recall the language of the 1976 report by the Auditor General. He said that expenditures were out of control. He indicted the system which had developed following the implementation of the recommendations of the Glassco Commission of a decade earlier. He drew attention to the fact that there had at one time been an office of comptroller general, one which had been abolished in a desire to decentralize government operations. The philosophy of the Glassco Commission was to let the deputy ministers manage. In the name of that philosophy, the central controls which had previously existed within the Treasury Board were substantially relaxed and the mechanism which Mr. Glassco had devised to replace them were not put into operation.

The response of the government to the serious charges made by the Auditor General took many forms. The first was a substantial improvement in the staffing of the Auditor General's department and a significant increase in its budget. The second was the presentation of special legislation relating to the Auditor General which had been a dream of his predecessors in office. This bill, introduced by government and passed by parliament, pioneered some of the concepts of the functions of an Auditor General. In addition to a post-audit of expenditures, the Auditor General was empowered to consider the question of value for money spent and to break new ground in trying to improve the efficiency of government operations. But the government's response has not been limited to these things.

In the field of Crown corporations, a special investigation is under way under Mr. Lambert. We have issued guidelines to improve the operations of Crown corporations. The Public Accounts Committee, which includes the hon. member for Calgary Centre (Mr. Andre)—I am sure he will listen to me as courteously as I listened to him—has laboured long and hard trying to deal with the precise recommendations of the Auditor General and his staff. The government has decided that the recommendation concerning the Comptroller General, and his establishment at the level of deputy minister, are acceptable.

The hon. member for Calgary Centre is a good friend, and when we meet in committee our relations are always amiable; but I wonder whether he has really represented the response of the Auditor General correctly. I quote from the record of the proceedings of the Public Accounts Committee—this is a direct quotation from the Auditor General:

> I would like to speak briefly on the Comptroller General, an announcement made by the minister yesterday and confirmed this morning. I am biased, completely biased, and I declare my bias. My bias lies in the fact that I think this is a tremendous forward step for the Government of Canada . . . I think—I will put my neck out here—this is going to represent a brand new chapter in financial control by the government of funds contributed by the taxpayers.

The record is there for anyone who wants to examine it.

No one can say the Public Accounts Committee or the government took lightly the criticisms which were put forward by the Auditor General. Quite the contrary. Every single major recommendation the Auditor General has put forward has now been given legislative effect. The bill before us today creates a new office. It is important to realize that under this bill the Comptroller General will not be responsible for day-to-day decisions as to how money is to be spent. That will still be the job of the deputy ministers. But within Treasury Board there will be two deputy heads, both with the rank of deputy minister. They will be responsible on the Treasury Board side for the allocation of resources and for the implementation of those financial control procedures which have been spelled out in such detail by the Auditor General.

In addition, as the hon. member for Calgary Centre has pointed out, the Comptroller General will have the responsibility of making sure that the estimates are in a form in which they will be of maximum use to members of this place when examining the record of public accounts. This is not an easy task as estimates get bigger and bigger. When you are spending upward of $45 billion a year it is a tough job to stay on top.

I listened again this afternoon to a version of the Golden Age from the hon. member for Calgary Centre. There was a time, he told us, when parliament could do things, when it could hold up a minister's estimates. Mr. Speaker, I was first elected to this parliament in 1963. There was no Golden Age. I remember a time when estimates were all taken in Committee of the Whole House. The opposition would zero in on one particular estimate. The government would rally in its defence. There would be division after division, and we would not change one dollar. The progress made, though, was very small and slow. I see my good friend from Nova Scotia sitting opposite and I know he will agree with what I am saying.

No really satisfactory mechanism has been devised either by this parliament or by any other parliament to vote supply in the way it was done a generation ago when supply was a relatively small item of business which could be easily envisaged and examined by an elected parliament of the nation.

The bill before us makes specific provision for what will be essentially a staff function provided within Treasury Board to the various departments of government. The Auditor General has enthusiastically endorsed it, and hon. members on the other side will, I am sure, all vote for it because they know in their hearts that it has to be done There will, of course, always be ways of improving the manner in which we deal with estimates. The sums of money now involved present a very great challenge to the parliament of any nation. I am pleased to be here today to lend my support to this bill.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, as a former chairman of the Public Accounts Committee I welcome the opportunity to speak on this bill. On the face of it, the measure looks rather simple and inoffensive, but I say that the necessity for introducing it shows there is something seriously wrong, otherwise the country would not require the services of a comptroller general.

I should like to take the House back to my native province for a minute or so. In Nova Scotia, in the old rum-running days, the ships used to carry a man called the supercargo. He was in addition to the captain. It was the supercargo's job to see that the rum was delivered to the right place and the right man in the right quantities. While today we are not dealing with rum, I submit to you, sir, that the principle is somewhat the same. We need a comptroller general to make certain the taxpayers of Canada receive value for their tax dollars, and that moneys allocated are used for the expressed purpose outlined by parliament instead of being spent on some pet project far in excess of the original estimates. We, of course, on this side support the thrust of this bill.

● (1732)

Someone may well ask, however, why we need a comptroller general? In my opinion, we need this super bureaucrat because our ship of state is way off course, and if we continue to follow our present route, our nation will find itself floundering on the rocks of disaster and despair.

In Ottawa today we have a government that ignores or intentionally misreads the lessons of history. Cabinet ministers call for national unity, for public confidence, and for spending restraints. They stand in this House and enunciate noble policies, high principles, and shining goals, but then they forget this high purpose, Mr. Speaker, when the day-to-day political game is played.

The diagnosis of Canada's sickness really does not require prolonged consultations or reference to complex charts. The reasons for our malady can be stated very clearly and very briefly. In the past two years or more we have tried to hide both the symptoms and the sickness like a social disease. We had hoped that our ailment would go away by itself if it could only be hidden or covered up. The truth is that it can only be cured when we expose it, when we recognize it, and deal with it now before more damage is done.

This, I submit to you, sir, is one of the reasons why we need a comptroller general, but I also believe there are others. We are still in the grip of serious inflation—something like 9 per cent annually. We have priced ourselves out of the world markets as well as out of our own markets. We are paying the penalty of high unemployment, again at the expense of our youth where we see admittedly something like 910,000 unemployed, and heaven only knows how many more who are not legally on the record. We are spending recklessly. We are borrowing needlessly, mindlessly. We are committing our children, and our children's children, to a debt for years to come—a debt we do not have the courage to face in our lifetime. We buy the dream of having the highest wage rate in the world, by printing more dollars, by issuing more bonds and by borrowing more money abroad—borrowing it almost on a daily basis now.

We accept almost without a murmur a budget deficit this year that will be as great as was our entire budget when the Prime Minister (Mr. Trudeau) came to power. There are younger members of the House who may doubt that statement. They need only look back to the Treasury Board's publication of February 19, 1973, put out then by the Hon. C. M. Drury, President of the Treasury Board. In it you will see some very interesting figures. I hold it in my hand and you will see there listed under 1967-68 the total expenditures for all of Canada. We were a nation at that time of 20 million people. The total budget for all of Canada on that date was $9,872 million.

On March 31, 1977, the finance minister, Donald Macdonald, called for expenditures for 1977-78 of $41,900 million, with an estimated deficit of $7,160 million.

According to the present Minister of Finance (Mr. Chrétien), on page 2 of the 1978-79 edition of "How Your Tax Dollar Is Spent", we read the projected total spending is $44,450 million for 1977-78. Therefore this represents an increase of 8.2 per cent over the total 1976-77 expenditures. I say to you, sir, that it is also $2,550 million more than was predicted by his predecessor, for a total deficit of some $9,710 million to service now an estimated 23 million people in Canada.

These figures are frightening. Yet these people who sit on your right, Mr. Speaker, have the gall to call this restraint. We have been preaching this type of restraint, according to Charles Lynch, as reported in the *Gazette* of February 23, for the past five years, so there is no question of where the fault lies. Now we know why the Auditor General stated in his 1976 report that he was deeply concerned that parliament and, indeed, the government, have lost or are losing effective control of the public purse.

What do we see on page 1 of the summary of the 1978-79 expenditures? According to the minister of finance, for the 78-79 fiscal year the target ceiling for total spending is $48,800 million. This, he states, would represent an increase of 9.8 per cent over projected total expenditures of $44,450 million for 1977-78. Because of its magnitude, Mr. Speaker, because of its importance, and to emphasize my point, I wish to recap those figures. This government under the present Prime Minister was elected in 1968, ten years ago. In that year "How Your Tax Dollar is Spent" listed total spending for Canadians by the federal government at $9,872 million. Now we are told, total spending—ten years later—will total $48,800 million or, in round figures, $39 billion more to service only an additional three million Canadians. Is it any wonder, Mr. Speaker, that we have massive unemployment? Is it any wonder, Mr. Speaker, that we have horrendous inflation, plus a devalued dollar?

The financial insecurity brought about by the government's mismanagement of our economy has also brought us rates of crime, drug addiction, child abuse, violence, and sex perversion that are soaring to staggering levels. And as if this is not bad enough, we as Canadians must endure scandals in public affairs that make headlines every week. In these circumstances who should be surprised that our country is facing its most severe test of national unity in its 110 year history? The wonder is that other provinces as well as Quebec are not talking of leaving Confederation.

We must ask ourselves how this national tragedy happened when we are blessed with the second largest and richest land mass in the world. We are blessed with enormous resources in fresh water, minerals, forests, and arable land, with untold resources in and on three oceans. As well, our boundary to the south is protected by a powerful and friendly neighbour. The future is bleak, but our place in it is not entirely hopeless.

Present government spokesmen keep saying that our problems are largely due to general world conditions and that they have no remedy for this problem. This is a false doctrine. There is a great deal we can do about our future and our fate if our leaders have the courage to lead. Canada and Canadians can meet the challenge if we face up to reality. The road to national recovery may well be long and difficult, but the signposts now show the route very clearly.

Before this government can expect to command respect, it must first clean up its own act and make itself respectable both politically and economically and in its concept of public service. Members of the government must convince themselves and the nation that a united Canada is possible and worth striving for. Supporters of this government, some of whom refused to stand in this Chamber when I rose and led in the singing of "God Save the Queen" on the anniversary of her Silver Jubilee, must learn that patriotism is not an obsolete and ridiculous word.

This government must learn and must recognize that it can no longer buy its way out of trouble by more borrowing. More spending cannot cure inflation. If we pump up the money supply only to fund what in some cases amounts to useless projects, we will simply have more inflation, more unemployment, and nothing else. This government must realize that this nation can only be held together by encouraging a unity of spirit within the public mind, not by confrontation, wise-cracking, threatening, posturing, or through compulsive legislation. Without respect in high places, there can only be contempt, discontent, and disunity. These are simply some of the reasons why we in Canada need a comptroller general. Our problems are primarily economic while this government tries to deal with them from a cultural and linguistic point of view.

● (1742)

I say to you, Mr. Speaker, it is insane to contemplate tearing our country apart simply because of pride of language or culture. The Prime Minister and Mr. Levesque, both of whom are cut from the same cloth, and came out of the same mould, must be made to realize, with the tragic examples before them of Ireland, Viet Nam, and Africa, that matters of culture, language, and religion cannot be enforced by oppressive legislation, or even by force of arms as has been suggested by the present Prime Minister, but can only be done by the desire of people to work together and live in tolerance, with mutual respect for each other.

The Prime Minister and Mr. Lévesque must learn that there are matters of greater human benefit and importance, not only in Canada but also in the world family of nations, than pride of language and emotional fervour over racial origins. These two men must learn that there are opportunities and there is plenty of room for everyone in Canada, except, I say to you, sir, political bigots.

International forecasts about the future of Canada are not very bright, and as a result of this there is a loss of confidence in Canada's future. Our dollar today is hovering around the 88-cent level vis-à-vis the American dollar. This is not due to a loss of confidence in Canada. I say to you, sir, it is due to a loss of confidence by the international financial community in the present Prime Minister and his colleagues.

These grim forecasts about our country going down the tube need not necessarily come true. I disagreed violently with the Prime Minister, for example, when he said on a CTV interview on December 28, 1975:

> We haven't been able to make it work—the free market system—the government is going to have to take a larger role in running institutions. It means there is going to be not less authority in our lives but perhaps more.

This is not the way in which leadership must be provided to this country if we are to go forward. There are solutions to our problems, but it is up to us as a people to find and implement

them. To help remedy our national sickness this government must first set an example. This government must heed the old prescription of "physician heal thyself." The cure cannot be achieved with sugar-coated pills, cover-up tricks or clever repartee here in parliament. The nation is waiting to be convinced, waiting to work toward holding Canada intact, united, and strong.

Canadians, with few exceptions, know that Canada is worth fighting for and, who knows, this bill that we are debating today may well be a beginning. The Chinese say that a journey of a thousand miles begins with the first step. Hopefully this first small step is one in the right direction, for the need for a comptroller general is due to weak financial management and control of government programs, the lack of strong central direction by the Treasury Board, the growth of government spending, the lack of accountability to parliament, and the impact of government spending on Canada's economy.

As stated in the explanatory note of the bill:

> The purpose of this amendment is to establish the office of the Comptroller General of Canada and to provide for the assignment of duties and functions to the incumbent of the office.

The first part of the above objective formalizes the government's intention to create the position of comptroller general which is a positive response to the Auditor General's principal recommendation in his 1976 report.

The second part of the above objective, however, only provides for the assignment of duties and functions of the comptroller general. It does not, I repeat, spell them out in the legislation. Certainly, in my opinion, an outline of the major duties and responsibilities, if contained in the bill, would have strengthened this piece of legislation.

Even a person of Mr. Rogers' capability, the recent appointee to this position, will need all the support he can get from this parliament if he is to have a fighting chance to regain financial control over the federal government, and that is why I gave the earlier figures of the outlandish lack of control which has existed during the ten years of the present administration.

I say to you, sir, unless this bill is amended, parliament and the people will have no control over the role that the comptroller general will play, either now or in the future. In my opinion the duties of the comptroller general must be given legislative authority. I also find it regrettable that there is no provision in the bill for the comptroller general to report to parliament. I believe the annual report of the comptroller general to the Treasury Board should, by legislation, be referred to parliament for consideration by the Public Accounts Committee during its review of the Auditor General's report.

Just what have we on the record regarding this position? On April 25, 1977, the President of the Treasury Board (Mr. Andras) announced in the House the government's intention to establish the position of comptroller general. He also placed on the record the relevant duties and responsibilities of the position, namely:

> The Comptroller General will report directly to the President of the Treasury Board. The office will carry the rank and status of a deputy minister. The Comptroller General will be responsible to the Treasury Board for the quality and integrity of the financial control systems and administrative policies and practices in use throughout the federal civil service.

It is worth while noting here that the greater part of these responsibilities will comprise those that were assigned to the financial administration branch of the Treasury Board secretariat, as created in March, 1976, under a deputy secretary, then Mr. Stuart Mensforth. The President of the Treasury Board also stated:

> A special functional relationship will exist between the Comptroller General and the chief financial administrators of departments, agencies and corporations, thus enabling the Comptroller General to provide necessary direction on financial matters.
>
> The Comptroller General's authority and responsibility will be applicable to expenditure control systems and related administrative practices and procedures, after and within the authorization of the allocation of resources by the Government and Parliament.

Here it is worth noting that the entire responsibility for the control and direction of the resource allocation and control processes will remain with the secretary of the Treasury Board, and will not be transferred to the comptroller general.

What does the Auditor General think of the comptroller general's responsibilities? In his 1976 report, page 16, he considers such a key position as "the most important and responsible financial position in both the public and private sectors of Canada."

Both the President of the Treasury Board and the Auditor General have indicated that a major restructuring of the Treasury Board secretariat will be required. The Auditor General sees the position of comptroller general as having a status comparable to that of the secretary of the Treasury Board. He also sees the responsibilities of the comptroller general to include clearly:

> The design, development, implementation and monitoring of adequate systems and procedures to ensure that:
>
> (1) The form of the estimates provides a sound basis for the government's buddgetary control system;
>
> (2) public moneys and assets are under his effective custody and control at all times;

I would point out that Bill C-10 does not deal with this interesting and necessary recommendation. It goes on to state:

> (3) accounting procedures and financial reports throughout government (including the public accounts) should conform to acceptable accounting principles and standards;
>
> (4) expenditures of public moneys are made with due regard for economy and efficiency;
>
> (5) satisfactory procedures measure the effectiveness of programs where they could reasonably be expected to apply; and
>
> (6) he should be maintaining the central accounts of Canada, a job which is presently being carried out by the Department of Supply and Services.

Again, sir, this recommendation is not a part of Bill C-10, and I submit that it should be.

In effect, what the Auditor General has advocated, and so far the government has agreed to only in principle, is the type of financial control exercised by the chief financial officer of

virtually every business organization of any size in Canada or throughout the world.

The Auditor General also spells out the selection criteria for this position, and I quote him when he states:

> The Comptroller General must have the appropriate professional qualifications, with a proven record of outstanding competence and achievement at senior levels of responsibility, and with extensive experience as a senior financial executive in a large scale organization in either the public or private sectors. He must have the ability to gain quickly the confidence and respect of the Treasury Board, cabinet, parliamentary committees, heads of departments and Crown corporations who will look to him for functional leadership in financial matters.

● (1752)

These are very special qualities and I hope that when the government appointed Mr. Harry Rogers—a man whom I do not know personally but of whose abilities I have heard glowing accounts—the government was thinking about the Canadian people and their basic needs.

It is obvious from the facts that I put on the record that we are sadly in need of a comptroller general, for in his 1975 report, the Auditor General stated:

> The present state of the financial management and control systems of departments and agencies of the government of Canada is significantly below acceptable standards of quality and effectiveness.

The Auditor General further buttressed these comments by stating in his 1976 report:

> In the majority of the Crown corporations audited by the Auditor General, financial management and control is weak and ineffective. Moreover, co-ordination and guidance by central government agencies of financial management and control practices in these Crown corporations are virtually non-existent.

That is a frightening admission of the manner in which Crown corporations look after the tax dollars of the Canadian people.

After two years, the Auditor General finally reached the opinion, and I will quote the following statement from his 1976 report:

> Based on the study of the systems of departments, agencies and Crown corporations audited by the Auditor General, financial management and control in the government of Canada is grossly inadequate. Furthermore, it is likely to remain so until the government takes strong, appropriate and effective measures to rectify this critically serious situation.

In closing, I say to you, sir, that this is a damning criticism of this government's over-all management of the Canadian taxpayers' money, and I hope that by appointing a comptroller general we will help rectify the serious problem as it relates to the financial control of expenditures made by this government. This is the challenge he faces. The manner in which he carries out his duties may well determine, in light of what we hear today, whether Canada remains solvent or whether its financial structure is totally destroyed by the present government's incompetent management of our affairs.

Mr. Derek Blackburn (Brant): Mr. Speaker, in entering this debate there are many things I would like to say on behalf of my party in addressing myself to Bill C-10 which has been a long time coming before the House for second reading. In view of the fact that the Auditor General suggested very strongly over two years that we should institute in our civil service in Ottawa the office of comptroller general, and in view of the fact that it is now about four minutes to six, I would appreciate it very much if I could call it six o'clock so that tomorrow I can begin the major portion of my speech.

Mr. Deputy Speaker: Is it agreed that we call it six o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being six o'clock, this House stands adjourned until tomorrow at 2 p.m.

At 5.55 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, March 9, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

CONDEMNATION OF ACTIONS OF CUBA ENDANGERING WORLD PEACE—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise under the provisions of Standing Order 43, on a matter of urgent and pressing necessity, to move the following motion:

That this House views with alarm the conduct of President Castro of Cuba, the only communist leader in the Americas, for having recently increased the number of Cuban troops in Africa to 30,000 who are mobilized for action to remove existing governments and to substitute therefor communist administrations; and that this House calls on the government to inform Castro that his deplorable and shocking action is dangerous to world peace and must be discontinued and, if not, will cause Canada to consider terminating diplomatic relations with Cuba.

Mr. Speaker: Presentation of such a motion for discussion, pursuant to the provisions of Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

CENSORSHIP

REQUEST FILM "MANY FACES OF JESUS" BE BANNED IN CANADA—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to present a motion relating to a matter of urgent and pressing necessity.

Considering that Swedish film producer J. J. Thorsen has made a pornographic film picturing Christ as a drunkard, a fornicator and a homosexual; considering that the film, which is entitled *The Many Faces of Jesus,* has been banned in Israel, in England and in France; and considering that the film will be shown in Canada as early as next fall, thanks to the help of a Canadian financial backer, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the House order the government to take as soon as possible all necessary steps to prohibit the circulation or distribution in Canada of that film or of any other of the same sort.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

AGRICULTURE

LIVESTOCK—REQUESTED ESTABLISHMENT OF AUTHORITY TO MONITOR PRICES—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, cattle producers, as the House knows, are in the second week of a boycott of auction yards and packing plants in Manitoba and Saskatchewan, having experienced constant losses in the cattle business over the last four years. I would therefore move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the Minister of Agriculture to introduce legislation immediately, as he has promised, to establish a meat authority with the power to rationalize and plan the livestock industry so that farmers will receive a fair price for their product.

Mr. Speaker: Unanimous consent is required before such a motion can be put forward under the terms of Standing Order 43. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR RELATIONS

GOVERNMENT RIGHT TO SCRUTINIZE STRIKE VOTE PROCEEDINGS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity which relates to yet another possible postal strike. In view of the fact that a number of essential services, particularly those supplied by the

Post Office, are being jeopardized as a result of strikes and walk-outs, and since many of these work stoppages are a direct result of questionable practices and discrepancies surrounding the taking of strike votes—I refer, for example, to the atrocious and undemocratic way in which the CUPW staged its strike vote last fall—I seek to move, seconded by the hon. member for Calgary North (Mr. Woolliams):

That the Minister of Labour introduce legislation which would give federal government authorities the right to observe and scrutinize any or all union strike vote proceedings within the public service sector.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

PRESENCE OF MINISTER WHEN ESTIMATES UNDER STUDY—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the fact that instead of coming before the Standing Committee on Agriculture to discuss the very important subject of estimates, the Minister of Agriculture chose instead to visit his predecessors, Senator Olson and Senator Hays, in the Senate of Canada. Since the minister was presumably trying out the furniture with a view to taking his place where he hopes to be after the next election, I would move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That this House respectfully requests that the Senate does not prepare for the addition of yet another Liberal minister of agriculture to its ranks, and further requests that the present Minister of Agriculture be present at all future meetings pertaining to agriculture estimates if he is serious about getting them passed.

* * *

NATIONAL SECURITY

SOVIET INTELLIGENCE ACTIVITIES IN CANADA—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the outpourings of support reported in today's Ottawa *Journal* which the policies of the Prime Minister has received from the Soviet Union—outpourings which presumably represent the successful outcome of the government's policy of detente. Since the stated view of the Soviet government is, "We're very happy with Trudeau in power", and since the U.S.S.R. wants to do as little as possible to change the situation, I ask leave to move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

● (1412)

That this House believes that there can be no distinction between the KGB and the government of the Soviet Union and, despite its praise for the Prime Minister, condemns the intrusion of the forces of Soviet imperialism into the national security of this nation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HEALTH AND WELFARE

SPRUCE BUDWORM SPRAYING PROGRAM—MEDICAL OBSERVANCE OF NEARBY POPULATIONS—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that a ten year old child from Saint John, New Brunswick, was recently flown to Halifax for treatment of a confirmed case of Reye's syndrome, a disease that has been linked to the spruce budworm spraying program, especially through the clinical studies done by Dr. Crocker of the Izaak Walton Killam Hospital in Halifax, and since this is the thirteenth case of the disease since 1968, resulting in at least five deaths, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That the Minister of National Health and Welfare direct her department to undertake epidemiological and toxicological studies of the population living in the environs of the spray program to complement the clinical studies being done by Dr. Crocker.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

REASON FOR INCREASE IN BANK RATE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the bank rate increase announced yesterday by the Bank of Canada. Bearing in mind that it is over a year since the spring of 1977 when the bank started moving the bank rate down, and in January, 1977, the unemployment figure was approximately 100,000 less than it is

today, would the minister indicate why he has chosen to raise the bank rate at this time when so many Canadians are out of work?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the bank rate was raised yesterday by the governor of the Bank of Canada. As is customary, he consulted with me and I agreed with the general thrust of the monetary policy of the governor of the Bank of Canada.

Mr. Stevens: Mr. Speaker, again my question is directed to the Minister of Finance. As a former minister of finance twice removed from the present minister, in a similar situation in 1974, asked each of our Canadian chartered banks to give favoured treatment to the smaller businessmen in the country—farmers, fishermen and those in distressed areas—would the Minister of Finance indicate if he, likewise, has asked our chartered banks to save those sectors of our economy from the full impact of this interest rate increase which they have determined?

Mr. Chrétien: Mr. Speaker, I can assure the hon. member that in my contacts with the banks and, as well, through my department, they are aware that the policy of this government is to make sure that the credit necessary in the low growth areas of Canada should be of sufficient proportions. I will be asking them to do whatever they can in the special circumstances.

Mr. Stevens: Mr. Speaker, my supplementary question is to the Minister of Finance. Bearing in mind that we now have a bank rate in Canada which is higher than that of any of the other seven main industrialized nations in the world—with the exception of France, which is fighting off communism, and with the exception of Italy, which really has no government—would the Minister of Finance indicate whether he has at least considered giving some relief to those who will be paying mortgage interest rates in future as a result of his policy, with a view to allowing them to charge at least a portion of their mortgage interest prior to paying their personal income tax.

Mr. Chrétien: Mr. Speaker, as usual, the hon. member forgets to mention one aspect of the policy—that some time ago the spread between the interest rate in the United States and the interest rates in Canada was 4 per cent. It has come down half a point to a point, but it is still three points better than it was a few years ago, if you compare the two situations.

Mr. Stevens: How about mortgage interest?

● (1417)

INCREASE IN BANK RATE—GOVERNMENT SUPPORT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Minister of Finance. At the first ministers' conference on February 15, which the minister appears to have forgotten, part of the communiqué of the meeting stated that action was required now to speed up the economic recovery which has now begun. Since then, Statistics Canada surveys have shown that the real value of business investment is declining in 1978 by at least 2 per cent, and 4 per cent in manufacturing, the increase in the bank rate will make it more expensive to raise capital—it will be a disincentive to invest—and those businesses faced with a higher cost will pass the cost along in higher prices.

Will the minister explain to the House how, in view of the communiqué of the first ministers and the effect on business investment, he could support this increase in the bank rate and interest rates in Canada?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have just explained that the difference in interest rates between Canada and the United States was such that the governor of the Bank of Canada could really not accept it. He increased our rate by half a point. But I do want to point out that a year and a half ago, the difference in rates between Canada and the United States could reach up to 4 per cent. Now, there is a one-point difference but because there exists in Canada considerable need for foreign capital, of necessity there must always be a difference between the Canadian and the American rates of interest.

[*English*]

Mr. Crosbie: Mr. Speaker, the minister should try to be consistent. It is the minister's position that Canada has a floating exchange rate and that he is not interfering with the exchange rate, so why does he now bring forward this story about interest rates and Mr. Bouey?

I want to ask the minister the following question. When the minister started interfering in the market a few weeks ago, he said that the provinces approved his policy. Were the ten provinces consulted by the minister before he approved the increase yesterday by the governor of the Bank of Canada in the interest rate of a half per cent, and did they approve what the minister says is his policy?

Mr. Chrétien: Mr. Speaker, obviously the hon. member does not know how the monetary system operates in Canada. Monetary policies are established by the governor of the bank in consultation with the minister of finance. But it is the responsibility of the governor of the Bank of Canada to make those decisions, and he is a very responsible gentleman.

Mr. Crosbie: Is the Minister of Finance now stating the government of Canada has no responsibility for the monetary policy and that only the governor of the Bank of Canada has that responsibility, and does he agree with the governor of the Bank of Canada in his statement yesterday, that too large an exchange rate adjustment over too short a period of time would not be helpful in restoring our international competitive position, and there would be a risk that we could not overcome inflation if we do that? I have two questions: Does he say that only the governor is responsible for monetary policy, and does he agree with the governor's statement on the inflationary danger?

Mr. Chrétien: I said that I agree with the general thrust of the monetary policies established by the governor of the Bank of Canada.

EFFECT OF BANK RATE INCREASE ON INVESTMENT

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I should like to direct my question to the Minister of Finance. It also concerns the raising of the bank rate by half a percentage point, presumably to attract foreign capital into Canada and thus buoy up the Canadian dollar. Completely outside the question of what effect this change in the bank rate may have on our foreign exchange rate—there are many reasons to think that it will have little or no effect—I should like to ask the Minister of Finance some questions about the consequences of this policy on our domestic economy.

Assuming that this change in the bank rate will raise interest rates, it will have a depressing effect on new capital investment—particularly that of Canadian firms—and, while it might attract some foreign investment, it seems to me that it will kill investment by Canadian companies and will in many ways work contrary—

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

● (1422)

Mr. Saltsman: Mr. Speaker, in view of the perverse effects this will have, what measures does the minister intend to propose to the House to offset this attack on investment in Canada?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if the hon. member reads the statement of the governor of the Bank of Canada I am in complete agreement with him; that increase in the bank rate will have very little influence on the expansionary financial policy of the federal government.

[*English*]

Mr. Saltsman: Mr. Speaker, the announcement of the bank rate increase comes a day after Statistics Canada announced that sales of some key durables such as stoves and ranges are down about 26 per cent over last January. Assuming that this bank rate increase will further depress the sale of comsumer goods—which it might well do—what does the minister propose to do to offset the increase? To say that a .5 per cent increase in the prime rate in Canada will not have a depressing effect is really to ignore the experience of history.

Mr. Chrétien: Mr. Speaker, I do not want to argue with the hon. member, but in reply to his question—if it was a question—I think it is very dangerous to pass judgment after one month's publication. We have to look at the question with a broader perspective. I think the governor of the Bank of Canada had all these factors in mind when he made his decision.

[Mr. Crosbie.]

Mr. Saltsman: I appeal to the Minister of Finance to stop monkeying around with the machinery and let the economy recover without damaging it as he is doing now.

Some hon. Members: Order.

Mr. Speaker: Order, please. The hon. member for Rimouski.

* * *

[*Translation*]

CENSORSHIP

REQUEST FILM "MANY FACES OF JESUS" BE BANNED IN CANADA

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is for the Secretary of State. Despite the fact that the province of Quebec has control over the censorship of films, can the minister tell the House whether he intends to oppose the entry in this country of the film *Many Faces of Jesus*?

[*English*]

Hon. John Roberts (Secretary of State): Mr. Speaker, I am not aware of the film to which the hon. member is referring and I do not know of any basis on which I would oppose the showing of a film in Canada.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, since the minister does not seem to be aware of the propaganda now being spread in Canada about that horrible film which some would have shown in Canada and which was turned down in England and France, I should like to ask him to kindly confirm with the people or the companies that they want to show this film, and then take the necessary means to oppose the move because we have enough problems here in Canada without importing them from abroad to corrupt our youth even more.

[*English*]

Mr. Roberts: No, Mr. Speaker, it is not part of my responsibilities to censor films.

* * *

NATIONAL SECURITY

DISTRIBUTION OF SECRET REPORT

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General. I am sure the minister is aware of the situation, first revealed by the CBC yesterday and discussed on national television by ex-RCMP Commissioner Kelly today, wherein there apparently has been distributed among several government departments 58 copies of a report or a summary or précis of a report entitled "Canadian Related Activities of the Russian Intelligence Service".

This report, or its précis, allegedly contains information which has formed the subject matter of questions in the House

of Commons recently and the subject matter of a Toronto *Sun* story listing 16 subversive activities carried on in Canada. Is the Solicitor General now able to confirm that this classified material emanated, not from the RCMP but from one or more of the 58 government employees or offices who are recipients of this classified material?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, as the hon. gentleman perhaps noted from comments I made relating to this matter outside the House—and there were no questions relating to it yesterday in the House—it has not been our practice, and it is not my practice, to comment on the nature of such information.

An hon. Member: Why?

Mr. Jarvis: Mr. Speaker, because of his silence, the Solicitor General permits the festering of suspicion about a serious security leak in the RCMP. Is it accurate to say that the 58 copies of the report, or its précis, were distributed by or under the authority of the Intelligence Advisory Committee? This is not an RCMP committee, but is composed of representatives of various federal departments, including the Solicitor General's department, I believe the Department of Justice, National Defence, the Privy Council office, and there may be others. Was it that authority which authorized the distribution of the 58 copies?

• (1427)

Mr. Blais: Mr. Speaker, obviously the hon. member's question is of the nature of the previous question. Therefore, my reply is the same.

Mr. Jarvis: A final supplementary question, Mr. Speaker. The Prime Minister said clearly last Thursday that the security of this country was in peril and was vulnerable because contained in this report, allegedly, was the source of information, the names of informants, the methods of operation, and so on. I would like to ask the Solicitor General, if that report was such a challenge to our national security, why would 58 copies be produced and circulated among various government departments?

Mr. Blais: Again, Mr. Speaker, the hon. gentleman is making certain allegations and I am not going to comment on those allegations.

* * *

[*Translation*]

THE CANADIAN ECONOMY

INQUIRY WHETHER AMENDMENTS TO BANK ACT HAVE BEEN DRAFTED

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, would the Minister of Finance inform the House whether he has received from the Department of Justice the bill amending the Bank Act and, if not, when did he send that bill to the Department of Justice for the drafting of amendments as he indicated to us a few days ago?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the answer is no to the first part of the question. I have not yet received this bill. Concerning the second part of his question, I would say to the hon. member that communications between my department, the general director of banks and the Department of Justice began last fall and that I do not have the precise date of those discussions.

Mr. Lambert: Mr. Speaker, I want to ask a supplementary.

Could the minister tell the House when cabinet developed the principles on which the amendments would be based, when they were submitted to the Department of Justice and when they will be sent back?

Mr. Chrétien: Mr. Speaker, I cannot discuss in the House the specific dates for those decisons. I can merely tell the hon. member that the Department of Justice has been working for a very long time on that review of the Bank Act. There have been many consultations between my department and the Department of Justice in that regard. Many times, some items have been reexamined by cabinet, as it happens regularly. But the hon. gentleman being a former cabinet member, he should know very well that I am not at liberty to give any more details.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

RIGHT OF AGGRIEVED PERSONS TO CALL WITNESSES BEFORE BOARD OF REFEREES

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I direct my question to the Minister of Employment and Immigration. Is the minister prepared to overrule the decision of the UIC re the case of Robert Richardson, of North Bay, who was denied natural justice and labelled a fraud? This matter was raised by the CBC ombudsman last Sunday, who presented evidence to support the position that this man was denied the right to have witnesses testify on his behalf. If so, will the minister take steps to reimburse Mr. Richardson and compensate him for the damage done to his good reputation?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it was determined by our officials that Mr. Richardson was working. While he took his appeal to the Board of Referees, which is comprised of labour, management and government representatives, the decision was unanimous that he was working at the time he was drawing unemployment insurance. He made application for an appeal and that was turned down by the chairman. The penalty for fraud was removed, however, as a result of the investigation, not because of the work by the ombudsman of the CBC but because of the work we did which indicated that, in my view and in the view

of the department, there was no call for that particular penalty.

Mr. Darling: Mr. Speaker, may I ask the minister if he would at least review the file personally at this time?

● (1432)

Mr. Cullen: Mr. Speaker, not only did I personally review the file, but my predecessor reviewed the file. We checked out the facts. One of the witnesses the employee was going to bring was to attest to his character. We said that was not in question and, therefore, that individual would not be required. The one thing I want to check out in dealing with the three members of the Board of Referees who made that decision is whether they in fact refused to allow any evidence in support: the only information I have so far is that it was information in support of his character or reputation, not having to do with the facts. I want to check that out before I come to a final conclusion.

* * *

NATIONAL SECURITY

RECOVERY OF SECRET DOCUMENTS DISTRIBUTED BY GOVERNMENT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to ask a question of the Solicitor General. Before I put the question, I remind him that he cannot hide behind the shield of security by not saying anything in the House and then talking outside the House.

Has the Solicitor General given any direction, order or suggestion with regard to the recovery of any of the 58 documents—whether classified or alleged highly classified—or copies, or any number? If so, how many have been recovered? I ask this question in light of the fact that he is now not only intimidating members of parliament but members of the media.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, evidently that question relates directly to the question previously asked by the hon. member for Perth-Wilmot. Therefore, the same reply is going to be provided: I am not going to comment on it.

Mr. Woolliams: Mr. Speaker, it is rather surprising that the Solicitor General will not answer these questions. Taking into consideration the fact that there are 58, or some other number of documents—they may be fractured, so we do not know how many are out—I ask the minister whether any charges are anticipated against any members of this House or any part of the media? Has he gone to the Attorney General of Canada to get consent to lay any charges? Has the consent been obtained with reference to any warrants issued and to proceeding with those warrants and searches of the media in this country?

Mr. Blais: As I indicated before, Mr. Speaker, the investigation is an ongoing one. The hon. member will be made aware, as will all hon. members, in the event that consent is sought from the Attorney General.

[Mr. Cullen.]

NATIONAL DEFENCE

ESTABLISHMENT OF MEDAL FOR NATO SERVICE

Mr. Bob Kaplan (York Centre): Mr. Speaker, my question is for the Minister of National Defence. It has been more than two years since the government, through the then minister of national defence, committed itself to establishing a medal for NATO service. When will the minister be making an announcement on that subject, for the armed forces and the people of this country?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I welcome the question. The matter has been under study for a long time. It raises some complex questions. The hon. member has expressed to me his concern about this matter. I am looking into it personally, as is the Chief of Defence Staff, to perhaps find some other method of accomplishing the same purpose.

* * *

NATIONAL SECURITY

NUMBER OF COPIES OF SECRET DOCUMENT CIRCULATED BY GOVERNMENT

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Solicitor General: it relates very directly to the information sought by my colleague from Perth-Wilmot. I should point out that the government of Canada has recently been taking very extreme actions based upon the premise of a leak of security documents. There are now reports to the effect that the document in question has been circulated in large number.

Will the Solicitor General tell the House of Commons whether there is any accuracy in the reports that the document, or documents in question have been circulated in more than one copy, perhaps as many as 58 but in any event a number of copies?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I welcome the hon. member's belated interest in this matter.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Blais: His co-operation would indeed have been appreciated last Thursday when it was sought. Under the circumstances, the hon. member's question touches on the questions of the hon. member for Perth-Wilmot and the hon. member for Calgary North. The same reply applies.

Mr. Clark: Mr. Speaker, the Solicitor General well knows that the co-operation sought from me was a request from the Prime Minister that I use my office to ask the hon. member of parliament for Leeds to come to my office, without any advice as to why he was coming, where he would be surprised by the Solicitor General of Canada and General Dare.

Some hon. Members: Hear, hear!

Mr. Clark: That sort of request was, of course, going to be rejected. I want to know why the Solicitor General attaches "Top Secret" to information which is surely important for the House of Commons and the country to know, namely, whether this document which his colleagues claim was very tightly circulated was, in fact, circulated in some number. He told us he will not confirm or deny that fact. Consequently, we must accept that it is confirmed. Will he tell us why he refuses either categorically to confirm or categorically to deny reports that that document was circulated in some number?

Mr. Blais: Mr. Speaker, I am glad to hear the hon. member's explanation. It took him more than a week to compile that particular justification. With regard to the reply, should I give it, replies are motivated by parliamentary tradition, based upon the nature of the information sought.

Mr. Clark: Will the Solicitor General advise whether a review is now under way as to the extent of the circulation of documents that are classified as "Secret" or "Top Secret" from the security service or any other agencies? I am speaking of a review of the procedures of circulation within the public service or, indeed, among ministers and staffs of ministers.

Mr. Blais: Mr. Speaker, I would expect the hon. member to ask me that question when we are dealing with estimates. I will take it as notice.

Mr. Clark: I would ask the Solicitor General to stop being so chippy with the House of Commons.

Mr. Baker (Grenville-Carleton): He is an under-achiever; he is over-reacting.

Some hon. Members: Hear, hear!

Mr. Clark: Since he has claimed that security would be in danger—that is the effect of his claim—will the Solicitor General tell the House of Commons how the security of Canada would be endangered by stating whether or not there was wide circulation of this supposedly secret document? How would it be endangered by giving that information to the Parliament of Canada to whom this government is responsible?

Mr. Blais: Mr.Speaker, in order to provide that judgment for the hon. member, I would have to refer to the information that the hon. member is seeking from me; and that is exactly what I am not doing today.

DISCLOSURE OF NUMBER OF SECRET DOCUMENTS DISTRIBUTED

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have witnessed a number of examples of hypocrisy in this House, but nothing to equal that of the Solicitor General.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: With regard to his knowledge of parliamentary procedure, on what basis is he making the statement that it would not be parliamentary to give this information? Is it parliamentary to hide the truth in order to benefit the minister?

Some hon. Members: Hear, hear!

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the right hon. member is the only one on that side of the House who has had any experience in leading a government of this country. Surely he knows the nature of the information which is sought from me, and he knows that matters affecting national security are not the subject of comment if the information that is sought may be detrimental in relation to national security.

Mr. Diefenbaker: Why, then, has the minister been such a babblemouth outside the House of Commons? Has he been instructed by the Prime Minister to keep his mouth shut from now on and endeavour to delude parliament into reaching the conclusion that what he has been babbling about he must not explain because he knows he would be in difficulty?

• (1442)

Mr. Blais: Mr.Speaker, outside the House I have provided exactly the same sort of information as I have given in the House—

An hon. Member: Blabbermouth!

Mr. Blais: —in discharging my role to communicate to the Canadian public the truth in respect of these matters and the position the government has taken, one which has been justified by the public reaction we are obtaining, a reaction causing so much preoccupation on the opposition benches.

Some hon. Members: Hear, hear!

* * *

NATURAL RESOURCES

PROPOSED TAX CUTS FOR NICKEL MINING COMPANIES—REQUEST PROPOSAL BE ABANDONED

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is addressed to the Minister of Energy, Mines and Resources. It has to do with the recent budget proposal by the Ontario government to allow Falconbridge and Inco to deduct from taxable profits the full costs of operating European refineries to process Ontario ore.

In view of the fact that recent lay-offs in Sudbury, Thompson and Port Colborne by Inco and Falconbridge are attributed to depressed nickel markets, not to lack of nickel resources, and since the Ontario proposal will continue to lock Canadians into the position of being hewers of wood and drawers of water, is the minister prepared to meet with Darcy McKeough, the Ontario Treasurer, to have him reverse this atrocious proposal? Further, is the minister prepared—if he is not successful—to initiate within his own level of government offsetting tax legislation to negate this blatant example of the selling-out of Canadian interests?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I would, of course, be very pleased to meet with the Treasurer of Ontario with respect to the important subject of mining taxation. I hope such an opportunity will arise in the near future. As the hon. member will recognize, a decision was taken at the first ministers' conference that the finance ministers and resource ministers of the provinces and of Canada should meet with a view to examining fiscal arrangements and other questions which affect the important mining industry.

As to the specific question the hon. member asked with respect to offshore refining, particularly by Falconbridge, I believe he is fully aware of the importance of this matter to the Falconbridge operation.

Mr. Rodriguez: Bearing in mind that the minister met with his provincial counterparts not so long ago with a view to developing a national mining strategy, can the hon. gentleman tell us whether this sort of tax concession has been discussed in general and, further, how it fits within the concept of a national mining strategy which, surely, ought to put long-term Canadian interests first?

Mr. Gillespie: As I am sure the hon. member realizes, questions of precise tax policy fall within the purview of the Minister of Finance rather than within my own portfolio. From the point of view of the provincial governments, I might suggest that it is the mines ministers who can make recommendations, but it is the finance ministers who consider those recommendations.

Mr. Rodriguez: One final supplementary. Can the minister tell the House whether he, personally, supports that sort of tax concession to multinational mining companies which sell out Canadian resources for ever and ever?

Mr. Speaker: Order, please. The hon. member for Moncton.

* * *

POST OFFICE

REQUESTED IMPROVEMENT IN POSTAL SERVICES

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my question is directed to the new Postmaster General, not to the minister who is presently Solicitor General. There are some serious answers I should like to get. When will the Postmaster General do the following: first, provide complete postal facilities for Riverview, New Brunswick, which has 16,000 inhabitants and is one of the fastest growing communities in the maritimes; second, when will he provide house to house delivery in all built-up areas—

Mr. Speaker: Order. If every member were permitted to use the question period to make representations about constituency problems, I am sure we would have to deal with 265 different questions every day.

[Mr. Rodriguez.]

[*Translation*]

SHIPBUILDING

FUNDS FOR REFIT AND CONVERSION OF SHIPS—GOVERNMENT POSITION

Mr. Raynald Guay (Lévis): Mr. Speaker, I should like to ask the Minister of National Defence a question which I put last week but which was not answered. In view of the alarming situation at Davie Shipbuilding Ltd., where there have been nearly 2,000 lay-offs and where the situation is growing progressively worse, I would like to ask the Minister of National Defence what he intends to do in view of the many pressures that have been exerted on me and on him by organizations and municipal councils in my region to make funds available for the refit and conversion of ships in the Canadian fleet of his department.

[*English*]

Hon. Barney Danson (Minister of National Defence): We have tried to accelerate the ship refitting program to increase the flow into the dockyards, though we cannot accelerate it as fast as I would wish. However, I am able to say, in response to the hon. member's present and previous representations, that work on one of our ships, the *Protector*, could begin at an earlier date than has been suggested. The specifications are now ready, enabling the Department of Supply and Services to invite tenders as soon as possible. Hopefully, we can bring that ship into dock for refit in the latter part of May.

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HEALTH AND WELFARE

ESTABLISHMENT OF GERIATRIC CHAIRS IN MEDICAL SCHOOLS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, my question is addressed to the Minister of National Health and Welfare. In view of the rapid aging of the Canadian population, resulting in increasing demands on health care, what steps is the hon. lady taking to encourage the establishment of geriatric chairs in medical schools so that a larger number of doctors may be trained in this field?

Hon. Monique Bégin (Minister of National Health and Welfare): I did receive notice of the hon. member's question, but I am not yet ready to answer appropriately. I should like to give him an answer tomorrow or privately later this afternoon.

* * *

[*Translation*]

PENITENTIARIES

ST. JÉRÔME—PROGRESS REPORT ON HOSTAGE-TAKING INCIDENT

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is also directed to the Solicitor General, and I hope that in this

case his answer will be more specific. In view of the current problem at the St. Jérôme detention centre, and it seems that the conditions demanded by the mutineers come under federal jurisdiction, could the Solicitor General tell the House what progress has been made in the negotiations to free the hostages?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, as the hon. member is no doubt aware, this is a provincial institution, and the provincial authorities have assumed this responsibility and are in charge of the ongoing exchanges. Now, as I have already indicated, the government intends to lend its full co-operation as regards the information on file relating to individuals under jurisdiction of the federal penitentiary system.

Mr. La Salle: Mr. Speaker, I should like to put a supplementary question.

Given the increased number of those hostage takings, is the Solicitor General considering more severe penalities to discourage those experts in hostage takings and to satisfy Canadians who are quite shocked by the deterioration of our system?

Mr. Blais: Well, I merely wish to indicate to the hon. member, Mr. Speaker, that it is a provincial responsibility. The specific event is a provincial responsibility. I wish to point out that during a recent debate in this House, the matter was raised and on Tuesday next I invite the hon. member to attend the sitting of the Committee on Justice and Legal Affairs to discuss that problem and learn about the progress made in connection with his concerns.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF UNITED STATES FINANCIAL OFFICERS

Mr. Speaker: Order, please. Before continuing with the question period, I know hon. members would wish to join me in signalling the presence in our gallery of two very distinguished visitors representing our closest friend and neighbour, the United States of America, in the persons of Mr. Charles Schultze, Chairman of the Council of Economic Advisers to the President, and the Secretary of the United States Treasury, Mr. Blumenthal.

Some hon. Members: Hear, hear!

• (1452)

THE CANADIAN ECONOMY

EFFECT OF INCREASED BANK RATE ON ECONOMY OF DEPRESSED AREAS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the Minister of Finance. What steps does the minister propose to take to offset the disastrous consequences of an increase in interest rates on slow growth regions? I think specifically of the five eastern provinces which enjoy the distinction of having half of the total unemployment in the country.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member should know that the interest rate, even with the increase of yesterday, is still a point and a half lower than it was a year ago.

While I am on my feet, Mr. Speaker, I would like to reply to the question put to me today by the Leader of the Opposition.

Some hon. Members: No.

Mr. Chrétien: This morning—

Some hon. Members: No.

Mr. McGrath: Mr. Speaker, I would like to ask the minister, who seems to be blind to the fact that we have a serious problem of regional disparity in this country which will be even more exacerbated by the action he took yesterday in increasing interest rates, whether he has consulted his colleague, the Minister of Regional Economic Expansion, and if he will undertake specific measures now to offset the disastrous consequences that this move will have on investment in the Atlantic provinces and Quebec, which will seriously aggravate the already critically high unemployment situation. Let him answer that question.

Mr. Chrétien: Mr. Speaker, it is obvious that the opposition do not want to know the truth. They like to spread doom and gloom rumours, just as the Leader of the Opposition did when he said, when putting two questions to me—

Some hon. Members: Oh, oh!

An hon. Member: Answer the question.

Mr. Chrétien: Mr. Speaker, I reply to the hon. member by telling him that the interest rate as set yesterday by the governor of the Bank of Canada is 1½ points less than it was a year and a half ago. The hon. member does not want to recognize that. When the governor of the Bank of Canada administers the monetary policies of the government, the governor has to vary the interest rate from time to time; and I have great confidence in the governor of the Bank of Canada.

Oral Questions

REGIONAL ECONOMIC EXPANSION

EFFECT OF INCREASED BANK RATE ON REGIONAL DEVELOPMENT

Mr. James A. McGrath (St. John's East): Mr. Speaker, it is one thing for the minister to make a fool of himself in this House, but to do so before his colleagues from the United States is something else again. I ask the Minister of Regional Economic Expansion if he has consulted the Minister of Finance and has he satisfied himself that this move of increasing interest rates will not seriously undermine regional development policies in this country, especially in the four Atlantic provinces?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I can say to the hon. gentleman that right now we are not receiving that many applications, and this situation will not change very much. I can refer the hon. gentleman to a point when the interest rate was quite high, even higher that it is with the present increase. We have a substantial investment in his province of Nova Scotia—

Some hon. Members: Oh, oh!

An hon. Member: Newfoundland.

Mr. Lessard: —and this will not have the impact of, nor will it be a major factor in, preventing investment in Canada.

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NORTHERN AFFAIRS

AKAMINA-KISHINENA, B.C.—RESPONSE OF PROVINCIAL MINISTERS TO FEDERAL GOVERNMENT INTERVENTION

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. I would like to thank the minister for providing me with copies of correspondence to the provincial ministers of forestry and the environment of British Columbia dealing with the Akamina-Kishinena Valley. Has the minister received responses from the provincial authorities to his intervention?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will have to check. I will do so this afternoon and report back to the hon. member.

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ENVIRONMENTAL AFFAIRS

AKAMINA-KISHINENA, B.C.—PROTECTION OF WILDLIFE

Mr. Bob Brisco (Kootenay West): My question is to the minister responsible for the Canadian Wildlife Service, the Minister of State for the Environment. I ask the hon. minister if he has had occasion to make representations, on behalf of the Canadian Wildlife Service, to provincial authorities in British Columbia with reference to the concern for certain wildlife elements in the Akamina-Kishinena Valley area?

[Mr. Chrétien.]

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I have looked into the matter. All the species involved in this particular area come under provincial jurisdiction. I have not yet made any representations, because whatever goes on there is dictated by provincial jurisdiction.

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ENERGY

GULF OIL REPAYMENTS TO SHAREHOLDERS—PROPOSAL AECL TAKE SIMILAR ACTION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources: it relates to a very interesting decision by a federal appeals court in the United States, released Tuesday afternoon. Officers and former officers of Gulf Oil Corporation were required to pay back to their shareholders the sum of $18.8 million illegally paid out by Gulf Oil. Coincidentally, some of that money may have been paid to one, Shaul Eisenberg, for a transaction in South Korea.

My question to the minister is this. Has the minister or the government given any consideration, as the shareholder on behalf of the people of this country in Atomic Energy of Canada Limited, to looking at the possibility of attempting to recover a similar amount paid out by the officers and former officers of that corporation for what has obviously been concluded by a committee of this House to be for corrupt or illegal purposes?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I know nothing about the allegations in the preamble of the hon. member's question. I am sure he realizes—I believe this was put before the committee of which he was the chairman—that the contract entered into by AECL and Mr. Eisenberg or his company is regarded as a legal contract.

Mr. Lawrence: Mr. Speaker, I was not aware of that. If the minister is correcting me, I am glad to have that correction. For instance, in respect of the Argentinian transaction there was no reference whatsoever to the $2.5 million, or a total of $5 million, U.S., that was paid out by AECL on behalf of the minister and on behalf of me to an unknown agent, for unknown purposes, using very suspicious means of payment. Is the minister now indicating to the House that that transaction was included in the contract between AECL and the Argentinian authorities? If so, this is the first time we have had that information provided to us.

Mr. Gillespie: Mr. Speaker, the hon. member seems to be very confused. If he casts his mind back, he will realize that the arrangement made with Mr. Eisenberg and his companies was with respect to the Korean contract and not to the Argentinian one.

CONSUMER AFFAIRS

DATE OF TABLING OF BRYCE REPORT

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Will the minister advise when he intends to table the royal commission report on corporate concentration, or the Bryce report?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, that matter does not fall within my jurisdiction.

Mr. Clark: What does?

Mr. Paproski: What is your job?

* * *

ENERGY

CONSTRUCTION OF GAS PIPELINE FROM ALBERTA TO QUEBEC AND MARITIMES

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Will the government be announcing shortly the construction of a gas pipeline from Alberta to Quebec and the maritimes?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, no announcement can be made of such a construction until an application is before the National Energy Board. I very much hope there will be one, or more than one application to extend the TransCanada system right to the Atlantic Ocean.

Mr. Ritchie: Mr. Speaker, are studies going on by the government as to the financing implications, in view of polar gas and LNG tankers, and will these be published before a decision is taken?

Mr. Gillespie: Mr. Speaker, studies are going on in my department with respect to some of these questions. Studies are also being undertaken by Petro-Canada in conjunction and co-operation with Alberta Gas Trunk Line on possible applications with respect to Quebec and the maritimes. There are also, of course, studies going on by Petro-Canada with respect to liquefied natural gas and bringing that gas down from the High Arctic. With regard to Petro-Canada—which is a very important agent; one which your party does not seem to recognize—it is because of their initiative there may well be a pipeline.

Privilege—Mr. Rodriguez

NATIONAL SECURITY

SEARCH WARRANTS ISSUED RESPECTING TELEVISION NETWORKS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Solicitor General. It is on the question of warrants issued with regard to the Global and CTV television networks. Would the Solicitor General advise whether those warrants were issued under the Official Secrets Act, and would he also advise whether his office inspired or initiated that action respecting the issuance of the warrants?

● (1502)

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I cannot inform the hon. gentleman of the specific nature of the warrants which were obtained. I am advised that they were obtained from a justice of the peace. I have not seen them, nor have I received a report today relating to the events that followed, except those that have come to me through the press.

Mr. Leggatt: The question dealt with whether they were initiated in the Solicitor General's office. Perhaps the Solicitor General would deal with that specifically in his reply. I would also like to ask whether he has now received a researched opinion from the law officers of the Crown as to the duties and responsibilities of members of parliament vis-à-vis the Official Secrets Act. Does he now have a legal opinion upon which to act, in terms of his investigation of any member of the House?

Mr. Blais: The two questions are really intertwined and they relate to an ongoing investigation. As the hon. gentleman knows, the investigation, being ongoing, is not subject to comment at this time.

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PRIVILEGE

MR. RODRIGUEZ—ALLEGED ELECTRONIC SURVEILLANCE OF HON. MEMBER

Mr. Speaker: Order, please. Yesterday the hon. member for Nickel Belt (Mr. Rodriguez) again raised the question of privilege which he had raised on two previous occasions, the first time about a week and a half ago, and the second time a few days ago, relating to the possibility, as has been alleged publicly, of electronic surveillance against himself.

First of all I want to reiterate the importance with which this matter must be viewed, I am sure, by all members of the House, because the classic definition of privilege has been based upon precedents which predate even the possibility of electronic surveillance, and therefore electronic intervention in the freedom of communication and movement of a member of the House of Commons is a new question as it relates to privilege.

I am sure all hon. members would agree with me that any possibility of electronic surveillance of a member raises a very serious problem and should be given utmost priority by the

House. However, the contents of the motion which has been put to me raise at least two, and perhaps more, serious problems of both a procedural and a substantive nature.

The first is that the terms of the motion seek a referral to the Standing Committee on Privileges and Elections, not just of the possibility of electronic surveillance and of the statements made by Mr. Hart, who is alleged to have carried out the electronic surveillance, but also of the statements of the Solicitor General (Mr. Blais). That calls into play, it seems to me, not only a procedural but a substantive problem, because indeed in the course of his remarks the hon. member for Nickel Belt indicated that he accepts the statements of the Solicitor General as a member of the House and a minister of the Crown, and yesterday the Solicitor General in his intervention reiterated that those statements were made by him after a careful investigation.

Based on the precedent of the recent and very thorough analysis which was done of the procedure by which any misleading statement of a minister would have to be questioned but clearly not by way of a question of privilege, to permit a question of privilege on statements of a minister, at least calls them into question.

It seems to me totally inconsistent to say, on the one hand, that statements have been accepted and, on the other hand, that they should be referred to the Standing Committee on Privileges and Elections. Furthermore, it would be a dangerous precedent to accept, as part of a question of privilege, the referral of a minister's statement to the committee because it would go directly contrary to the ruling which I just made in respect of recent attempts to deal with any suggested misleading of the House by any minister. That would have to be done by a substantive motion, or it may be the subject matter of a debate.

Therefore, it seems to me that it would be contrary to our practices and precedents to permit the inclusion of the reference to a minister's statement. I do not say for one minute that if the matter does go to a committee ultimately, the minister would not want to make some contribution, but I think the formal reference of the minister's statement seems to call into question those very statements which have not been called into question but have been accepted by the hon. member. If there was any doubt about that reasoning on my part, one would have to examine the arguments presented yesterday because a good many of those who participated in the discussion yesterday—although the hon. member for Nickel Belt and others accepted the Solicitor General's statements—have called those very statements into question. I think we would have to guard that procedure very carefully.

May I say that I am also concerned about the assumption which seems to be made in the motion about the confidentiality of sources and of communications to members. That is a very important aspect of the life of members of the House of Commons, but the fact that it is contained in the motion seems to me to presume upon something which is not supported by our precedents and, at the very least, is presently under review in some ways in our courts and in other legislatures, and is far from an established right or privilege of members. That seems to be under question. I do not consider that as fatal a defect as I do the inclusion of the statements of a minister, but I do have that concern.

May I also add that there is other language in the motion which may be simply superfluous, although it might not be procedurally out of order. I refer to expressions such as "the whole truth" and "the matter being publicized" as a direction to the committee, and "this breach of privilege" in the motion. It seems to me that the latter expression "this breach of privilege" prejudges entirely the question which is to be put to the House. Again I say that this might simply be superfluous language.

The basic procedural difficulty I have is the inclusion of the reference of the minister's statement, and I hope the hon. member will examine the reasons I have given today and rethink his motion, because I want to stress that this decision today should not be taken as a final decision in respect of a matter of this sort. It is entirely without prejudice to the hon. member to endeavour, after examining precedents and the reasons I have endeavoured to put forward today, to rephrase his motion in such a way as may—I have to say "may" because I cannot prejudge the issue—receive the favourable decision of the Chair. But I do not want it to be taken that by setting this matter aside, because it is a contest of fact or an argument between a member and the minister, that is not a question of privilege and should not be dealt with in this way. Therefore, it has to be accepted that the minister has made a statement to the House and, that statement having been accepted, it does not remain in contest, and even if it did, it could not be part of a question of privilege. That is a very substantial part of our procedure, not simply a matter of form.

However, some questions remain that are of fundamental importance to the House, because I think it is possible to visualize events which have taken place which, although entirely consistent with the assurances given by the Solicitor General to the House, and entirely consistent with the investigation which he undertook and with the results of the RCMP investigation, may still leave questions to which the House may want to address itself.

I think I should stress here that the role of the Chair, if there are questions about the surveillance of a member, is very difficult. Perhaps the surveillance did take place in the orbit which is classically the privilege of a member, but the possibility of some connection with official surveillance of any sort seems to me to be very close to questions with which the House would want to come to grips, and it is not the function of the Chair to prevent the House from attempting to deliberate on matters which come reasonably close to being questions of substance.

Having explained the procedural difficulties and, in some ways, the substantive difficulties for which I have to set aside this motion, let me say that I do so without prejudicing the right of the hon. member to consult on the motion, to rethink it, and to try to rephrase it in such a way that may—again I say "may"—receive the favourable decision of the Chair and

ultimately the consideration of the House. In the final analysis, and this has to be stressed as well, the decision is not up to the Chair in the final sense but up to the House.

I leave the matter with the hon. member on that basis but, on the grounds which I have stated, for the moment I must set aside the question of privilege.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, first of all I want to express my thanks to Your Honour for the way in which you elucidated the problem with which we are faced. I will look at your comments in *Hansard*, and I reserve the right to bring another motion which is more in line with the explanation you gave to the House this afternoon.

● (1512)

MR. JARVIS—NATIONAL SECURITY—REFUSAL BY SOLICITOR GENERAL TO ANSWER QUESTIONS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I rise on a question of privilege. Your Honour will be well aware that over the past few days questions have been put to the Solicitor General (Mr. Blais) which he has refused to answer. Up until today most of those questions related to specific events of alleged subversive activity. Today, however, I and others put questions not about specific events but about certain procedures for which the Solicitor General and his department are responsible. Today I put a question as to whether copies of a certain report were printed and distributed. The question related in no way to the contents of that report, nor did it refer to any individual incidents of alleged subversive activity.

Last Thursday on a question of privilege the Prime Minister (Mr. Trudeau) contributed to a rather lengthy debate on this issue. In his intervention he referred to the contents of a particular document. With relation to that document he raised three matters which, in his view, were matters seriously affecting national security. The first of those was that foreign security services now know how our security service operates. The second was that the contents of the document involved would indicate sources of information and thus cause a situation whereby loyal Canadians would be reluctant to offer information in aid of our security service. Finally, the Prime Minister alleged that we were being judged by intelligence services of friendly countries, some of which we are closely associated with, such as our NATO allies.

In each of the three points raised by the Prime Minister the Prime Minister alleged that a particular security document would imperil our national security. By refusing to answer questions the Solicitor General has given support to all three points raised by the Prime Minister, but for the very opposite reason.

What the Solicitor General fails to realize is that it is not our security service which is being judged. The government and the department are responsible for the security service, and the government and the department are being judged.

The point I raise today—and I gave the Solicitor General an opportunity to negate this—is that reportedly 58 copies of a document are floating around Ottawa. We also gave the Solicitor General the opportunity to advise how many had been recovered. What has happened as a result of the refusal of the Solicitor General to answer questions? Why would foreign security services not know about our operations if there are 58 copies around? That has to do do with the Prime Minister's first point.

Second, loyal Canadians want to give information but might be discouraged from doing so if they thought their names would be revealed. Why would they think their names would not be revealed if there are 58 copies around?

Finally, with regard to friendly countries judging our intelligence services and having a negative reaction, why would they not have a negative reaction if there are 58 copies floating around, unless the Solicitor General can assure the House that they have been recovered or that they never existed? The importance of all three of the Prime Minister's points is this: I gave the Solicitor General an opportunity today to state that the leak was not within our security service but within the Government of Canada or one of its departments. The minister refused to assure the House in that regard.

Your Honour will recall the events leading up to last February 6. The Solicitor General refused to answer questions on the ground that the matter being inquired about was before the McDonald Commission. That resulted in a very lengthy debate on questions of privilege, and on February 6, as recorded at page 2567 of *Hansard*, Your Honour said this:

> I think I have exposed the difficulty and I hope I have made my thinking as clear as possible on decisions on which I really do not need any help from the standing committee. Therefore, I think the appropriate action for me to take would be to reserve my judgment on both these motions, not for one day but for several days, because I think I can be aided in my deliberations by determining, in the manner in which I described, exactly what the intentions of the minister are and what will be the reality. Therefore, I propose to set these motions aside for a few days and see what happens.

Those motions were proposed by the Leader of the Opposition (Mr. Clark) and the hon. member for Winnipeg North Centre (Mr. Knowles). In my view what happened on February 6 was that the Solicitor General was put on probation. I believe he has breached that probation, patently and obviously, today. In the interest of national security I therefore ask Your Honour to reconsider the events which led up to that decision on February 6.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I will be very brief. One needs only to have been here since last Thursday to know that a certain number of events have come to the fore and that certain allegations have been made. I have indicated to this House today that certain allegations are still under very active investigation. I did not comment on the questions asked of me today for the reason I set forward, namely, that the matters involved were under investigation, that they involved national security and that, in accordance with the traditions of this House, no comment is forthcoming. That is exactly the position I still maintain.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the question is not quite as simple as the Solicitor General (Mr. Blais) puts it. Let me put it into perspective. As this matter

first unfolded we found out that there was alleged to have been a leak of some kind which caused the Solicitor General, in the company of the head of the security service of the country, to take the unprecedented step of visiting a member of parliament. I leave to Your Honour's imagination the atmosphere of that visit.

Mr. Blais: A very friendly atmosphere. Ask the hon. member for Leeds (Mr. Cossitt).

Mr. Baker (Grenville-Carleton): The next step was a debate in this House. It was a crisis debate. That is how one would have to describe it if one were not a member here. Yesterday there were raids, with warrants, on two television stations in this city, involving a leaked document. Surely if the government is to be believed at all, this matter must be extremely serious and, of course, secret. I do not have to mention the fact that a whole host of allegations have been published in newspapers, and all the rest of it. As a result there is a threat of prosecution in the courts of a member of this House for a violation of the Official Secrets Act. I think that is a pretty serious thing.

● (1522)

Now, sir, we have a report that the Solicitor General refuses to confirm or deny in the House of Commons today that there are 58 copies of that document on the loose somewhere, a monstrous leak if the document is an important one. Mr. Speaker, I think we are beginning to doubt the extent and the nature, and the depth of concern there ought to be in terms of the security leak in view of the fact that in this city there are 58 of these copies. The question that was put by the hon. member for Perth-Wilmot (Mr. Jarvis) was not on the merits, not on the contents, of any documents. The question was put as to whether or not there was this broad distribution. It was a very simple question. That is all there was. It did not elicit an answer that could damage national security, but if the answer to the question were yes, the answer would damage the security of the government and its credibility in this whole issue. I have the suspicion that that is the reason the refusal was given. I am sorry to have to say that, but it is just beyond belief that all of these investigations could occur when there is alleged to be 58 documents loose in this city. I cannot believe that the Royal Canadian Mounted Police would do that. I cannot believe that the security service of the country could be so negligent, but I can believe that the Government of Canada could be so negligent and the Solicitor General be so negligent—

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): —if, indeed, the document is as important as has been stated.

Now, sir, getting to the heart of the motion and dealing with the obligation of the minister—

Mr. Speaker: Are the motions earlier referred to, the motions to which the hon. member is referring?

[Mr. Baker (Grenville-Carleton).]

Mr. Baker (Grenville-Carleton): Yes, sir. It is the motion referred to again by the hon. member for Perth-Wilmot (Mr. Jarvis).

Your Honour said some very important things on that day about the obligation of a minister, and I want to recite them for the record. I am looking at page 2567 of *Hansard*. You said this, and I quote:

> In the final analysis, the most serious practical difficulty we have to face is the matter of the executive accountability to parliament. We are dealing with a matter which is fundamental to the whole question period, and the question period, as I have said publicly many times, is a source of great pride to the Canadian parliament. In my opinion the question period here is a session of daily accountability, which is an absolutely paramount feature of the Canadian parliamentary life.

I would be the first to say, sir, that if a question is put as to content of a document of the nature that it is alleged this document is, the minister is justified in saying no. That is one thing. It is quite another thing, sir, to refuse to answer a question not relating to the content, but relating to whether or not 58 copies of that document exist somewhere in the city. You went on to say, sir:

> Therefore, in the final analysis, the Chair is not in a position to compel an answer—

That is true. Then you went on to say:

> However, that does not diminish the importance of this exercise and the importance of the theory of ministerial responsibility, which makes the question period work on a daily basis in the Canadian parliament. Therefore, we are dealing with something which is fundamental to the most important aspect of our Canadian parliamentary system.

And further on you said:

> The way for the House to find out what the Solicitor General is going to do in response to questions is to proceed to the question period and ask him questions.

We have done that, sir. You put him on probation, and today we found that he breached his probation. You went on to say:

> On the other hand, I think it would be disrespectful of a very serious argument and of the very serious position put forward by the opposition which is fundamental, simply to push these motions aside.

You then went on to propose that the motion stand aside to see what happens over the next few days.

Sir, a member of parliament is in danger of being charged. If he is charged, there is a matter before the court. It is germane and important to the consideration in this House of the propriety of the minister's actions as a minister here in the House in answering questions, and of the minister's actions outside the House, for us to have the answer to the question of whether or not this document is so unimportant that it could be photostated and distributed through government departments, and re-photostated and distributed again. That is the question we have to ask ourselves. Or did the Solicitor General overreact in the circumstances, and is there a necessity for the raids on television stations, for subjecting a member of parliament to a possible charge, in this specific case, to interrogating newsmen, and all of the other things that have gone on? Sir, you put the minister on probation. I think the time has come now to answer the very simple and direct question put by the

member for Perth-Wilmot, and that the minister should come into this House and answer that question.

Some hon. Members: Hear, hear!

Mr. Speaker: I will hear other members in a moment, but I think it may also be time to put an end to the phrase of the Chair "putting a minister on probation." I think we ought to keep in context, first of all, the nature of the motion that was put forward on that day. Both motions really called into play, or proposed to call into play, statements of the minister of his intention in how to deal with questions. The action that the Chair took at that time was to indicate that there was no feasible way, in my opinion, that a committee could be asked to make judgment upon the intentions of a minister, and how he was going to deal with questions, because the way to determine that was to get on with the question period and put the questions. I did not put the minister on probation by doing that, but I did, I think, give respect to the importance of the motions and indicated the way to find out the answers to the motions was not to send them to a committee to examine what a minister was going to do, but to get on to the question period to find out how he was going to deal with it.

I also think, in fairness, that if one wants to quote all of that judgment, one will verify that I made it quite clear the Chair could not compel an answer, and that under no circumstances could our precedents or practices be taken ever to impose upon a minister an obligation other than a political sanction to make answers.

I think it is always the right of a minister to refuse to answer any question or, in fact, to take no action at all on that question. That remains fundamental.

In so far as the hon. member for Perth-Wilmot raising the question today about the refusal of the minister to answer questions today is concerned, it may relate in some way to these motions that remain outstanding, which I will finalize, but in so far as it relates to the refusal of the minister or any other minister to answer questions, of course it has no basis in privilege at any time.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I want to associate myself with the hon. member for Perth-Wilmot (Mr. Jarvis) and also with our House leader in reference to the question of privilege.

I asked two very simple questions. In those questions there was no request to disclose anything which would affect the security of the nation. The first question I asked was whether the minister had given any direction or order to cover 58 documents. If those documents are copies of the document we have been talking about, and which is worrying the government and giving it some anxiety as to the security of the nation, and there are 58 copies in different agencies and departments of the government—that can be multiplied by four or five because they are probably copied, and there are helpers, executives, and directors, so there are probably a great number.

A finger is being pointed at a particular member of parliament when the leak took place elsewhere. The leak probably took place in an agency of the government through the government's own negligence. That is why I wanted to find out whether there had been an attempt or direction to recover the 58 plus—and a big plus—documents in question.

• (1532)

The second question I raised was that we heard today that a warrant had been issued for the search of various offices of the media, television, and possibly radio stations, and the press. As we all know, the Fourth Estate has a very important function. It has been stated in this House on many occasions.

We try to get information. We do that by interrogating the government during question period. The answers we elicit are carried by the media across the country so that the public are properly informed. Without that Fourth Estate, this parliament, our democratic system, and this process could not operate effectively or efficiently.

Some hon. Members: Hear, hear!

Mr. Woolliams: The second question I put to the minister was not anything in reference to being harmful to the security of the nation.

The 264 members of this House realize their responsibility with regard to the security of the nation. We have a pretty severe act, the Official Secrets Act, which deals with that. I want to place on record Section 12 of that act. I quote:

> A prosecution for an offence under this Act shall not be instituted except by or with the consent of the Attorney General;

Except for when I flushed him out the other day, the Attorney General (Mr. Basford) has been very quiet about this whole affair. We do not know what part he is playing. We do not know whether the Solicitor General (Mr. Blais), to use the term of the right hon. member for Prince Albert (Mr. Diefenbaker), is babbling outside the House but dries up like a dry brook when he gets into the House. He babbles outside, and dries up inside. We cannot get the information.

The section continues:

> —except that a person charged with such an offence may be arrested, or a warrant for his arrest may be issued and executed and any such person may be remanded in custody or on bail, notwithstanding that the consent of the Attorney General to the institution of a prosecution for the offence has not been obtained, but no further or other proceedings shall be taken until that consent has been obtained.

That means the consent of the Minister of Justice and Attorney General of Canada, the highest law officer of this land.

We heard that warrants were issued. I might as well say it, because I have been thinking about it for a long time. I have the feeling that this government is not concerned with the security of the nation, but concerned with the security of the government. They are worried because they have been so soft on security for the past ten years, and now they have something to hide. It is time somebody in this House said that.

Some hon. Members: Hear, hear!

Mr. Woolliams: They cannot get any action by intimidating members of parliament, so now they are going to start to intimidate the Fourth Estate. If ever there was a question of privilege, it is surely high time that this whole matter was discussed in committee. Possibly we should reserve our right to move a special motion in that regard.

We then come to the point made by Your Honour. Throughout the time I have been in this House, I have always accepted the fact that a minister does not have to answer. I have always known that you can draw inferences just as you can draw inferences in law. When a minister dries up like a dry brook he has something to hide. I want to know what the minister and the government are hiding.

The Deputy Prime Minister (Mr. MacEachen): is today replacing the Prime Minister (Mr. Trudeau) who has gone to western Canada, with or without the Minister of Transport (Mr. Lang). I say to him it is time that we got some answers and clarification. It is time for intimidation to be shelved. Is this merely an election gimmick to scare the opposition and frighten public opinion into thinking that maybe the opposition is doing something to the security of this nation? If there is anyone who should be concerned about security in this nation, it is the Liberal party and the Liberal government headed by the man who heads the party now as Prime Minister of this country.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I regret the necessity of participating in a series of questions of privilege that have been raised almost every day. I had been planning today, yesterday, and earlier to raise points of order, because it is obvious that, through the guise of questions of privilege, debates are being held on subjects that are not before the House. However, I did not raise a point of order because if that were done, even though I regard this practice as being a very bad one, it would obviously draw the charge that we were attempting to close off debate.

I want to make it clear that in my view there is not a valid question of privilege before the House. There has not been. The Speaker has consistently ruled that these are not prima facie questions of privilege. Almost every day he is obliged to make a new ruling, restating his same decision. That is the historical fact.

I just wonder whether members are going to continue using this vehicle of privilege. If they do, when a true question of privilege arises, and that is a rare event, it will be of not much use.

Today the Solicitor General (Mr. Blais) declined to answer specifically certain questions which had been asked by the opposition relating to security. It is very obvious that if the Solicitor General had provided to the House of Commons the information requested with regard to the number of copies of sensitive security documents that were in circulation, where they were to be found, either in government departments or in the security service, that information would be of some value to persons and agents who may have an interest in penetrating the security service of Canada.

It seemed to be a very obvious refusal, to decline to add to the information that other countries might want to have about our security system. I thought it was a legitimate approach to have been taken by the Solicitor General. I think it would be of very great use to other countries to have this kind of information made available in the way that has been requested.

Quite apart from the security situation, the Solicitor General was entitled to answer, and I believe he would have answered as ministers generally do, except when there is some good reason. In this case it is a matter of judgment. There is a good explanation for the way the Solicitor General exercised his judgment.

References have been made in this debate by the hon. member for Grenville-Carleton (Mr. Baker) and the hon. member for Calgary North (Mr. Woolliams) to the fact that investigatory steps have been taken and possibly they were in the direction of a member of parliament, I think that both raised that point, and directed against the members of the media in the way of search warrants.

I remind the House that not so long ago allegations were made in the *Globe and Mail* with respect to the hon. member for Bonavista-Trinity-Conception (Mr. Rooney). The privileges of that member are as great as those of the hon. member for Leeds (Mr. Cossitt). It was alleged that the hon. member had violated a statute. The Speaker ordered an investigation. Subsequently a search warrant was issued, and the hon. member was charged. It was a regrettable occurrence, as any one of us regrets when any other hon. member finds himself in any difficulty of any kind. I apply that same view to the hon. member for Leeds.

The treatment given to the hon. member for Bonavista-Trinity-Conception, however regrettable, demonstrated a very valid principle, that no member of parliament is above the law.

Some hon. Members: Hear, hear!

• (1542)

Mr. MacEachen: There has been a great deal said in this debate and in earlier debates about privilege. I agree there are privileges inherent in the office of member of parliament, some of which, as has been said, are outdated. Anyone who wishes to examine the Sandys case, as I have attempted to do, will find there were privileges asserted in that report which have fallen, and properly so, into disuse.

There is privilege. It ought not to be exaggerated, though, and members of parliament ought not to be giving the impression that in some way they can breach the law in a fashion which is not open to the ordinary citizen of this country.

Some hon. Members: Hear, hear!

Mr. MacEachen: The people of Canada are watching to see how the hon. member for Leeds is going to be treated. Many of them are saying, "If I were suspected of having breached

the law, or of having in my possession in an unauthorized manner certain documents, or having in my possession stolen documents—"

Mr. Baker (Grenville-Carleton): Allegedly stolen.

Mr. MacEachen: —they are saying that in such circumstances they would be pressed to the limit. The citizens of Canada are watching the House of Commons. They are watching the government, and they are asking the government to deal with this matter in a just way.

Some hon. members are suggesting that the government is acting in order to persecute the hon. member for Leeds. That is a canard, a disreputable argument. I assure you, Mr. Speaker, and members opposite, that we do not regard the hon. member for Leeds as being any formidable threat to the government or to the Liberal party. But we do believe that the fact he is in possession—

Mr. Hnatyshyn: It is an allegation and you know it!

Mr. MacEachen: The hon. member concerned has made it clear in this Chamber that he has. The hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) has only to look at what has been said by the hon. member for Leeds. He will find he has made it very clear that he has in his possession material which the security service of Canada has advised the government has been taken from, or is sourced in, security documents. No one has contested that, not even the hon. member for Leeds.

Some hon. Members: Oh!

Mr. MacEachen: Let me put the argument in another way. If hon. members opposite find that line of argument unappealing, may I draw attention to the fact that it was the assistant commissioner of the RCMP, not the government, who went to the office of the hon. member for Leeds and asked him to co-operate with the police and return the documents in his possession.

Mr. Hnatyshyn: And he answered that request in this House.

Mr. MacEachen: It was not the government. Hon. members may say this was a political move. It should be apparent to the opposition that the reason the assistant commissioner accompanied the Solicitor General was to underline that this was not a political matter but a security matter.

Some hon. Members: Hear, hear!

Mr. MacEachen: That is abundantly clear. Why was it important to secure that document? Obviously it was important to the police, to the security service, to trace the source of the leak. Obviously somebody with access to a highly sensitive document had broken his obligation to Canada and has made it available in an unauthorized way. Surely it was reasonable that the Solicitor General and the assistant commissioner should go to the hon. member for Leeds and say, "Will you please co-operate with the police in a matter affecting the security of Canada and give us that document so that we may preserve its contents and, if possible, find out who is the bad apple who is giving out this measure of comfort to the enemies of Canada?"

Some hon. Members: Hear, hear!

Mr. MacEachen: Let us talk about privilege, but let us also talk about responsibility.

Mr. Nowlan: Hogwash!

Mr. MacEachen: I suggest that the responsibility of a member of parliament with respect to security is absolute. It is nothing short of that. Do not think for a moment that this matter is ended. This matter will be of great interest to the people of Canada. It will be of great interest to them as they adjudicate the attitude not only of the hon. member for Leeds but of the Leader of the Opposition (Mr. Clark).

Mr. Nowlan: You are a great actor, Allan. You should have gone on the stage!

Mr. Speaker: Order. I should like to be permitted to hear the argument which is being put forward as I have heard the other arguments which were put forward.

Some hon. Members: Hear, hear!

Mr. MacEachen: I have not very much more to say except that this is a matter which will not end today. It is one which will be of great interest to members of parliament and to the public because they will ask: what are the obligations of a citizen? What are the obligations of a member of parliament when asked by the police to co-operate in a security matter and to return a document? What is the responsibility of even the lowest among us, let alone a member of parliament? They will ask these questions. They will ask: what is the responsibility of the Leader of the Opposition in a situation of this kind when he was appealed to for assistance by the Prime Minister of Canada (Mr. Trudeau), who is the man primarily responsible for the security of this country?

Hon. members opposite may say: we are doing this because, you know, we are afraid; we are doing this because of the security of the Liberal Party. That is what the hon. member for Calgary North says. He knows, deep down, that that view is very foolish. I have a great deal of respect for the hon. member for Calgary North. He knows that that is just a debating point. He knows that the assistant commissioner of the RCMP could not be moved to take the action he did unless he was convinced this was a serious security matter. He knows that if the RCMP deserve the commendation they receive from the right hon. member for Prince Albert (Mr. Diefenbaker), as I believe they do, then surely, when they obtain a search warrant and put it into effect, they are not doing so for frivolous reasons but because they believe there is a matter which must be investigated, a matter which cannot be allowed to peter out without some conclusion.

● (1552)

I would appeal to hon. members opposite not to try to make politics on security and to attack the government every day on a question of privilege. I have resisted getting into this question of privilege earlier. Today I want to remind hon. members opposite that no matter how much smoke they put forward in these debates there is still one question that they must answer within their heart of hearts and that is what is the responsibility of a member of parliament when he is asked to co-operate with the chief of the security service of Canada, the assistant commissioner of the Royal Canadian Mounted Police? Has he any obligation to co-operate?

Some hon. Members: Hear, hear!

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I too have resisted getting involved in this particular debate. I believe, sir, that there are some legitimate questions raised by my colleagues with respect to points of privilege concerning the Solicitor General's approach to answering questions in the question period. It amazes me greatly to see the Deputy Prime Minister (Mr. MacEachen) get up and, under the guise of discussing this whole matter, deal in a political and most shameful way with respect to a very serious matter. It is a grave dereliction in the carrying out of the responsibilities of one of his colleagues in cabinet, namely, the Solicitor General (Mr. Blais).

The point which was raised initially was whether or not the Solicitor General can come into this House and adopt a position with respect to his refusal absolutely to answer any questions and to give notice to this House that he will not answer any questions respecting matters under his specific jurisdiction. I believe that is the point originally raised and it is the one to which I wish to address myself.

We have had some developments, and the genesis of this is rather interesting. We have had the complete and absolute ineptitude on the part of the Solicitor General by bringing in a senior law officer on the premises of parliament without the consent of the Speaker of this House, who is after all the person to whom all these requests should be made. Whether it is a request for co-operation or an attempt to intimidate a member of parliament there are a number of alternatives that can be taken by the police, including incarceration, charges, and search warrants. That particular tactic and the ineptitude shown indicated to me a "jackboot mentality" on the part of the Solicitor General and members of this government.

I want to say one other thing in support of the position taken because it is important to understand the background of the situation. The Prime Minister (Mr. Trudeau) rose in the House and delivered a long, prepared speech. It was typed because I saw it across the aisle. He appeared to be dealing extemporaneously with this matter as if he had come in to the House and taken copious notes. Mr. Speaker, the Prime Minister in the course of that long dissertation put a certain member of parliament not only on trial but he convicted and sentenced that member of parliament by his speech. The Prime Minister has offended every principle of civil liberty by that outrageous speech which he made where there have not been any particular charges laid, just simply allegations stated under the aegis of the Official Secrets Act in this House.

Any of us who have looked at that particular piece of legislation know that definition of national security is a discretionary matter subject to considerable judicial review. The Prime Minister made a presentation to this House which tended to cast innuendo and slurs upon a man who represents a constituency, and thus constitutes a threat to the Prime Minister. With the Prime Minister setting that kind of background, the Solicitor General comes into this House and, after he indicated the first time around that he was not going to answer any questions on the topic of the investigation now under consideration by Mr. Justice McDonald, he has now in effect done the same thing with respect to this aspect of his responsibilities. What he is doing is giving notice to you, sir, and to the rest of the hon. members of this House that as far as any aspect of any investigation which can be remotely termed, in his opinion, national security, he is simply not going to answer. Rather he will stand in his place, as he did today in a rather contemptible position of snickering and taking rather cheap shots.

In this particular case we have serious allegations made against a member of parliament which are continuing to be carried on by the Deputy Prime Minister. An answer has been given in this House by that member to the specific request made by the Solicitor General apparently in consultation with his chief law enforcement officer in that area. Now we have the spectacle of him trying to perpetuate the allegation after an answer has been made in this House without the basis of any charge having been laid, just merely on the basis of allegations such as have been made by the Deputy Prime Minister today.

The reason I support the position taken by the hon. member for Perth-Wilmot (Mr. Jarvis) is that initially the Solicitor General gave notice to you, Mr. Speaker, that he would refuse to answer any questions, and it seems to me the basis of your decision and observation when the matter was first brought up was that one would have to consider the answers given from time to time in response to specific questions. But I suggest to you, sir, that the Solicitor General has indeed indicated that he is refusing to come into this House to answer any questions. He has given us a blanket assurance time and time again. This bears on the whole concept of ministerial responsibility; it bears on the whole basis of your observations, as pointed out by the House leader on this side, the hon. member for Grenville-Carleton (Mr. Baker).

We have the continuing threat and intimidation by the Deputy Prime Minister who says, "This is not going to end". We have the intimidation that has been practiced on a member of this House, an answer given, yet the continuation of intimidation by the fact that the Solicitor General continues to refuse to answer any questions in dereliction of the responsibility of that portfolio.

Mr. Speaker: I see two other hon. members who want to join in the debate. We began with the proposition that it was a

question of privilege that the hon. Solicitor General (Mr. Blais) today refused to answer questions on the grounds of national security. The argument has been interesting, but it really has not addressed itself to that fundamental point. No one has alleged that the Solicitor General does not enjoy that right, and I would be most surprised if anyone did. I am prepared to hear from the hon. member for St. John's West (Mr. Crosbie) and the hon. member for New Westminster (Mr. Leggatt), but I would ask them to confine themselves to the merits of that particular point.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I believe that the Deputy Prime Minister (Mr. MacEachen) in his comments certainly raised some questions here which you are going to have to ultimately decide, one of which he says is: what is the obligation of a member of parliament? Well, you are considering the question about what is an obligation of a member of parliament who is a minister.

There is a minister who says that on national security grounds and grounds that he deems to be national security—no other impartial body is yet to be asked to decide whether they are national security grounds or not—he does not have to answer any questions. That is what the minister says. The Deputy Prime Minister wants to know what is the obligation of an MP. As I see our obligation, the obligation of an MP is to do what he considers to be right for the country, based on the best advice he can get. It is not to bow down to the government.

When the government says, "This is a national security matter and therefore you are doing the wrong thing and we want to know the source of your information, you must give it to us because we, the government, say this is national security". I say "Who are you the government? You are the executive which, down through the centuries, has tyrannized the rest of the population whenever you have had the chance to do it. Your power is only fettered by the rights of members of parliament, and therefore I do not trust you. Whether it is you, an NDP executive, a PC executive or a Liberal executive, I do not trust you." I do not trust the executive, and I am never going to trust them. When a member of the executive says that a matter is a matter of national security, I say, prove it, go to some third party, go to a joint committee of the House which is seized of these matters. If that joint committee with members of both parties on it, says this is a matter of national security and that member X should do so and so, then I will be glad to do it. But I do not agree that I should do something because the Prime Minister (Mr. Trudeau), or the Deputy Prime Minister (Mr. MacEachen), or the Solicitor General (Mr. Blais) says it is a security matter.

• (1602)

Today we heard a remarkable proposition from the Deputy Prime Minister—one of the longest serving members in this House—that the right of national security is absolute with respect to members of parliament. He used the word "absolute". In effect, the Deputy Prime Minister says that when he decides it is a security matter, I have no rights vis-à-vis him. This is at least a dubious proposition that the Deputy Prime Minister has put forward. I say, if that is correct, we can wind up this parliament and forget it because, if that is the case, executive has an untrammeled power and authority based on national security.

The Deputy Prime Minister compared the case of the hon. member for Leeds (Mr. Cossitt) to that of the hon. member for Bonavista-Trinity-Conception (Mr. Rooney). They are in no way similar. The hon. member for Bonavista-Trinity-Conception has been charged with certain breaches of the Criminal Code in relation to his responsibilities as a member of the House, and the matter was handled quite properly. We all regret that it had to happen and that it did happen. But the cases are not the same. No charge is laid against the hon. member for Leeds and, if there are charges, they will not be laid under the Criminal Code because of some personal dereliction of his but because of a disagreement about what is in the interests of this country and what is a genuine breach of national security. So the cases are not similar.

In the case of the hon. member for Bonavista-Trinity-Conception, was the CTV network raided by the RCMP, was the Global network raided, and were newsmen dragooned to interrogate them throughout the week end? Nothing like that was done, so we are not dealing with a similar case. What we are dealing with now is an organized attempt by the government to put fear into the media and into the opposition parties as an election looms on the horizon.

Some hon. Members: Hear, hear!

Mr. Crosbie: That is all it is. If another proposition of the Deputy Prime Minister is correct that we only have the same rights and responsibilities as an ordinary citizen, why were we elected in the first place? If my rights and responsibilities are exactly the same as those of anyone else in Canada, why am I a member? This is a new doctrine. We are supposed to have certain rights and duties that are different from those of the ordinary citizens.

The Deputy Prime Minister said that the public is watching the hon. member for Leeds to see if he is prosecuted. That is what in effect he said. I say, yes, you are a good one to give us that example. They were watching also to see if the former solicitor general was prosecuted, but he was not, and for the most part everybody is agreed that in the circumstances he should not have been. But let it not be said that the former solicitor general was treated exactly the same as any member of the general public would have been treated. We all know that is not the case.

Mr. Andras: He co-operated with the police.

Mr. Crosbie: Do not give us that applesauce that everyone is watching the hon. member for Leeds and that he is somehow different. Do not try to bluff us with your talk of national security.

Is it not peculiar, Mr. Speaker, that the government have been saying for 18 months that they know nothing about

national security, the Prime Minister said that they should know nothing about security, they do not know about barn burnings, they do not know about breaking and entering, they do not know what the security services are doing, but in the case of the hon. member for Leeds, they know every small detail? The Prime Minister is not staying out of this one, nor is the Solicitor General. Because it affects the hon. member for Leeds, they both have their snouts right into the trough.

Ever since October we have been told, "No, we are not going to have anything to do with security. We are the cabinet, we do not muck around with that, we might be accused of interfering with the police". But I say, yes, I accuse them of interfering with the police and security forces. That is what they are doing now in the case of the hon. member for Leeds. After the statements the Prime Minister made in the House telling us that we are breaching national security if we do not do what they are telling us to do, and after the Deputy Prime Minister ended with a threat to all members of the House of Commons, I say he will not influence me one whit, one jot, or one tittle.

Some hon. Members: Hear, hear!

Mr. Crosbie: If the hon. member for Leeds is persecuted by the bunch opposite, I will be right there with him if he ever goes to jail, and so will everybody on this side.

The Deputy Prime Minister had the gall today to glare at us and say this matter will not end today. In other words he meant that they have not finished yet with their writs and searches, and with the media. "We are not finished with you yet," he said. I tell him what he can kiss. I will not say it in the House, Mr. Speaker, but I for one do not agree with the version of the Deputy Prime Minister of what are our rights.

Some hon. Members: Hear, hear!

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I will be brief, I would like to deal with the specific question of privilege because it is similar to the question of privilege which was raised when the Solicitor General (Mr. Blais) was initially appointed to his present role. At that time the questions that were asked, which dealt with the Keable inquiry or the McDonald inquiry, met with silence. There was a blanket refusal to deal with the subject, and the ground that was given by the Solicitor General at the time was that it was a matter which was before another body or another inquiry. That decision was subsequently reversed by the Solicitor General himself. What I say is that today the Solicitor General has made exactly the same kind of decision. He will now refuse to answer any questions dealing with the subject related to the hon. member for Leeds (Mr. Cossitt), or to deal with anything surrounding that.

It is vital and important that there be a response to questions by this government where a warrant is issued that is as serious as the one which affects the out-tapes, not merely the videotapes, of Global and CTV. The principle of freedom of speech is so intimately involved in this question that surely it is incumbent on the Solicitor General to respond without unconsciously misleading the House. Where I say the House is being unconsciously misled is in the excuse for not answering the question, that it is a matter which deals with national security.

The questions I asked today were, first, who initiated the issuance of those warrants, was it the Solicitor General's office? On the surface of it, it is not a question which would be a matter affecting national security. My second question was whether a legal opinion had been given by the law officers of the Crown in respect of the rights and privileges of members of parliament vis-à-vis the Official Secrets Act. Again that met with a refusal to answer. The minister would not say that he has even received appropriate legal advice with regard to the actions that had been taken.

What we have before us in another example of a blanket refusal to deal with the subject. The government cannot get away with that. It can refuse to answer a question, but there is a political ramification when a government refuses to answer such questions day by day because it says it does not like them. That is a violation of my privileges, Mr. Speaker, a violation of the privileges of every member of the House when there is a refusal, not to answer a single question, but to answer any questions on the general subject. That is exactly what the Solicitor General did when matters were before the McDonald and Keable inquiries, and that is exactly what he did again in the House today. He has simply refused to answer questions on the total subject.

Will we now be in the position to ask any more questions concerning a fellow member of the House? That appears to be the position of the Solicitor General. He will take the political consequences of his refusal to answer these questions. In terms of privileges, I submit it is a violation of our privileges when any minister gives a blanket refusal and says in effect, "I will not answer any questions on that subject." This is a complete dereliction of his duty to members of the House and of his responsibility as a cabinet minister.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, there remains but little to say except to analyse some of the reasons that have activated the government in this attack on the hon. member for Leeds (Mr. Cossitt).

● (1612)

I recall very well that very recently some mention was made to the Prime Minister (Mr. Trudeau) about the hon. member for Leeds, and the answer the Prime Minister gave bore a relationship to an expression he used one time in this House which, interpreted, was quite different from the words which had been used. "Fuddle duddle" is approximately the expression of the Prime Minister in its original form concerning the hon. member for Leeds.

I am sorry hon. members opposite have all gone. The Solicitor General (Mr. Blais) has disappeared. The Deputy Prime Minister (Mr. MacEachen) has disappeared. Where have they gone? Have they gone to western Canada? After all, there is a pilgrimage going on there. As a member for Saskatchewan I am deeply concerned to find that the minister

from Saskatchewan is among those left behind. That is an attack on my own province which I resent very greatly. Where are they? Have they gone with the birds?

The Deputy Prime Minister wrapped himself in the garments of legal righteousness in his references to the Royal Canadian Mounted Police. Not many months ago members of the RCMP were regarded as the enemies of the nation by the Prime Minister of Canada.

An hon. Member: Hogwash.

Mr. Diefenbaker: The Prime Minister had reasons. If he was here, I would take him back to 1944, but he is absent. If he reads *Hansard*, he will know what I have in mind. All over the city of Montreal the mounted police were chasing after one who, in those dark days, was doing everything he could to undermine the authority of the mounted police. I could go into details. I did on one occasion, and I gave the Prime Minister an opportunity to answer. He disappeared right after I started to speak, and he did not come back.

I will proceed to recent days. Three years ago the Prime Minister decided to change the name of the RCMP from the Royal Canadian Mounted Police. I could understand his antipathy with regard to "Royal". He has shown that over and over again. However, the "RC" was knocked out, and what was left was "Mounted Police". I raised the matter in the House, and the Prime Minister said there was no foundation for my raising it. All over western Canada the "RC" was removed from detachments and the like. When western Canada rose in its might and told the Prime Minister its views about him—and it is going to tell him again when the next election comes—

Some hon. Members: Hear, hear!

Mr. Diefenbaker: —he said he did not quite understand, and the initials "RC" were restored. Before they were restored the explanation of the Prime Minister was that the reason for removing them was that if a robbery was taking place across the street and there was a car with "RCMP" on it, Canadians would not know what that meant, and the robbery would go undetected. Well, the "RCMP" was restored because the Prime Minister did not dare continue the course he had been following. In the present instance the RCMP is being used in a way which cannot be justified.

Why was the hon. member for Leeds approached? Why was the hon. member for Leeds interrogated—there was at least the expectation of interrogation—by General Dare and the Solicitor General (Mr. Blais)? They had no business whatsoever coming into the precincts of the House of Commons. What were they trying to do? That is what is called the badger game.

The Deputy Prime Minister says this will be an issue in the election. It will, and it will leave fewer Liberal members from western Canada than ever before. All over this nation there is a realization of what is happening. There is intimidation, and there are threats. I defend no one who breaks the law, but I defend the right of a member of parliament to speak without intimidation and without threats. The Liberals have a big majority. The opposition is small, but there is one custodian of our rights, the Speaker of Parliament, who represents all members of parliament, and I want to suggest to Your Honour—you might have certain views concerning what has been happening over the last few days—that the freedom of parliament is at issue, and if there has been wrongdoing, let it be punished.

However, what has happened? There has been intimidation of the press because the press has dared to publish something the Prime Minister did not like. Are there 58 different varieties—one more than Heinz—or documents spread all over this country? Today the minister refused to answer. I can understand that, if he had answered, the truth would have been out, and it would have been recognized that this document, which is presumed by the Liberal party to involve the safety and future of the nation, is in the hands of 57 different people besides, allegedly, the hon. member for Leeds. Are we to be intimidated the way Charles I endeavoured to intimidate parliament and the way Cromwell later tried to do so? Not as long as there are members who believe in the British tradition.

Some hon. Members: Hear, hear!

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I feel compelled again to intervene. I listened with absolute horror to the hon. member for St. John's West (Mr. Crosbie). Some of these gentlemen have total contempt for certain aspects of parliament and the democratic system. I have been told by them that parliament and the democratic system are valuable and precious. But now they are contemptuous of it. I rise, however on another point.

Privilege does not allow any citizen of Canada, member of parliament or corner grocery man, to break the law. It does not protect a member from prosecution. If the government erred, it erred in not immediately laying charges and prosecuting that man who committed so terrible a crime against the state. The hon. member for Leeds (Mr. Cossitt) has committed a crime that is beyond all—

Some hon. Members: Order!

Mr. Andre: That is privilege. Withdraw! Withdraw now! You can't make a charge like that.

Mr. Hnatyshyn: That is against the rules.

An hon. Member: Learn something about parliament.

Mr. Speaker: Order, please.

Mrs. Holt: I will listen to Mr. Speaker.

Mr. Speaker: I trust that the hon. member for Vancouver-Kingsway (Mrs. Holt) used that expression in a metaphorical sense.

An hon. Member: No, she did not. She must withdraw.

Mr. Speaker: If that is not the case, perhaps upon reflection there is some explanation for her choice of language, and the hon. member might want to withdraw that.

Mrs. Holt: Mr. Speaker, I would rather listen to your instructions than those of hon. members opposite. I apologize. I withdraw that statement.

● (1622)

I do say this, Mr. Speaker, that if it was the corner grocery man who had been involved in an incident of possession of something that did not belong to him, he might have suffered different consequences than a member of parliament.

I would like to say too that I am concerned with what has been happening in this House, with the backdrop of long experience as an observer of crime and the extent of crime in society. We are in a third world war, gentlemen. You have no ladies over there. We are in a third world war of terror. I have done research in terror and because of that happen to know things that I do not bring into the House of Commons that are secret and to which I am privy. I know certain things have been happening in the last year. International terrorists today have billions of dollars, more than any state or nation has. The thin blue line between the police—you cannot take it, you men opposite, can you?

It is a tragedy that the members of parliament over there cannot stand a little bit of other information besides their rhetoric. I tell you that I know that terrorism was a possibility and the thin blue line of protection by the police between the public and the terrorists entering Canada—

An hon. Member: You are embarrassing your colleagues.

Mrs. Holt: I would not have embarrassed my colleagues if you people could stop howling. I notice that the Leader of the Opposition (Mr. Clark) called in the gentleman from Crowfoot when they disagreed with him publicly. He called in the hon. member for Saint Hyacinthe (Mr. Wagner) when he insulted him. He called in the former member from Burnaby-Richmond-Delta. But when something as serious as this happened, he did not have the strength, the intestinal fortitude to call in the hon. member for Leeds (Mr. Cossitt).

I am deeply concerned, Mr. Speaker, with one thing in this House. I know the importance of the place of the police in society. I know the right hon. member for Prince Albert (Mr. Diefenbaker) and how he respects the police and the law; I know that the hon. member for Calgary North (Mr. Woolliams) has great respect for the police and the law. I am not sure of one or two others who have spoken, because I do not know them as well, but I do know, Mr. Speaker, that the thin blue line is so fragile—that line provided by the police for the safety of our society is fragile.

Contempt for the protection of the people, Mr. Speaker, is just frightening to anyone who cares. I just ask, and I plead in this House for the safety of the people of Canada, I ask members not to play with the information, the secret information the police may have. I have often investigated cases where my information, if published, would have destroyed the investigation. I see it happening here on the largest possible scale. I beg you, Mr. Speaker, and I beg the responsible members opposite to please think of our country and our people, and the safety that the police provide for this country. Perhaps there is sensitive information, and perhaps the way the Solicitor General (Mr. Blais) handled this crucial situation has not satisfied some people, but let us not be ready to destroy our police force unless we have a substitute.

[Mr. Speaker.]

Mr. Speaker: Order, please. The hon. member for Perth-Wilmot (Mr. Jarvis) initiated this discussion by referring to a question of privilege on the refusal today of the Solicitor General (Mr. Blais), to answer questions on the grounds of security. He referred back, as did other hon. members, to the motions that remain outstanding as a result of earlier discussions.

I want to reiterate that my intention in dealing with those earlier motions on that occasion was to stand them out of respect for the substantive nature and the importance of the motions. I feel I made it clear at that time that no obligation exists. I think it is well understood that it is impossible to enforce an obligation to give answers during the course of a question period. However, it was a separate question at that time which related to the declared intention on the part of the hon. minister in terms of certain kinds of questions and, therefore, I felt that the most effective way to get at the answer to that question was not to send the matter to the committee, but really to see what would happen in the question period.

I have heard all of the argument today. I will give the matter further consideration and attempt to finalize those motions as soon as possible.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

Second Report of the Standing Committee on Transport and Communications—Mr. Campbell (LaSalle-Émard-Côte Saint-Paul).

Second Report of the Standing Committee on Fisheries and Forestry—Mr. McIsaac.

Third Report of the Standing Committee on Management and Members' Services—Mr. Coates.

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

PUBLIC SERVICE

TABLING OF TOMENSON-ALEXANDER STUDY OF PUBLIC SERVICE PENSIONS

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, pursuant to Standing Order 41(2) I wish to table in both official languages a study of public service pensions conducted by Tomenson-Alexander and Associates.

* * *

Mr. McIsaac: Mr. Speaker, I rise on a point of order. There have been discussions through the usual channels about the fact that the statement that is about to be made by the hon. minister, and perhaps the comments, responses and questions will certainly run us into the private members' hour. I believe it is generally understood that we would agree to that, and perhaps approaching six o'clock we could deal with Bill C-1001. We could proceed with that following the statement of the President of the Treasury Board.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Baker (Grenville-Carleton): Mr. Speaker, so that we could clear up some of the other matters, would it be possible for us to change our proceedings a bit? I know that my friend wants to put two motions standing on the order paper in the name of the Deputy Prime Minister, and we are prepared to deal with those very quickly. Perhaps we could get them out of the way and then we can deal with the minister's statement.

Mr. Speaker: Order. The sensible solution might very well be, in the circumstances, to try to finalize routine proceedings and leave outstanding the statement on motions and orders of the day only. That would enable us to do that, and I hope we can move to do that with dispatch in a few minutes. We could then get to the minister's statement, and that would leave only his statement and the responses and questions, and then orders of the day later. Whatever is left of the private members' hour before six o'clock could be used, of course, in the way described. Is it agreed?

Some hon. Members: Agreed.

* * *

INCOME TAX

INTERNATIONAL AGREEMENTS TO AVOID DOUBLE TAXATION

Hon. Robert K. Andras (for the Minister of Finance) moved the first reading of Bill S-9 (from the Senate), to implement an agreement between Canada and Malaysia and conventions between Canada and Spain, Canada and Liberia, Canada and Austria and Canada and Italy for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read the first time.

Order Paper Questions

HOUSE OF COMMONS

APPOINTMENT OF COMMITTEE TO REVIEW RIGHTS AND IMMUNITIES OF MEMBERS

Hon. Robert K. Andras (for the Deputy Prime Minister and President of Privy Council) moved:

That a Special Committee of the House, to consist of Mr. Speaker and seven other Members, be appointed to review the rights and immunities of Members of the House of Commons, to examine the procedures by which such matters are dealt with by the House, and to report on any changes it may be desirable to make;

That the Committee have power to appoint, from among its members, sub-committees, as it may deem advisable or necessary;

That the Committee have power to sit during sittings and adjournments of the House of Commons;

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

That the papers and evidence received and taken on the subject in the First and Second Sessions of the Thirtieth Parliament be referred to the Committee; and

That the Members to act with Mr. Speaker on the said Special Committee be Messrs. Baker (Grenville-Carleton), Baldwin, Beaudoin, Gray, Knowles (Winnipeg North Centre), Prud'homme and Reid.

Motion agreed to.

EASTER RECESS

Hon. Robert K. Andras (for the Deputy Prime Minister and President of Privy Council) moved:

That when the House adjourns on Wednesday, March 22, 1978, it shall stand adjourned until Monday, April 3, 1978, provided that at any time prior to that date, if it appears to the satisfaction of Mr. Speaker, after consultation with the Government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker's being unable to act owing to illness or other cause, the Deputy Speaker or the Deputy Chairman of Committees shall act in his stead for all purposes of this order.

Motion agreed to.

* * *

● (1632)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: 498, 882, 1,114, 1,194, 1,197, 1,208 and 1,272.

[*Text*]

DEPARTMENT OF SECRETARY OF STATE—DIRECTOR OF EVALUATION

Question No. 498—**Mr. Herbert:**

1. What are the terms of reference of the Director of Evaluation in the Department of the Secretary of State?

2. How many personnel are employed in the offices under his control and what are their categories?

Order Paper Questions

Hon. John Roberts (Secretary of State): 1. Under the general direction of the director general, planning, systems and services, develops the departmental framework within which program evaluation is to be accomplished; coordinates, insofar as necessary, departmental evaluation work; recommends to senior management policy changes, based on evaluation results which will improve the effectiveness of the department; encourages the establishment of criteria of effectiveness and performance indicators for departmental objectives; guides program managers in the conduct of evaluations; conducts evaluations where more than one program area is involved.

2. Three people—all ES 5's. The director of evaluation is an AS 7. In addition, there are a small number of officers in the policy and planning units of certain program directorates in the department who, among other duties, plan, develop and direct evaluation of the effectiveness of their respective programs in meeting program objectives.

NOTE: The under secretary of state recently authorized the establishment of an evaluation and audit branch which will become the senior departmental coordinating body for program evaluation and financial and operational audit. Responsibility for organizing the new branch has been assigned to an assistant under secretary who will be assisted by a small task force with the following mandate: 1. To define the objectives and features of an evaluation policy for the department's programs. 2. To determine the methods required to make objective, quantifiable evaluations as far as possible, and share responsibilities. 3. To draw up a plan for evaluation and audit activities. 4. To determine the structure of the new evaluation and audit branch and make it operational.

COMMUNITY SERVICES EQUALIZATION PROGRAM

Question No. 882—**Mr. Marshall:**

What are the details of the programme known as the Community Services Equalization Programme which is to replace the Neighbourhood Improvement Programme?

Hon. André Ouellet (Minister of State for Urban Affairs): There is not a program known as the Community Services Equalization Program to replace the Neighbourhood Improvement Program. Rather, in discussions which I have had with my provincial colleagues over the past year, I have expressed my concern with ensuring that federal urban related programs are both flexible and equally accessible to all potential users. In this regard, I have outlined three broad alternatives for discussion purposes. The three broad options which have been identified and which have been discussed in general terms with many of my provincial counterparts at various tri-level meetings are: (i) increasing federal assistance programs for such projects as home rehabilitation, neighbourhood improvement and sewerage treatment; (ii) providing funds to the provinces under the condition that the money be passed along to municipalities; and (iii) establishing a direct tax rebate system to reimburse Canadians for some of the heavy tax load they now bear. These matters are continuously being reviewed and reflect a concern with ensuring that programs are achieving their objectives in an effective, efficient and equitable manner.

[Mr. Herbert.]

EXPENDITURES IN CONSTITUENCY OF NICKEL BELT

Question No. 1,114—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of the Secretary of State and those agencies that report to it?

Hon. John Roberts (Secretary of State): In so far as the Department of the Secretary of State is concerned: records are not kept in such a way as to permit the ready provision of accurate information on grants by electoral districts without inordinate time and expense.

In so far as the Public Service Commission is concerned: the Public Service Commission does not maintain details of expenditure by constituency and is therefore unable to provide the information requested.

In so far as the National Film Board is concerned: Nil.

In so far as the Public Archives are concerned: Nil.

In so far as the National Library is concerned: Nil.

CANADIAN COMMERCIAL CORPORATION

Question No. 1,194—**Mr. Andre:**

1. What is the Crown's precise financial interest in Canadian Commercial Corporation as administered by the Department of Supply and Services and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. The financial interest of the Crown in Canadian Commercial Corporation based on unaudited quarterly financial statements at December 31, 1977 is as follows: Interest on loans, $156,234; Loan payable to Canada (CCC Act S.8(2)), $3,300,000; Equity of Canada: Working Capital provided under authority of CCC Act S.8(1), $10,000,000; Unrealized gain on U.S. Exchange, $360,873; Surplus, $320,993; Total financial interest, $14,138,000. The Canadian Commercial Corporation was established as of May 1, 1946, by act of parliament, for the following purposes: (a) To assist in the development of trade between Canada and other nations, and (b) To assist persons in Canada: 1. To obtain goods and commodities from outside Canada, and 2. To dispose of goods and commodities that are available for export from Canada. By the terms of the act the corporation took over the whole of the undertaking of the Canadian Export Board (established by Order in Council P.C. 70 of January 31, 1944), which agency was at that time carrying out procurement functions in Canada on behalf of foreign governments, United Nations

Relief and Rehabilitation Administration, and the Canadian Mutual Aid Board. As a result, the corporation continued without interruption all procurement action being taken on April 30, 1946, by the Canadian Export Board, and continued to render similar services to foreign governments. In addition, for some time, the corporation was able to give assistance to Canadians in the procurement of goods from other countries where, by reason of regulations in those countries, it was necessary that transactions be handled in whole or in part through a government agency. From February 5, 1947 to March 31, 1951, the corporation also acted in effect as agent for the Minister of Trade and Commerce in procurement for the Department of National Defence. On March 31, 1947 the Crown's equity was $2,500,000 in the form of an advance for working capital, there being no fixed assets acquired.

2. From the figures aforementioned the book value of the Crown's equity is as follows: at incorporation, $2,500,000; at December 31, 1977, $10,681,866.

3. To December 31, 1977, the net amount "invested" by the Crown in CCC was $81,312,651, not including $10,241,953 recovered from the Canadian International Development Agency for grant aid procurement services. Since 1962, CCC has not charged any handling fee for its services due to statutes in various defence related agreements and also in a desire to encourage exports. Most expenses have been covered by annual appropriations so that the corporation operates on a break even basis. Therefore the concept of realized profit in dollar terms is inapplicable. These costs must be taken in the context of an over-all business volume of about $6.8 billion to date.

4. (a) The board of directors and the president of the corporation are appointed by the Governor-in-Council pursuant to S.3(1) of the act. It has been the policy of the corporation that all directors be public servants with the exception of appointment of a president from the private sector from 1961 to 1965. (b) Since April 1, 1964, all staff have been employees of the Department of Supply and Services and its predecessor the Department of Defence Production.

5. It is not intended at the present time to make any change in the current relationship between the government and CCC.

CANADAIR LIMITED

Question No. 1,197—**Mr. Andre:**

1. What is the Crown's precise financial interest in Canadair Limited as administered by the Department of Industry, Trade and Commerce and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): 1. (a) Financial interest: $46,618,715. (b)(i) At date of acquisition, January 5, 1975: 251,700 Preferred Shares, $25,170,165; 1,408,463 Common Shares, 12,979,835. (ii) At December 31, 1976: 1,693,743 Common Shares, 8,468,715; Total interest, $46,618,715. (c)(i) In exercise of the option agreement to purchase; (ii) additional subscription, consequent on the repayment by Canadair of a $6 million loan, plus accrued interest, to the Defence Production Revolving Fund.

2. (a) At date of acquisition, $30.919 million; (b) At end of 1977 (estimated), $40.929 million.

3. Equity Costs, $46,618,715. Contributions to Operating Funds, Refundable inventory financing, during period since Crown took ownership of Canadair, resulting from agreements standing at the time of purchase, $16,006,996. Debt Forgiveness, Nil. Crown's Realized Profit, Canadair has operated profitably since the purchase. Net earnings have been retained.

4. (a) The Canadair board of directors is appointed by the Minister of Industry, Trade and Commerce. Mr. A. M. Guérin, assistant deputy minister, Industry and Commerce Development, Department of Industry, Trade and Commerce, directly represents the minister on the board. With the exception of one other government representative, Mr. Guy Lavigueur, vice president, Federal Development Bank, the other board members are drawn from the Canadian private sector. (b) Canadair is constituted as a business entity under the Canada Corporations Act. The appointment of the senior management of the company is the prerogative of the board of directors.

5. Not yet. Mr. D. A. Golden, president Telesat, is currently assessing for the Minister of Industry, Trade and Commerce, the restructuring options open to the government in respect of its ownerhip of Canadair Limited and of de Havilland. Mr. Golden plans to submit his report at the end of March, 1978.

MR. LIONEL ORLIKOW

Question No. 1,208—**Mr. Epp:**

1. Is Mr. Lionel Orlikow employed by the Department of the Secretary of State and, if so (a) what is his job designation (b) upon what basis and on what criteria was he hired (c) for how long has he been hired (d) what salary and what expense account per year is he receiving?

2. Will he be submitting an annual report of his findings and will the report be Tabled in the House of Commons?

Hon. John Roberts (Secretary of State): 1. No.

2. Not applicable.

CBC—FOOTAGE OF RUSSIAN SATELLITE CRASH LANDING

Question No. 1,272—**Mr. Beatty:**

1. Since the first report of the Russian satellite that crash landed in Northern Canada was broadcasted up to and including January 31, 1978, how many minutes of footage concerning the incident was made available to local stations by CBC?

2. Of the total footage, how many minutes were produced by CBC?

3. In the case of footage supplied by other networks, what were the networks in question and how many minutes produced by each were made available to CBC affiliates?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. By Evening News Service and syndication, 24 minutes 59 seconds. This total does not include The National, which is carried on all CBC-owned and affiliated stations.

2. CBC produced 21 minutes 54 seconds of the above total.

3. One minute 36 seconds produced by NBC, and one minute 29 seconds by CBS.

[*English*]

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

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

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I have one brief question. Today is Thursday. I understand the President of the Treasury Board (Mr. Andras) has it within his care to give us the order of business as we look ahead into next week.

Mr. Andras: Yes, Mr. Speaker. My colleague has indicated it is the intention to proceed after the immediate events with Bill C-10. After the disposition of second reading of that, it is intended to proceed with Bill C-26, followed by Bill C-4, and then Bill C-21. Of course March 15 is an allotted day.

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PUBLIC SERVICE

ANNOUNCEMENT OF LEGISLATION WITH RESPECT TO INDEXING OF PENSIONS

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I want to take this occasion to announce the government's intention to introduce legislation to amend several features of the public service pension program with respect to the indexing of pensions to changes in the cost of living.

The amendments that will be proposed will apply to members of parliament, public servants, military and RCMP personnel, and all other individuals who are subject to the Supplementary Retirement Benefits Act.

Over the past two years, Mr. Speaker, the government has been carrying out a special examination of public service pension arrangements in conjunction with its expenditure restraint program, its total compensation analyses, and the comprehensive review the government is carrying out of the retirement income situation facing all Canadians. This examination has not been completed, but it has reached a sufficiently advanced state to indicate that some changes can be introduced to the program at this time without compromising the conclusions of the other reviews.

The objectives of the changes that will be introduced, briefly stated, will be to place a curb on some undesirable practices that have crept into the program; to close off some loopholes in the program; and to fortify the financial viability of the program against unexpected financial setbacks that could conceivably arise in the relatively distant future.

To achieve those objectives, the amendments will propose: first, that indexing payments be deferred to age 60 for individuals who, in future, retire before age 60.

To ensure that this change is applied equitably to those who are presently close to early retirement ages, the bill will propose that it be introduced on a gradual basis so that those who retire during the balance of this year will be unaffected by the change, but for those retiring with unreduced pensions next year, indexing would be deferred to their 56th birthday, and for those retiring in 1980, indexing would be deferred to their 57th birthday, and so on.

Another way of putting this is that those who will be 54 at the end of this year would, if they take early retirement, have their indexing payments deferred by one year; those who will be 53 would face a two-year deferral; and those who will be 52 would face a three-year deferral.

As a result of this transitional feature, therefore, full implementation of this change would not occur until 1983. I have been informed in the last few minutes that in the press release on some of these points I am making here, which was set out in French, there is an error on that particular point. That correction will be made. I think it is important.

Second, that the first indexing adjustment received by pensioners be pro-rated monthly so that it only reflects the inflation that occurs after retirement.

Third, that the current continuing commitment to index pensions fully with changes in the consumer price index be replaced by an arrangement under which cost of living adjustments would be determined on an ad hoc basis, three years at a time.

Fourth, that the first ad hoc arrangement would apply for the three years commencing January 1, 1979.

Fifth, that each triennial arrangement would be determined no later than the end of October preceding the commencement of each three-year period, and would be determined by a statutory formula which would provide that (a) full indexing for any three-year period could be set aside if it can be established that the costs of full indexing for the period are likely to exceed the amount of extra interest it is expected will be earned on the pensioners' share of the accounts of the program for the period, plus the 1 per cent employer and 1 per cent employee contributions that have been made to the indexing account by and on behalf of pensioners, and (b) when full indexing is set aside, the ad hoc arrangement authorized for the period shall provide for the maximum adjustments that can be financed by expected pensioners' extra interest earnings

for the period and the indexing contributions that have been made by and on behalf of pensioners.

The first two proposals to defer cost-of-living adjustment payments to age 60, and to reduce the size of the first adjustment received by public servants who retire toward the end of the year are basically designed to curb the incidence of artificial early retirements that appears to have cropped up in recent years. I think hon. members have increasingly had their attention drawn to a practice that is followed by some public servants who leave the public service with early retirement pensions, but do not leave the labour market. In my view it is a misnomer to say that such individuals have retired. And second, to plug the loophole which now allows public servants to get the best of all worlds by retiring toward the end of the year.

At present, public servants who time their retirements toward the end of the year can build up their basic pensions, and then in a matter of a few days, weeks, or months receive an adjustment on the highest possible basic pension. I am confident that most public servants will share my view that this arrangement is an unfair one.

The other changes, Mr. Speaker, are designed to firm up the financial underpinnings of the program to ensure that we are not storing up future trouble for taxpayers and public service pensioners. I want to say, Mr. Speaker, that the decision to propose that public service pensions be adjusted for changes in the cost of living on an ad hoc basis was only reached after considerable thought and soul searching on my part and that of the government.

The source of the dilemma—and that is what it is, a dilemma—centres around the responsibility the government has to both pensioners and taxpayers. On the one hand, it is the government's view that the measures that have been adopted to protect the purchasing value of public service pensions are based on a sound principle. In the government's view, it is unjust and unfair to allow the rate of inflation to determine arbitrarily the real value of pensions, and that is exactly what happens when pensions are not adjusted for changes in the cost of living.

In short, the principle of maintaining the purchasing value of pensions so that pensioners can maintain their access to the same basket of goods and services is a principle to which the government is committed, and remains committed.

The government, however, is also committed to the principle that public service pension arrangements must also be just and fair in terms of their impact on taxpayers.

These two principles are not necessarily incompatible with each other.

There are experts who feel we can count on seeing a long-term situation in which interest rates, on average, will be 3 per cent to 4 per cent ahead of the rate of inflation, and 1 per cent ahead of salary increases.

If this were to occur, and it would not be a new experience by any means, a fully indexed public service pension program could be carried by government employer contributions that would not exceed the level of those that were met by taxpayers prior to the introduction of indexation.

In recent years, of course, interest rates have not maintained a 3 per cent to 4 per cent margin over inflation and a 1 per cent margin over salary increases.

Some experts feel that this is not a temporary situation, but is a state of affairs that can be expected to prevail over the next 50 years or so. What these experts, in essence, are saying is that while interest earnings may rise in the future as a result of inflation, they will not keep pace with faster rising inflation. If that were to occur, it would mean that a fully indexed public service program while experiencing rising revenues would face indexing costs which were increasing at a faster rate. Eventually, then, something would have to give. That is, if the situation continued long enough, pension benefits would have to be cut back drastically or taxpayer payments to the program would have to be increased substantially.

● (1642)

Faced with such a gulf in the views of these two camps of experts, I think we have but two basic choices. One approach would be to adopt a "wait-and-see" attitude, that is, to wait and see who is right. The other approach would be to say "a plague on both your Houses" and then take a practical, down to earth attitude to the matter. Adopting a wait-and-see approach means that if we eventually discover that those with a bullish attitude about future interest rates are right, then there is no problem and there will be no problem.

Some hon. Members: Hear, hear!

Mr. Andras: If, on the other hand, the "bears", those who take a more pessimistic view about future interest rates, are right, the result could be a wrenching experience for future taxpayers and/or pensioners. In my view the stakes, namely, the welfare of future taxpayers and pensioners, are just too high for such a gamble. Given the current state of uncertainty and the division of expert opinion on these economic issues, the sensible thing to do, in my view, is to adopt a shorter time frame for looking at these issues. In this way, if difficulties are encountered, it will be possible to take the needed stitch in time so as to avoid a future unravelling of the whole program. At the same time, it would avoid creating a situation in which current employees and taxpayers might be required to make large sacrifices today in order to cover contingencies which may never arise.

To achieve this goal, the legislation which will be introduced will require the President of the Treasury Board to carry out a triennial review of Public Service pension arrangements with advice from the chief actuary and in consultation with representatives of interested parties. These reviews will be directed at determining, the amount of money which will become available for pension adjustments for the coming three years from, first, the interest earnings which will be realized from the pensioners' investment in the program and which are over and above the interest earnings required to finance basic pensions, and, second, from the special contributions for indexing which have been made by and on behalf of pensioners. The

reviews will also seek to determine the fairest and most reasonable way of allocating the money becoming available for cost of living adjustments to pensioners, including those in receipt of survival and disability benefits.

I may say that in making these proposals I have been very much influenced by advice I have received from my advisory committee on the Public Service Superannuation Act and by consultations which have been held with bargaining agents. I want to acknowledge publicly that this advice and consultation resulted in a number of constructive suggestions being advanced and, in fact, accepted. However, I also wish to say that the proposals I have described, and particularly my decision to announce them today, have also been influenced by the study carried out by the actuarial consulting firm of Tomenson-Alexander Associates which I tabled in the House today.

This study, hon. members may recall, is one which I commissioned last spring to give me an independent view on a variety of Public Service pension issues. I believe that when hon. members have had an opportunity to examine that report they will find that much of the evidence and data amassed by the consultants corroborates the central financial projections contained in the paper "Basic Facts About Pensions in the Public Service of Canada" which I tabled in the House on October 18, 1976.

Many parts of the report, however, are quite critical of the Public Service program. Here, Mr. Speaker, I am referring to the findings of the consultants that if the Public Service program were placed on a fully funded basis, the program would require a continuing government employer contribution of 15.3 per cent of payroll and would face an initial unfunded actuarial liability of $5.9 billion.

In analysing this finding I think it is important to realize that these projections are in many ways a product of the assumptions made by the consultants, particularly their assumption with respect to interest earnings. I should also like to point out that $5.6 billion of the $5.9 billion unfunded actuarial liability estimated by the consultants is attributed to the indexing part of the program. According to the consultants, the argument for fully funding this part of the program rests on the fact that the indexing commitment is, at present, a continuing and automatic legislative commitment. These features, in the view of the consultants, are the true conditions which necessitate advance full-funding for the indexing part of the program. And these are the precise features of the program which I shall be proposing be changed.

Hon. members will find that the news release I am issuing on the consultants' report deals with these complex technical matters in a much more comprehensive manner than I am able to do this afternoon. What I have tried to do is describe the broad principles and policies which will be advanced in the legislation. The bill itself will spell out the day-to-day details with respect to the manner in which these principles and policies would operate in individual and special situations and ensure that the changeover to the new rules will be carried out in a smooth and equitable manner.

[Mr. Andras.]

In developing the proposals which would be included in the proposed legislation I shall be consulting with my colleague, the Minister of National Defence (Mr. Danson)—because of the Armed Forces pension program—with the Solicitor General, (Mr. Blais) having the pension interest of the RCMP in mind, and with my own Public Service Superannuation Advisory Committee as well as with other interested parties.

Finally, I should like to assure hon. members that the whole Public Service pension program will be up for review upon the completion of the current actuarial evaluation of the program now being carried out by the department of insurance and upon the completion of the government's comprehensive review of the retirement income situation of all Canadians. The review will also take into account all the findings of the consultants, as tabled today, and the detailed analysis of the Treasury Board secretariat.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for Timmins (Mr. Roy)—Bilingualism—Suggestion government cease subsidizing La Fédération des Francophones hors-Québec; the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Transport—Inland terminal at Yorkton, Saskatchewan—Government intentions regarding construction; the hon. member for Elgin (Mr. Wise)—Agriculture—Amount spent in promoting skim milk powder.

● (1652)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SERVICE

ANNOUNCEMENT OF LEGISLATION WITH RESPECT TO INDEXING OF PENSIONS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, we have all been awaiting most eagerly the report of the Tomenson-Alexander investigation as it relates to pensions. First of all I must say "thank you" to the President of the Treasury Board (Mr. Andras) for giving this side of the House, and I think I can speak for all members on this side of the House, the opportunity of seeing not only the statement but the press release together with the actual actuarial report. I believe I can speak for all members on this side.

I must say we have had an opportunity of reading the minister's statement and the press release but we have only had an opportunity of having a cursory glance at the report

itself. In the event you do not know it, Mr. Speaker, this report is extremely complex, with many ramifications, implications, and complications. Half of the report, in about 154 pages, is an analysis, and we have at least 75 pages of charts, tables and schedules. On behalf of my party on this side of the House I might say that it would be quite difficult in three hours to analyse material which the minister has had for three months. I am not making light of this; I am not trying to be too severe, but I want the minister to know that because this is an important document we cannot have it for three hours and reach a conclusion as to the several analyses, charts, graphs, and schedules related thereto. I say we are now faced with a debate that will continue within the public sector and private sector relating to pensions.

I refer to the minister's statement regarding an important matter found on page 5. He says that "the union representation in these sessions made it quite clear to me that they would not be prepared to endorse it in its entirety, the package I have just announced." I will not dwell on this too long. I wonder what kind of consultations we have with the bargaining agents for the public service. It is my understanding and, of course, the minister will correct me eventually so I do not want to take too much time on it, that there was very little. If there was it was not too meaningful.

I believe the minister has an escape clause in the end. I refer again to the speech on page 6 where it says that the bill itself will spell out all of the day-to-day details on how these principles and policies will operate in individual and special situations and ensure that the changeover to the new rules will be carried out in a smooth and equitable manner. That is extremely important. The minister has indicated without any hesitation that he is in favour of indexing pensions; that they should be actuarily sound, and they should not paid for out of the public purse.

This is our policy, sir. There is no question about it. I hear the good doctor on the other side saying "hmm". I am trying to be as responsible as I can. This is extremely important. We listened to the minister without any catcalls because we realize that it is a very sensitive subject. I do not want any undue intervention from members on the other side who have not read the minister's statement or who have not read the press release and have no idea as to what is contained in the Tomenson-Alexander report.

Without getting waylaid with inconsequential facts, let me say that this is an important statement which the minister has made. As I said, it is an approach which does endorse indexation even though the minister likes to play games with words and leaves them out at times, but then he brings them back again. This is a form of indexing, Mr. Speaker. All he has stated now is that we cannot afford the type of indexing we have had in the past because it is mortgaging our future. Therefore, we have to have another look. We will have indexing but it has to be actuarially sound. This is what my leader has been stating over the past few months.

The minister's statement raises many questions as to what is happening around here respecting old age security. In terms of the guaranteed income—I see the minister is shaking his head but I just want to put it on the record—it will raise questions by those not affected by this bill but who are curious. It is my humble submission that you cannot trust this government. And I did not say the minister. I have shadowed him for a number of years and I have to watch him very carefully. He is slick and slippery, but basically he tries to be honest.

I want to put in a plea for the old age security recipients, the recipients of guaranteed income supplements, of veterans pension, and of CPP. This legislation does not affect those things, and I see the minister nodding his head in the affirmative that we do not have to worry. He will stand up later on in the question period and reply to that and say "Yes, the hon. member is quite right, they do not have to worry". You remember, Mr. Speaker, when the government said they were not going to affect the old age security payments, the minister said, "We cannot afford to have the social services we have right now and we are going to take a long hard look at them". I may be paraphrasing. But just as long as the minister lets me know now that today he is not playing around with our senior citizens, those who, because of the ineptness and mismanagement of the economy, cannot afford to exist. He gives me that assurance, but I want to make sure that this is a statement that can follow my remarks and others because the wage and price controls are still in my head.

I remember when the government said that wage and price controls never worked in Great Britain or the United States and that government would never bring them in. What do we have now? I do not have to tell you. I notice that the Prime Minister (Mr. Trudeau) sent a letter dated October 12, and I will not say that he deliberately misled the Canadian people because that is unparliamentary, but I will say that he was less than honest. He was talking about people and in that letter he said:

> Protecting pensions from inflation by indexing them to increases in the cost of living should be an integral part of our pension schemes. . . They are not the cause of inflation; they are its victim. We have an obligation to help protect them.

Mr. Andras: What has changed?

Mr. Alexander: Mr. Speaker, the minister now says, "What has changed?" My point is that the implication was that the indexing would stay as it is. So there is a change because we are not having the same form of indexing. We have the Prime Minister's letter, however, of October 12. I believe this is the same position he put to the defence employee association, that they should have comfort in saying, "We do not have to worry because the Prime Minister is speaking."

With respect to total compensation, this seems to be a new theme. The Treasury Board, on introducing the Public Service Staff Relations Act, indicated that civil servants' benefits which include indexing add about 30 per cent to base wages. I want to emphasize that. We have to examine the impact this new scheme will have. Does this reduce the 30 per cent and, if so, by how much? The Public Service Staff Relations Act refers to an advisory committee on pay research. In other words, this whole question of total compensation, as it applies to the public service, as it relates to the private sector, is under

question. We need passage not only of the bill in which he is going to talk about total compensation but as well passage of the bill which will bring in amendments to the supplementary benefits.

It is important, Mr. Speaker, that we mesh all these bills together. We cannot deal with one bill prior to another bill when they are involved with the same principle; that is, total compensation. It is noted that the amendments with respect to the public services pension program will apply to MP's as well. I do not want to dwell on that too long, but I know that many people will say "hear, hear" with respect to that, so I will just leave the matter alone.

• (1702)

A very important principle is placed before the House and the people of Canada which the minister has explained well enough. There is a deferral of indexing to the age of 60 if you retire before, and the minister has explained it.

Mr. Francis: The indexing does not apply to MPs.

Mr. Alexander: I am not talking about MPs. My comments with respect to MPs are finished and I am not getting into that one.

Mr. Knowles (Winnipeg North Centre): Why not?

Mr. Alexander: Because the minister will be involved with it, so why should I? I made my point. The minister recognizes that there is a problem and he has indicated it will be dealt with.

As I said, the deferral is an interesting point. The third point is that if you retire before the end of the year, the indexing would be fairly decent. We know what the minister is talking about in this respect, and I do not want to mention any civil servant by name. Let me simply say that his name starts with R. In this regard he did all right.

Mr. Knowles (Winnipeg North Centre): And his first name is Simon.

Mr. Alexander: We will have no more of that nonsense. You cannot put your hands into the public trough to that extent. That was a significant abuse, and I am pleased to know the minister has seen to it that there will be no more unwarranted dipping of big, greasy hands into the public trough.

The most important point in the minister's statement is that he has brought about a new formula. If I understand it, it is a cost of living formula based on CPI which is now to be applied on an ad hoc basis, determined three years in advance. This is still indexing. Let no one in this House or outside the House think that we do not have indexing. We do, and I have already explained what form it will take. But I am concerned, and so is the government, about those who are on fixed incomes, those who are not able to buy bread and milk. In short, we are concerned about the poor and those who can least afford to be caught by inflation but who are most burdened by it.

The minister understands that we must have some form of indexing so as to deal with inflation which is the result, to be kind to him, not of his incompetence but of the incompetence of the government. The government has spent money like mad and has printed money like mad. The hon. member for Calgary Centre (Mr. Andre), when the minister tabled his estimates for 1978-79, took the minister over the pole because there did not seem to be any restraint whatsoever. As a matter of fact, the hon. member for Calgary Centre indicated that the operating cost of the federal government will rise by 13.6 per cent in 1979, whereas the minister referred to some 9 per cent. We have to watch the minister.

Mr. Knowles (Winnipeg North Centre): He called it flim-flam.

Mr. Alexander: That is what I call it, too. The first thing we are concerned about is that there be recognition that not everybody in this place receives a $35,000 pension. That is something on which the minister should have dwelt because it concerns many of us. Many people outside this place think that everybody here will get a $35,000 pension. The vast majority of pensions here will be in the neighbourhood of $5,000 or $6,000, and that is nothing great in this day when the cost of living is accelerating madly.

Even though the minister recognizes the problem and is moving in the right direction, I do not know whether this is the right approach in terms of the minister's answer to the problem, because there are questions. I want to know who pays for those who are already retired and who have never contributed. This is the problem we are facing now. Are they included in the plan? I think the minister in due course will give me an answer to that. Are we looking beyond the three year period when indexing takes place in January of 1979?

Even though I appreciate what the minister is doing, I do not know in particular whether this is the right program. As I said, we want comments from the public service bargaining units, from the private sector, and from all other interested parties after they have had an opportunity to read the mninister's statement and, what is more important, to read the bill.

If we are only talking about a three year period, what will happen in the fourth year? The minister is smiling, but this is a complex matter and I have only limited time. We will be involved in this in the standing committee, so we have plenty of time for that. Suppose we have high inflation in that fourth year, will the contributions be raised or will there be no indexing?

I raise these questions to let the minister know that we are aware of what is happening here, and we are concerned. We are concerned about one thing in particular. The minister has said that the plan must be implemented on January 1, 1979. This means that the Supplementary Retirement Benefits Act must be amended. In view of the fact that there is an election climate right now, everyone is talking about the forthcoming election, is this not an election gimmick? I am reluctant to suggest this, but the minister knows he will be involved with actuaries, he will have to introduce legislation which will have to be given first and second reading, then go to committee, come back here for report stage and be given third reading,

and yet I hear we might be going to the people. All I am saying is that I hope the minister is not flim flamming the Canadian people.

When we are finished, I will have a few questions to ask the minister with respect to this extremely important matter. Will all the actuarial evaluations be completed and available with regard to this new three year thrust? Will they be available when the bill is given first reading? The minister nods his head in the affirmative, and I am pleased to see that.

I see you rising, Mr. Speaker, but this is important—

Mr. Deputy Speaker: Order, please. I might be able to give the hon. member an extra minute or so, but I wish to refer him to Standing Order 9. He himself said that this question will be debated, but the Standing Order provides that, after a statement by a minister, spokesmen from each party are authorized to make brief comments. I know that representatives of other parties want to speak and that other hon. members want to ask questions. There has been an agreement not to see the clock, but if I were to allow the hon. member another four or five minutes, I would be abusing the rule as well as the rights of other members.

• (1712)

Mr. Alexander: I am finished now, Mr. Speaker, so I can close. I think I have made all my points. I just want to say that we appreciate the direction in which the minister is going. We do not know whether this is the method by which the problem can be solved, so therefore we are waiting anxiously for the minister to introduce legislation so that we can deal with this matter properly and hopefully come up with a solution whereby we can have peace with the public service and the private sector and so that we will not have a continuous harangue about who is paying for what and dipping into the public purse.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, although I may not go along with everything which has been said by my friend, the hon. member for Hamilton West (Mr. Alexander), I am delighted that he recognized that the statement made today by the President of the Treasury Board (Mr. Andras) is a reaffirmation of the government's commitment to the principle of the indexation of pensions.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): As one who has been involved with this issue from, I think, the time it was first talked about—in fact, I think I was the one who started the talking more than 30 years ago—I was glad in particular to hear the minister say:

> In short, the principle of maintaining the purchasing value of pensions so that pensioners can maintain their access to the same basket of goods and services is a principle to which the government is committed—and remains committed.

That applies to all public servants and to many others who come under the aegis of government pension plans. Just to get one point clear, we are not in today's discussion dealing at all with old age security, the guaranteed income supplement, family allowances, veterans disability pensions or war veterans allowances. Those benefits are all indexed to the full cost of living. They are not being touched.

Mr. Baker (Grenville-Carleton): Or the CPP.

Mr. Knowles (Winnipeg North Centre): Or the Canada Pension Plan. I thank my friend for reminding me of that one. I hope the fact that the government has come down, with respect to public service pensions, for maintaining the principle of indexation means that there will be no more nonsense in the cabinet about cutting out the indexation of those other social programs.

If we were really on television and the country out there was hearing us right now, I would like to say to the retired public servants of Canada who are on their pensions and who are wondering whether all this talk means they are going to lose their indexation that, even if this program is implemented in full, for the vast majority of them there will be no change.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): They will continue to have their pensions indexed to the full amount of the cost of living. I will go into that in detail in a moment. There will be some at the top who have got increases by abusing the possibilities in the system who may suffer. Even those who have already got it by abuse may not suffer, but the same abuse is something others will not be able to practice. However, before I get into details about the announcement of the minister, I want to say—and I think there have been some interjections along the same line—that the answer to the Colin Browns and all those characters around the country carrying on a campaign against these pensions being indexed because public servants have it and those with private pensions do not, is that it should not be curbed or taken away from those who have it but that the principle of indexing pensions should be extended to all pensions both in the public and in the private sector.

I was happy to note that within the last day or two at least one prominent firm in the private field, the Mercer Company, has indicated that it believes that the day will come when private pensions will have to be put on an indexed basis as well. Even if that means a contribution from federal funds toward the indexing of pensions for people in private plans as well as in public plans, I agree, but with costs going up all the time a pension which stays fixed, or a pension which does not rise at least to the extent of the rise in the cost of living simply is not a pension. It is just something to keep a person off welfare for a little while. If pensions are going to be meaningful, they have to be indexed. As I say, that has to apply across the board. In my view a good deal of harm is done and a good deal of distortion takes place by the talk that the insurance people and the people in this report I have in my hand indulge in with regard to accounts, funding, interest rates and all that.

When people are living on pensions, they are not living on food, clothing and shelter that they have saved. They are living on food, clothing and shelter which are being produced at that

time. No matter how you bookkeep it and no matter how you theorize about it, pensions are in reality on a pay-as-you-go basis. What we have decided by our pension programs like old age security, Canada Pension Plan, Public Service pensions and all the rest is that in an economy such as we have in Canada it is perfectly possible, with the wealth that we produce, to decide that some of that wealth should go for the care and maintenance of children, some for the care and maintenance of those who are ill, and a portion of it for the continued security of those who are in retirement, and it does not render any aid to the cause to talk about what pensions have got to be in the year 2000.

In the year 2000 it will be the goods and services produced in that year which will determine the standard of living of those who are working and the standard of living of those who are on pensions. I am sure that when Mackenzie King was here and saw to it for a while that our pay was only $4,000 a year, he would have been shocked at the thought of what we are getting today.

The Colin Browns like to talk about what these pensions might be 10 or 20 years from now, but what about wages and salaries 10 or 20 years from now? I say that a good deal of distortion comes into this picture when all these figures are used. What counts is current production, and out of current production we can afford to do it.

One of the things which has happened recently and which shows the need for a better scale of indexing, and also which shows that even indexing does not put pensioners in a preferred position, is what we have done with respect to the veterans disability pension. In 1973 we brought it up to the average take home pay of five categories in the public service. Some of us wanted—and there were reports in our favour—to let that formula apply year by year and to let the rate of that pension also be equal to the average take home pay of those five categories. The government would not buy that. The government set the rate at that level in 1973 and then let the consumer price index govern it from there on.

Now we have reached the point where the veterans on full disability pensions are several hundred dollars a year behind the formula we accepted in 1973. In other words, full indexation of that group has not put them in a preferred position. It merely enables them to buy the basket of goods and services they bought in 1973, but it gives them no opportunity to share in increased production or the increased standard of living. So I say that those who are arguing against pension indexing ought also to argue against wage increases and against higher salaries for those who run the insurance companies.

The fact of the matter is that indexing is a sound principle. It is good that it is here, and I am glad the minister has confirmed again today that it is government policy. I am glad the hon. member for Hamilton West, whether he thought he was complimenting the minister or finding something wrong, at least underlined that this statement is not a case of backing away from indexation but a case of endorsing it.

As to the proposals which are in the statement, in a couple of cases the minister intends to correct some abuses. One of these proposals certainly has to be supported. The other I want to comment on briefly.

The proposal that the indexing that anyone on pension for the first time gets in January should be related to the length of time he was working in the previous year, his last year of work, is absolutely sound. This idea that a person can retire on December 29 or 30 on full pension, and then get a year's indexation two or three days later, just does not wash, and I accept completely the proposal that indexation of that first cheque should be prorated.

● (1722)

The proposal about pensions being indexed for those who retire at age 55 after 30 years service, is one that I guess I have to go along with, because those who have profited by that rule have been persons away at the top. We had the initials of one here a while ago. They have been people who abused the system. It bothers me a bit that that indexing at age 55 has been taken away because for a long time I have been arguing that it should also apply to those who are retired from the Canadian Armed Forces and those who are retired from the Royal Canadian Mounted Police.

In most cases those individuals are not off in some other employment, they are retired. They have done their tour of service, and I think they should have had that benefit, but if the government is not going to give it to them, then I think the government is quite right in not giving it to the preferred group in the Public Service who can apply the age 55 with the 30 years of service rule. That rule has not been abused in all cases, let that be clear. The publicity is because of a few.

At any rate I buy completely the pro-rata provision I was talking about a moment ago, and I will accept this one.

Now, as to the main provisions in this proposal of the three-year review, this means that in October of this year the government will review the situation and then make a decision on the basis of what is in the accounts, as to what it can afford for the next three years. That will determine the indexing for the years 1979-80-1981, and then in the year 1981, by October, there will be another review for what can happen in 1982, 1983 and 1984.

Mr. Speaker, my fear is that the kinds of stories that the newspapers write about this will scare all the pensioners. They will hear that the pensions are being curbed—something is being done—there is a cut-back. They will hear about this in scare terms and they will say, "Fine, I am all right for three years, but what happens after that?" The minister's press release which he gave outside the House, which is in addition to what he gave us in the House, said that the extra interest being earned—just on the employees' portion in the main fund, the public service superannuation account, not the inflationary account on the side, but the extra interest—is nearly $500 million a year.

There is plenty of money there so that as the minister sees it now, when October of this year comes and they review the situation, there is not any question but that indexing for the next three years will stay where it is. He does not make that

statement flat out, but he says it in the guarded language that he has to use.

I gather that all he is telling us is that the only change that will take place in the years 1979, 1980 and 1981 is that the abuses that a few have practised, will be corrected. Despite the fact he talks about fifty years and some danger of interest rates going up, he goes on to say that with the credits being applied for this purpose, the extra interest earned on the employees' portion in the pension fund, the 1 per cent put in by employers and employees, that there will be enough there to stay at that level.

When I first got this statement about noon today I read it with some apprehension. The stories I have been reading in the newspapers in the last few days gave me some concern. But as I read the statement through I realized that really what the minister is doing, and I am not going to say he is trying to have it both ways—I think he did fairly well on this—is saying to the critics of pension indexing, "All right, boys, we will look at this every three years, and we will make the decision on the basis of how the account shapes up, but we are of the opinion from the experience we have had thus far that the account will be big enough that, even though we cut out the abuses of some of those at the top, the main indexing will continue." I do not mind it being done that way. I am so convinced about the rightness of indexing and the soundness of it, on the basis of our economy, that I think it will stand up. I do not mind him saying to the insurance people who are concerned that there will be this required look at the problem every three years.

Even so, Mr. Speaker, I had hoped that if the minister was going to talk about the possibility of something other than full indexing for any one of these triennial periods, that he would have told us in the statement,—and maybe he will do it in answer to questions—what kind of formula he had in mind. I do not like to press him too hard on this because I rather believe that there will not have to be any cutting back, but if there is any cutting back I hope it will not be a decision that the percentage rate across the board will be less than the CPI. If the CPI has gone up 6 per cent I do not want the government to put on a 4 per cent ceiling, or a 2 per cent ceiling which we had a number of years ago.

If he has in mind picking a level of pensions of, say $10,000, $12,000, $15,000 and saying that if we are in trouble we will give full indexing only up to those levels and a lesser or no indexation above, I think we would have to agree with it if the economy of the times called for it.

I think, as I say, it would have been useful if the minister had made that kind of a finding. I note that he has emphasized the fact that the credit into this account is to be based on the extra interest earned by the pensioners' portion in the fund. Why not the extra interest earned by the government's portion in the fund?

I see, Mr. Speaker, that you are getting to the edge of your chair, and I can finish most of this when we get to questions. I hope we will get some of these questions answered, but the main thing I hope comes out of this today is not scare headlines about indexing being cut back but rather that indexing is going to stay and all that is going to happen is that there will be this review every three years, along with the correction of a few abuses.

The hon. member for Hamilton West chided me about my introduction of MP's pensions. Time does not permit me to say all that I would like to say, but I point out that, critical as I am of the generosity of members' pensions and the fact that they start too early, I am not critical of indexing. The same thing should apply to both groups, so I say to the minister who promised in his statement that somewhere along the line there will be a complete review of the Public Service Superannuation Act itself, that I hope that will come forward soon, and that with it will also come a review of some of the abuses that are in the Members of Parliament Retiring Allowances Act.

With respect to the Public Service Superannuation Act, I hope the minister will give some concern to the position of widows, and to their lesser rate of pension. I hope he will give some concern to the position of those widows where the marriage took place later in life, rather than earlier. There are a number of things that need to be sorted out.

Mr. Speaker, I am this time going to end, and hope that the message that will get out today is that after all this study, the wild proposals made in this big book did not carry the weight that some people might have hoped, but that instead the principle of indexation is being retained and the public servants who are out on pension need not have the fears that tonight's headlines might give them.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, while listening to the minister's statement and the answers of the representative of the official opposition and that of the New Democratic Party, it was easy to understand that the minister raised a very important point that has been expected for a very long time and I think that an election year is appropriate for such statements, such amendment proposals to a legislation affecting such a large number of employees in Canada as the government is, to my knowledge, the main employer in Canada.

The hon. member for Hamilton West (Mr. Alexander) complained a moment ago that he had a chance to study the report and the statement of the minister only three hours in advance while it has been in the hands of government members for three months. I can tell him he should consider himself lucky as I did not even have three minutes to read it before the minister made his statement. But I did listen carefully and I realize how important and at the same time how difficult it was. To fully appreciate a proposal like the one we just heard, we must quote some figures, if not all of them, concerning the people that will be affected by the proposals included in the bill that will be presented in the near future by the minister. We should have some figures to appreciate exactly the effects of those changes.

Some people worry, following the rumours that have been circulating concerning the amendments that have been proposed today or that will be proposed some time in the future, that indexation could be affected. I for one, Mr. Speaker, think that the indexation of other programs like old age security, family allowances and others is there to stay because the inflation that brought it seems also to be there to stay. Obviously, this government is unable to stop this inflationary trend, and it is absolutely necessary, if salaries, retirement plans and savings are to keep some value and keep their purchasing power, to maintain and apply this indexation.

That kind of overfaced amendments are often proposed but after careful examination we realize that we may win on some aspects and lose on others but eventually we are not better off. I had the feeling when listening to the minister's statement that we are following the trend and keeping several years behind the cost of living index, as this has been the case in about every other area.

Whatever their level, increases in salaries or pensions always lag behind price increases.

This statement, this proposal was long overdue, however if be appreciated by all involved. The legislation that will be put forward will no doubt receive close scrutiny, because we will be looking at the report in very fine detail. We will study it in depth, and every clause of the bill will also receive close attention and, if needed, valuable amendments that may be suggested by officials at whatever level would be introduced.

● (1732)

[*English*]

Mr. Francis: Mr. Speaker, I have a question for the President of the Treasury Board (Mr. Andras). In listening to his statements today and the projections which the Tomenson-Alexander report made, I understood him to indicate there was on a fully funded basis a deficit of $5.9 billion of which $5.6 billion was on the indexation account. In making this kind of projection, I would like to ask what assumptions were made for future rates of interest, future rates of inflation and future rates of salary increases. I would like to know what the President of the Treasury Board thinks of these assumptions, because I heard him give a scenario about the pessimists and the optimists. I think we got a truly pessimistic projection in the Tomenson-Alexander report. That is my view. I would like to hear the view of the President of the Treasury Board.

Mr. Andras: Mr. Speaker, I do not think I can give the hon. member the precise interest rate, inflation rate and basic salary increase rate assumptions of Tomenson-Alexander except to say that they were unquestionably lower and more pessimistic than any assumptions that we would permit in the application by law to private sector pension plans. They certainly are assumptions considerably below those now applied to the Canada Pension Plan and that sort of thing.

Apart from that, I consider the issue to be resolved with regard to any argument toward full funding by the three-year ad hoc arrangement. One could theoretically accept, I suppose, that full funding might be necessary if the commitment were to be there permanently under any circumstances of inflation, but I think the argument is dissolved. The Tomenson-Alexander report says that if this were moved to a more frequent examination and ad hoc adjustment, as we are proposing, the demand for, or insistence upon, full funding would be somewhat diffused. They are in the Tomenson-Alexander report, but I will get the precise equations that were used.

[*Translation*]

Mr. Clermont: Mr. Speaker, the President of the Treasury Board (Mr. Andras) suggested in his comments that cost-of-living adjustments will be computed over three year periods starting from January 1, 1979.

My question is this: Will the President of the Treasury Board be in a position to indicate as soon as possible the relevant date to the people entitled to indexing I ask this because I understand from his report to the House that every triennial computation will be made, not on October 31, but in the month of October before the start of each period, at the latest.

Will the President of Treasury Board be in a position to indicate as soon as possible, for the coming three years, the escalation rate for retired civil servants and also other pensionee groups, referred to. I have no fear for myself, because the retired member of parliament is not entitled to escalation before age 60.

[*English*]

Mr. Andras: Mr. Speaker, when the full phasing out of the early retirement access to fully indexed pensions is completed in 1983, everyone involved in the public service will be on the same basis. That is, indexation will commence from age 60 on.

As to the first part of the question, this is subject to parliament's will in terms of amending the basic act, and if that were to take place, we would be in a position to confirm by October of this year. This is not a very complex actuarial calculation. Really the cost of living is rather secondary in this sense to the calculation of the availability of funds legitimately applicable to indexation.

I can tell the hon. member now basically what the formula might be in that sense. It is the calculation of actuaries, confirmed by more than one actuary, that about 30 per cent of the basic fund which now stands at approximately $8.6 billion and is going up at the rate of approximately $1.3 billion a year, is owned by the pensioners, those people now on retirement. That includes the interest that has been paid on their portion of the fund up until now. Their portion of the fund is the contribution made by them and on behalf of them by the employer up to that date of retirement, plus that earned interest.

What this means is that the basic pension fund, not the indexing portion, based upon the actuarial calculation, together with continuing contributions and 4 per cent interest

basically assigned to that fund, is sound actuarially, fully funded, with certain adjustments from time to time as the five-year actuarial review takes place, mainly on salary increases. We are now paying on that, by act of parliament—and it is only fair that we should pay—the weighted average interest of 20 year bond issues which at the moment is 7.6 per cent, a rate which inevitably will go up over the next few years as low interest bond issues of the past mature and as the higher bond rates of the past years and of the immediate future weight the average upward.

What we are proposing at the moment is that on the 30 per cent of the fund which is owned by the pensioner, the excess in interest, the difference to which I have referred, should be the difference between that basic 4 per cent payable to the basic fund for the basic pension and the 7.6 per cent; in other words, 3.6 per cent. That is of the current 20 year bond weighted average. That, in my opinion, is legitimately applicable to the indexation to its mathematical limit of the pensioners already out there. It is their money.

● (1742)

Some hon. Members: Hear, hear!

Mr. Andras: In addition, we are saying, of course, that the contribution made on their behalf, the one-and-one, is also available for that calculation. We think it is sufficient for the next three years at the present rate of indexation, but I will not be pinned down right now because we want to get all these formalities completed, but it is approximately from those sources $525 million, without any taxpayers' money other than the fact that it is made up from that employer-employee matching contribution.

So I think the situation we have reached is eminently fair. The indexing will be switched from full indexation at any rate of inflation with regard to interest, extra money to be found from the taxpayer, to the available funds in accordance with the formula I have described as applied to the supplementation of the basic benefits. We think this fund is over the hump now. After those first few years of retirement benefits, with the one-to-one contribution, it is not in trouble now, and as the situation matures over the years, we get away from any inter-generational transfer, the point the hon. member for Hamilton West (Mr. Alexander) was talking about.

I think that without any subsidy from the taxpayers this plan is sound. Let us not forget that it has been in existence for 60 years with very few changes over the years. We are assuring everybody that it is going to be actuarially sound. We are answering the critics and fundamentally making sure that, if interest rates change and if the inflation rate changes, if that very important equation down the pike somewhere does get out of line, we are not facing our pensioners with some shock they do not know about. But I think it is "easy as you go".

Mr. Baker (Grenville-Carleton): I have two relatively short questions to ask, Mr. Speaker. Let me say by way of preamble that I share the views expressed by the hon. member for Hamilton West and the hon. member for Winnipeg North Centre. I am happy to see that the principle of indexation is being preserved. I made a speech in the House about this matter when it was first dealt with in this parliament during my period here. I take the view that nothing else could have been done which was reasonable, fair and just.

May I direct this question to the minister; it relates, I suppose, to the business of the House. Has the legislation been drafted?

The minister indicates that it has not. If that is the case, when does he intend to introduce it? What is the period of time he has in mind? Would he consult the government House leader with a view to referring the Tomenson-Alexander report, as well as the other reports available, to a committee of the House so that they might be dealt with even in advance of legislation, perhaps? In this way we might be able to deal with a number of questions and fears in the minds of public servants.

Mr. Andras: No, the legislation has not been drafted. We have certainly had consultation with the Public Service Advisory Committee on Pensions which includes representatives of the senior bargaining units and other officials, all public servants incidentally. We have discussed this subject with the bargaining agents formally. I may say they are not jumping with joy at the prospect of any change whatsoever. We still have to work out some complexities, so the bill is not ready. Quite honestly, I am not sure it can be ready until the next session of parliament—

An hon. Member: And when is that going to be?

Mr. Andras: Probably in the fall. As to the other suggestion, I am intrigued by it and I will definitely give consideration to the suggestion that a more formal examination of the report be undertaken. I will discuss it with my colleague and see what can be done.

Mr. Baker (Grenville-Carleton): My other question concerns the minister's statement on page four in which he deals with the introduction of the legislation and talks in terms of consultation when three year adjustments are being considered. In view of the uncertainty which discussions of this kind cause in the public service, whether they take place today or three years hence, and since it is not unreasonable to suggest that these matters ought to be considered by those who are affected, that is to say, the public service pensioners, would the minister consider, when he is drafting the bill, changing his arrangements so that the body which meets will include, in a structural way, representatives of the public service unions? Thus, the minister would not merely be consulting them; they would be included as a structural part of the decision-making process.

Mr. Andras: I will give that suggestion my consideration. Again, without making any final commitment, I repeat that the Public Service Advisory Committee is to be part of the development of this program, and that committee does, of course, include representatives of the Public Service Alliance,

the very senior and large bargaining units. I am conscious of the desirability of what has been suggested. One of the reasons I need more time is so that I can consider the precise structure and mechanism to be set up.

[*Translation*]

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, I would like to thank the President of the Treasury Board who has corrected in his remarks to the House the French version of the text, which, I am afraid, contained some inaccuracies in paragraph A(1), that may have been confusing.

My question, Mr. Speaker, relates mainly to the figures given a short while ago by the President of the Treasury Board. If I am not mistaken, he said that the basic fund amounted to $8.6 billion, at an anticipated interest rate of 7.6 per cent. I wonder if he could tell the House how much money is provided for the next three years, because these figures are calculated on a three-year basis. I think he has mentioned that $525 million would derive from indexation, what would then be the amount required to maintain the present rate of indexation for the next three years?

● (1752)

[*English*]

Mr. Andras: Mr. Speaker, this gets into forecasting of certain things which one has to be careful about. I think that $525 million to $535 million would be sufficient to maintain the indexation the way it is now which is, of course, sufficient to meet the inflationary trends. I can confirm also at least $525 million is available from the sources which I described earlier, subject to final check.

Mr. Howie: Mr. Speaker, I would like to direct my question to the minister. I refer to the three-year term that he has mentioned with respect to the triennial review. If I understood him correctly the minister indicated that at the beginning of each three-year term a rate would be struck in relation to the indexing, and that rate would prevail throughout the whole term. For example, how does this relate to the consumer price index which could fluctuate up and down quite rapidly during that three-year term? Would the indexing still be at the flat rate?

Mr. Andras: Probably it would, Mr. Speaker. Those are final details we would want to work out. I am saying that indexing will be up to the maximum of the fund available unless, of course, the consumer price index were lower than that, in which case there might be a surplus. That is not impossible to forecast in the future if the present equations hold.

Mr. Hopkins: Mr. Speaker, the minister has very capably explained the actuarial soundness of the pensions fund and how he intends to keep it sound. To add to some of the constructive remarks made by the hon. member for Winnipeg North Centre about the fears that might appear in headlines, I would like to add another statement to his. I have a statistic here which says that 85 per cent of the retire public servants in Canada today are receiving less than $7,000 per year. That is a figure that should be emphasized, not the bigger ones.

Mr. Knowles (Winnipeg North Centre): Not all of them will be hurt.

Mr. Hopkins: The minister said he will be consulting with the Minister of National Defence. Several questions have been asked about the public servants and I would like to ask him what the status will be of a former member of the Canadian armed forces who is now on retirement at age 50. Can he give me this information in advance? Does it mean that with the five year prorated plan that he will find himself 60 years old before he gets any indexing? If he qualifies under the magic "85 formula" and by virtue of his being on pension now, even though it be a different system from the public service, will he or she receive indexing at age 55 or will that pension have to wait until age 60 also?

Along the same lines, what will happen to a member of the armed forces who has presently only one, two, three, four or five years to go for a pension; will he or she be prorated in the same way? In addition, what about the members of the armed forces who are presently retired between the ages of 51 and 55; what will happen to their prorating? Can the minister give me any information at this time?

Mr. Andras: Mr. Speaker, the plan is to bring all our pensioners, the Royal Canadian Mounted Police, the armed forces and public servants to the 60 year old access for indexed pensions. Those who are in the ages which the hon. member has referred to will move into that access in the same manner as I have described in my statement. If they are indexed now or are 55 years of age now, they will be all right. But one year at a time we will phase this out until everybody will be indexed at age 60.

As for the final question concerning the 51 to 55 age group, they would have to wait. They would be caught in that sense, I believe, and phased in the same way as I have described for public servants' indexation.

Mr. Hopkins: On a prorated basis?

Mr. Andras: Yes.

Mr. Elzinga: Mr. Speaker, first of all I would like to ask this question of the minister. In the event an individual does retire down the road at age 55 and the indexation does not take place until the age of 60 as the minister has announced, during that five year period when the cost of living may increase, is it completely done away with, or at age 60 is it accounted for, or is it completely lost?

Secondly, when the actuarial evaluation is made at the beginning of each three year period, is there any provision to look beyond that three years? In other words, is the decision based simply on what is expected to occur in the next three year period? If so, could this not lead to a situation where four years down the road a person might be faced with high

inflation and insufficient funds to provide adequate protection?

Mr. Andras: Mr. Speaker, to answer the first question, at age 55 when this program is phased in a person could still take early retirement on the 85 rule, or even a discounted pension but he would get no indexation until age 60, as is the case now for members of parliament. The pension rate is adjusted for the inflation that has taken place in the meantime, but there is no retroactive cash payment. That actual adjustment is lost to the person but the rate is adjusted upwards to catch up.

The answer to the second question is no. If the hon. member thinks through the intent of our proposal of the three year actuarial review, we are really pinning the indexation or supplementation to what is available in the fund. Of course, the paramount consideration is to set the rate for the next three years—every three years. I think the hon. member's concerns would be met by this mechanism.

[*Translation*]

Mr. Isabelle: Mr. Speaker, my question is quite simple. I would like to say, however, that I thought the hon. member for Hamilton West (Mr. Alexander) made a comment about me when he spoke. I merely heaved a sigh of relief because it is not that often these days that the opposition seems to approve principles put forward by this government. So, it is the only remark I wanted to make.

My question to the President of the Treasury Board (Mr. Andras) is the following. It is obvious that statements such as the one we heard today are going to create much uncertainty among retired officials. As the hon. member for Winnipeg North Centre (Mr. Knowles) and my hon. friend from Renfrew North-Nipissing East (Mr. Hopkins), many have said that it would be as if there were not any change. I would like the minister to tell me the number of retired officials whose indexing provision will be directly affected? Will it be 90 per cent, 95 per cent or 85 per cent? I heard that at least 85 per cent to 90 per cent of all retired officials will not have to undergo any change with regard to indexing. Would the minister confirm that allegation. Are they accurate figures? I am sure in doing so he would reassure thousands of retired officials.

[*English*]

Mr. Andras: Mr. Speaker, I want to hold to the principle of the three year actuarial review which I have proposed here. I will go on record as saying that it is my personal opinion that a very small percentage of public servants, perhaps 2 or 3 per cent, might be affected if those calculations down the road six years from now face up, unlike the adjustment between the ratio of interest, inflation and wages, and that sort of thing. So I think that the hon. member's 95 per cent figure is probably quite right. However, I want to make the final reservation that the actuarial review is just that, an actuarial review. So on that basis I am quite sure it will make very little difference.

• (1802)

[*Translation*]

Mr. Allard: Mr. Speaker, first of all I shall congratulate the minister for his good intentions. I thought I heard him say, a few moments ago, that the bill had not yet been printed. Can he tell us whether he intends to implement his good intentions through a bill, and when he will introduce it to the House? Will it be in the spring, before the next elections? I wish the minister would advise the House in this regard.

[*English*]

Mr. Andras: I will repeat the answer I gave the hon. member for Grenville-Carleton. It is our intention to have it available for the next session of parliament.

Mr. Clarke: Mr. Speaker, I understood the minister to say that no government funds would be used to supplement the indexing in the future, such as the $100 million that was needed to shore up the indexed portion of the fund last year. If that is correct, I have a two part question.

That deficit was caused by payments to pensioners who had not paid any indexing premiums because they retired before indexing came into effect and they are now indexed; also, the earnings in the fund were not adequate. The actuaries have said that even the excess earnings from the regular pension fund will not be adequate to cover indexed pensions in the future. It would seem to me, therefore, that the indexing is doomed to be cut back because of the inadequacy of the earnings. That is one part of the question.

Second, going back to pensioners who are already getting indexed pensions but have never paid into the indexing fund, where are their pensions going to be carried?

Mr. Andras: The injections of funds from the consolidated revenue fund really came because parliament had not yet authorized my proposal, which is the recognition, as the actuaries have said, that 30 per cent of the basic fund, or some $9 billion by the end of this year, belongs to the pensioners, retired people now. The excess interest over and above the basic 4 per cent, which is part of the actuarial calculations to protect their basic pension, has been credited back to the main fund, so that they have no access to it. It is our view that it is legitimately available for supplementing their benefits. Otherwise, how the devil will they ever have access to that additional interest which is being earned on the portion of the fund which they built up over their years of service? Granted that the 1 per cent they put in and the 1 per cent the government put in as the employer has only been in these last few years, but they would not have a sizeable nest egg from that, and that is the first that is used up.

I am satisfied, subject to correction, that this adjustment which I am proposing, which will be, at the present rate of interest, an additional 3.6 per cent on 30 per cent of $9 billion, will be sufficient to meet the index funding. I think the actuarial claim that it was not fully funded on the indexation is based on the more pessimistic projections of that all important ratio between interest rates, inflation and wage rate

increases for the future, and also, of course, was projected on a demographic retirement age which they felt was being forced down by the somewhat generous access to fully indexed pensions at the age of 55, which of course is an aspect we are changing.

So between all these measures I am on safe ground in saying that there will be no need for fully funding, which was their argument. That is an actuarial theory. I think that the moves we are taking here will remove the theoritical necessity, as well as the practical necessity, to frontload it by $5.6 billion, and the money will be there to meet the indexation problem. If there is some inter-generational transfer, I can tell hon. members that the bargaining agent and the advisory committee with whom I have discussed it have said that, for the sake of the few years involved here and the few people involved, it will not bother them and, as I said, it is their fund.

Mr. Deputy Speaker: Order, please. The hon. member for York Centre has requested the floor. He will be completing the first round of questioning. Following him, I will recognize the hon. member for Winnipeg North Centre, who will be the second questioner for his party.

Mr. Knowles (Winnipeg North Centre): There has not been one from our party yet.

Mr. Alexander: The hon. member for Winnipeg North Centre (Mr. Knowles) is the first speaker for his party.

Mr. Deputy Speaker: Order, please. I am to decide. The hon. member for York Centre.

Mr. Kaplan: Mr. Speaker, I have been concerned about this matter of indexed pensions for public servants and I am reassured, from what I have heard about the actuarial aspect of the problem, that, with the adjustment the minister has made, it appears clear that the taxpayers will not be called upon to make up large deficits because there can be none with the three year review that is to take place.

Another of my concerns about this fringe benefit for public servants was the exemplary effect that offering indexing to public servants had. There is a question about whether or not it is possible for the private sector to be able to match the same kind of benefit. I know that the minister has organized an investigation of pensions which is being conducted by officials of the Department of National Health and Welfare and of the Department of Finance. Does he have anything to say at this time about this other great concern with respect to indexed pensions, namely, the exemplary effect they might have on the private sector?

Mr. Andras: I would make two comments, Mr. Speaker. First of all, the federal public service pension plan will still be one of the best for employees in the country. We cannot deny it; that is the fact. Of course, it will be considered in our concept of total compensation when we compare it to plans in the private sector. On the other hand, there is no doubt about it in my mind that even the confirmation that this is actuarially sound will probably bring greater pressure on the private sector to do something, and as the hon. member opposite has indicated, there are movements within the private sector, even among the actuarial groups, to look at this with a more open mind.

I say quite candidly that they will have difficulties. It is one thing to say it is fair and just and should be done, but there is the other reality of the availability of funds and the method of paying for it. I cannot indicate to the hon. member yet what the findings of the Department of Finance and the Department of National Health and Welfare are, except that I hope they will be available very soon and will give some stimulation to the private sector. Because in my view, there will have to be an improvement in the private sector plans. Forty-seven per cent of plans in the private sector are non-contributory, and the Tomenson-Alexander report indicates that 80 per cent of the admittedly relatively small sample of the private sector that they took to determine what they were doing about adjustments in pensions to meet the cost of living have been adjusting. That is somewhat different from the propaganda we were hearing. Eighty per cent of them have adjusted on an ad hoc basis to sixty-six and two-thirds per cent of the cost of living. Let me make the point that the total cost of that adjustment was borne by corporations themselves out of their own revenue, whereas our indexation is borne partly from the contribution of our employees and partly from the contributions of the employer.

Mr. Knowles (Winnipeg North Centre): I thank the minister for clearing up the point about the extra interest to be earned on the money of the pensioners which is declared to be theirs. I confess that earlier I was thinking of it as the employees' contribution, but when the minister explains it, this is the money of the pensioners after they have gone on retirement. It is their money. I think the minister puts it in its proper light and does answer a number of questions.

● (1812)

I also thank him, if I may say so, for helping me to make it clear to the retired public servants out there that if there are scare headlines, they need not worry about them and that about 85 per cent or 95 per cent simply are not going to be touched. I think that is good news.

I also thank the minister for the answer he just gave to the hon. member for York Centre. I have many questions, but I shall narrow them down to one. The minister was answering the hon. member for Gatineau about the situation whereby everyone gets his indexation only at age 60. He put it in those terms. The point would be reached, when the whole thing has been phased in, when nobody would get indexation until age 60.

I think his earlier statement provided a couple of exceptions, and because of what he has said now, I hope he will confirm those exceptions. In other words, is it not a fact that persons who are on pension because of disability or persons who are on pension because they are survivors get indexation without having to wait until age 60? I hope that will continue.

Mr. Andras: I am very glad the hon. member brought that up; I do want to clear that up. It is not our intention to tamper with those kinds of involuntary situations, so disability or early retirement for health reasons and that sort of thing will get the same treatment as in the past. That will be an exception from this change.

Mr. Knowles (Winnipeg North Centre): Is the same not true for widows and other survivors?

Mr. Andras: Whatever the present practice is.

Mr. Knowles (Winnipeg North Centre): That is what the minister said in his press release.

Mr. Andras: Yes.

Mr. Pinard: Mr. Speaker, I rise on a point of order. There have been consultations among the House leaders concerning eight private members' public bills on the order paper, all having as their object the changing of names of electoral districts. As a result of discussions among House leaders I believe there is agreement to pass these bills through all stages this afternoon without debate in order to effect the changes which hon. members from both sides of the House deem desirable. However, I understand that there is one bill in the name of the hon. member for Compton which has not as yet been introduced, so I ask the Chair to call that public bill.

Mr. Deputy Speaker: Because there has been some agreement not to see the clock perhaps we can get into private members' hour as we normally do and consider that the House has reached the point where we can now proceed to private members' business as listed on today's order paper, but by agreement the House will consider some private members' bills concerning changes of names of electoral districts. In particular, we will deal with the proposal of the parliamentary secretary to introduce a bill proposed by the hon. member for Compton and consider it together with the six or seven other bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

CHANGES IN NAMES OF CONSTITUENCIES

Mr. Yvon Pinard (for the hon. member for Compton (Mr. Tessier)) moved for leave to introduce Bill C-423, respecting the Electoral Boundaries Readjustment Act (Mégantic-Compton-Stanstead).

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

Some hon. Members: Agreed.

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

Mr. Deputy Speaker: With the unanimous consent of the House, second reading will follow with that of the other bills enumerated by the hon. member. Does the House agree?

Some hon. Members: Agreed.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I am pleased, on behalf of the hon. member for Compton (Mr. Tessier) to move this bill, which will now bear number 423. In consequence, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker): That Bills C-267, C-358, C-412, C-414, C-415, C-417, C-418 and C-423 be read the second time and referred to the committee of the whole House.

[*English*]

Motion agreed to, bills read the second time, considered in committee, reported, read the third time and passed.

An hon. Member: Six o'clock.

Mr. Baker (Grenville-Carleton): Mr. Speaker, as I understood the order of business for today, Bill C-1001 in the name of the hon. member for Scarborough East was to have been brought forward. However, because of the events of the day and the important statement which has been made, that has proved impossible. I understand that there have been some arrangements with respect to that bill which may facilitate its passage. Can I assume that that bill will be called next Thursday? Is there agreement to that effect, or can it be called now? If it is to be called now, I would indicate on behalf of my own party that we would be prepared to have that matter cleared away immediately. It was to be the first item of business today. It has been forced out by events, the member is here, and there may be more members who wish to speak; but I think it is appropriate, because of the sense of unanimity that there is in the House, that we might deal with the bill at the moment. I would say to you, sir, that my contribution to the bill would be approximately three lines, and I would think it would be most fair if we allowed the member to proceed now.

• (1822)

[*Translation*]

Mr. Pinard: Mr. Speaker, if we do not immediately dispose of that bill as mentioned by the hon. member for Grenville-Carleton (Mr. Baker), as far as we are concerned we will see that it is allowed to stand, in accordance with the standing orders.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, it is true that there was a hope that we would have 15 or 20 minutes in the private member's hour to deal with Bill C-1001 but events beyond our control have changed that situation. We do not feel that the House should be asked to put it through in

a minute or two, but rather that there should be consultations to make sure that it is dealt with at some other appropriate time.

Mr. O'Connell: Mr. Speaker, I appreciate the problem that the House finds itself in and also its willingness earlier in the day to have considered the bill at this time if we could.

The nature of the statement which I would make at this time would be to refer to some amendments which I am prepared to move at committee stage. They are important and it would take perhaps five or six minutes to inform the House of their nature. That is all the time that I would require but, of course, I am in the hands of the House.

Mr. Deputy Speaker: The Chair is at the service of the House if hon. members wish to consent.

Mr. Symes: Mr. Speaker, we in the New Democratic party originally intended to see this bill move to committee after private members' hour today, assuming that we had had the hour, or a large portion thereof, to comment on the significant amendments that the member for Scarborough East was going to announce on behalf of Bell Canada. I feel these amendments are too important to devote only one or two minutes to comment on them. I would hope that we could arrange that the Bill C-1001 be brought forward next Thursday at private members' hour, but I am not prepared to proceed at this time.

Mr. Deputy Speaker: Order, please. There being no unanimous consent I assume that this completes the consideration of private members' business. It being after six o'clock, I do now leave the chair until eight o'clock.

At 6:25 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

The House resumed, from Wednesday, March 8, consideration of the motion of Mr. Buchanan (for the President of the Treasury Board) that Bill C-10, to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

[Mr. Knowles (Winnipeg North Centre).]

● (2012)

Mr. Derek Blackburn (Brant): Mr. Speaker, I had just begun my remarks late yesterday afternoon when six o'clock came. I should like to proceed now with my remarks with respect to Bill C-10.

While it is true this particular piece of legislation has not received a great deal of attention from the media—we are certainly not in the headlines of the major papers across the country—it is probably one of the most important bills to have been introduced in the House in some time. Indeed, my first question is: Why has it taken the government so long to bring the measure forward? This is a bill which, if properly implemented, could save the Canadian taxpayer a heck of a lot of money. We know this from experience. I was a member of the public accounts committee for some three years. We heard some horror stories there with respect to government expenditure and management—the AECL and Polysar were outstanding examples to which I shall refer later in my remarks.

In all responsible households across the country people budget. They do everything they can to control expenditure on a weekly or monthly basis. Even though we have a House which seats 264 members at the present time and will be accommodating up to 282, let us not forget that what we are doing here in Ottawa is essentially what families are trying to do at home, whether in my riding of Brant or in Regina, Windsor or elsewhere. Today people are desperately trying to make ends meet. If they cannot do so, they go into debt. In some cases they go into debt through lack of knowledge or knowhow. Here in Ottawa we have gone into tremendous debt, perhaps not deliberately in some cases but because of a lack of knowhow.

Bill C-10 provides for the appointment of a Comptroller General who will be able to keep a check on government spending. We must certainly get a tighter grip on the handle of government spending. The same can be said about small businesses. Today more than ever before they are desperately trying to control expenditures in rough times. We can relate households, small business, and even large corporations with what we are attempting to do here and, through legislation hopefully our objective will be reached.

I have considerable reservations, though, about the form of the bill. I am not opposed to the measure. Looking at this piece of legislation, I find the following in clause 1:

> The governor in council may appoint an officer called the Comptroller General of Canada to hold office during pleasure and to perform such duties and functions as may be assigned to him by the Treasury Board and the Comptroller General of Canada shall rank as and have all the powers of a deputy head of a department.

That is all it says. I do not want to sound like a prophet of doom and gloom but frankly I have a lot of sympathy with Mr. Harry Rogers, whom I do not know. When he took a look at the bill he probably sat back—I am hypothesizing—and wondered what he was going to be able to do. Hopefully, when the bill goes to committee, something more positive will be proposed by way of amendment.

The Auditor General, Mr. Macdonell, first recommended the establishment of the post of Comptroller General in his report for the year ended March 31, 1976. In that report he stated:

> Parliament, and indeed the government, has lost, or is close to losing, effective control of the public purse.

This was not the first time Auditor General had expressed his concern about mismanagement of the government's finances. In his 1975 report he had stated:

> The present state of the financial management and control systems of the departments and agencies of the government of Canada is significantly below acceptable standards of quality and effectiveness.

A massive two-year study on financial management and control in the government was launched in 1974. When it concluded in 1976, the results led the Auditor General to the opinion that:

> Based on the study of the systems of departments, agencies and Crown corporations audited by the Auditor General, financial management and control in the government of Canada is grossly inadequate. Furthermore, it is likely to remain so until the government takes strong, appropriate and effective measures to rectify this critically serious situation.

Since the situation was recognized as being critically serious almost two years ago, why has no action been taken before now? Last April, the President of the Treasury Board (Mr. Andras) announced in the House that he had decided to establish the post and that a search for the right man was beginning. This was a welcome change of attitude. Until then the President of the Treasury Board and the Prime Minister (Mr. Trudeau) had originally rejected the proposal out of hand. I understand there was considerable Cabinet opposition as well as opposition from senior civil servants to the appointment of a Comptroller General. Is this the reason it has taken a year to find one? Given the government's original reluctance to accept the recommendation for a Comptroller General, we must do all we can to ensure that the position carries with it the power to exact the co-operation it will need to carry out the tasks envisaged by the Auditor General.

● (2022)

On April 2, 1978 Mr. Harry Rogers, former vice-president of Xerox Canada, will become Ottawa's first Comptroller General, a job which can make him one of the most powerful figures in the federal bureaucracy. This will be the case only if the position has all the power the Auditor General originally intended. It is at least encouraging, Mr. Speaker, that the government chose to look outside the civil service for a person to fulfil this position. It will require a fresh and objective approach to counter many years of government mismanagement. Mr. Rogers will face the prospect of controlling the finances of ministries which will be spending $48.8 billion of taxpayers' money in the coming year, according to Treasury Board's blue book estimates for the coming year, and running an annual deficit of more than $9 billion.

Federal government spending will go up 9.8 per cent in the next fiscal year. These increases must be closely scrutinized to ensure Canadians are getting top value for their tax dollar. According to the President of the Treasury Board, to quote a statement made by him:

> The comptroller general will be responsible for the quality, the integrity of the financial administrative policies, systems and practices of the federal public service.

However, the full responsibility for the control and direction of resource allocation and control processes will remain with the secretary of the Treasury Board. How effective will the Comptroller General be in view of the fact that the government has put us into this sorry state because of its weak management and control of ministerial programs, the lack of strong central direction by Treasury Board and, just as important, the lack of accountability to parliament? The really important point is the accountability to parliament, to the people's representatives who have been democratically elected from coast to coast.

Bill C-10 does not specify the exact powers the Comptroller General will have. It says only, and I quote:

> —perform such duties and functions as may be assigned to him by the Treasury Board—

Parliament will still not have an opportunity to fully examine the Comptroller General's activities or effectiveness. That is significant. There is the possibility that this bill could merely expand the bureaucracy and create yet another deputy minister. The bill makes no provision to ensure exactly what responsibilities the Comptroller General will have. This bill is no guarantee of improved financial management and control. The government would have us believe this legislation is an adequate response to the Auditor General's recommendations in 1976, recommendations that were repeated again in 1977.

This bill does not define the powers, responsibilities or obligations that will rest with the Comptroller General. Without legislative authority defining his responsibilities, what assurance is there that the Comptroller General will operate any more effectively or have wider powers than another deputy minister? Mr. Harry Rogers could conceivably be arriving in Ottawa with a very impressive title and very little authority. Without legislative authority to address the problems of financial mismanagement so clearly illustrated in the Auditor General's reports, Mr. Rogers will be operating under a considerable handicap.

In his report of 1976, the Auditor General defined clearly what the duties and responsibilities of the Comptroller General should be. He would have a status comparable to that of the design, development, implementation and monitoring of adequate systems and procedures.

There are six important points which the Auditor General made perfectly clear to the public accounts committee and to the members of the House of Commons in his report. They are as follows. First, that the form of the estimates provides a sound basis for the government's budgetary control system; second, that public moneys and assets are under his effective custody and control at all times; third, that accounting procedures and financial reports throughout government—including the public accounts—should conform to acceptable accounting principles and standards; fourth, that expenditures of public

moneys are made with due regard for economy and efficiency; fifth, that satisfactory procedures measure the effectiveness of programs where they could reasonably be expected to apply; and finally, that he should be maintaining the central accounts of Canada, a job which is presently being carried out by the Department of Supply and Services.

Those were the recommendations which the Auditor General made with respect to the responsibilities, power, and duties of the Comptroller General if and when a Comptroller General was appointed. However, there is no such job definition included in this legislation. The cabinet and senior civil servants originally resisted the recommendation for a Comptroller General. That is obvious. They knew they had a dirty house, they knew it had to be cleaned up. They did not want somebody coming in from the outside and pointing it out to them directly.

An hon. Member: Sure they did.

Mr. Blackburn: I heard somebody from the Liberal side saying "sure they did." Why has it taken two years to get a Comptroller General appointed? Obviously top civil servants, department heads, were fighting this and have been fighting it for two years. Do not talk nonsense to me. So I ask, "Are they to be trusted to set the powers and responsibilities for the position?" Can hon. members see senior civil servants who are trying to cover up their past mistakes defining the powers and responsibilities of the newly appointed Comptroller General? That is the major question in my mind right now and that is why I said our party would support this bill but with very grave reservations. We have to have a lot more information on this bill before it gets past third reading.

The Comptroller General will face a massive task. The fact that this legislation has been introduced recognizes the well known fact that something is seriously wrong with the government's management of our finances and the pressing necessity that something be done about it. Government spending is seriously out of control. Its rate of increase has far exceeded the rate of inflation. We do not need to look at the Auditor General's report to see it. We just need to look at the government's financial record over the last 10 years.

Projected total spending for 1977-78, according to the Minister of Finance (Mr. Chrétien) in the 1978-79 edition of "How your Tax Dollar is Spent", which is somewhat of a joke, will be $44.45 billion. This is an 8.2 per cent increase over 1976-77 expenditures. Our total deficit will be $9.7 billion. For 1978-79, according to Treasury Board blue book estimates, the target ceiling for total spending is $48.8 billion. This will be an increase of 9.8 per cent over the previous year.

It might be instructive to look at government spending now in relation to what it was in 1968, when the Prime Minister first came into office. In that year, total government spending was $9.8 billion. Our national deficit almost totals that amount. Our national deficit this fiscal year will equal total government expenditures of 10 years ago.

• (2032)

The matter at issue is not so much this increase in government spending, but how the spending has been managed or, rather, mismanaged. In view of the government's past financial track record the question arises: Can the Comptroller General's office be used as another means of hiding financial mismanagement? Without a more clear definition this is a risk we run when expanding the powers of the bureaucracy. Every effort must be made to increase the accountability of the government. There has been a remarkable lack of efficiency and effectiveness in much of government spending, as has been documented in past Auditors' General reports.

During the time I sat as a member of the public accounts committee, Polysar and AECL were the most notorious examples of mismanagement. The government is still dragging its feet on the investigation into what happened to millions of dollars spent by AECL on commissions to foreign agents. The latest revelation has been that AECL may not get full value for the $2 million it paid out for post-contract service on a nuclear reactor sale to South Korea. This money was part of $15.4 million paid in advance to Mr. Shaul Eisenberg, I believe from Tel Aviv—or that is where his head office is—for future services. This is still less than the ill-advised flat $20 million fee AECL originally negotiated with Mr. Eisenberg. Still to be accounted for is some $2.4 million paid by Atomic Energy as an agent's fee for the sale of a nuclear reactor to Argentina. The money was deposited to a numbered Swiss bank account, but Atomic Energy says it does not know who got it or what the money was used for.

The government has been incredibly careless in maintaining its agencies and in discharging its financial responsibilities. I could go into the AECL and Polysar fiasco or mess, whatever one wishes to call it, but I suppose I would be out of order at that point. However, I think the AECL and Polysar situation in Sarnia is important and does relate to this bill. I feel it does relate to what the Comptroller General can do, hopefully, if we get the proper regulations and if he has the power to intervene.

When we are talking in terms of Atomic Energy, for example, we go back to the 1940s. It was always clouded in secrecy and was something you did not talk about. If business was transacted it was transacted under the table. When I say that I mean it was done in a sort of surreptitious manner, in almost an espionage type situation. I am not referring to Canada but to any other country that had atomic power.

This situation carried on over the 1950s and dragged into the 1960s. Then the government decided, after it had spent all this money, it had to build a reactor and sell it. I charge the Canadian government for sinking to the lowest possible commercial denominator in attempting to sell our CANDU reactors. In doing so it entered into the worst kind of business practices with rather questionable individuals around the world, and without ever asking them what they were doing or how they were doing it. These foreign agents set the fees. They said: "Give us millions of dollars and we will sell the CANDU reactor for you."

We are not living back in the days of the cold war or the late 1940s. We still have a problem in respect of national security as every country does, but we have come a long way from those dark days of the 1940s and early 1950s. Surely the government of Canada should set an example for all businesses in this country or anywhere in the world in order to establish good, above-board commercial relations. We do not have to hire unknown agents to sell something that is made in Canada by a Crown corporation, and the obvious evidence is before us. We have misspent millions of dollars because we dealt under the table, not above with good business practices.

It is my hope that the new Comptroller General, Mr. Rogers, will have the power on day-to-day and week-to-week basis to keep the government, departments and ministers informed as to what is going on, and what is right and what is wrong, because that is what this bill is all about. If he is just to be another deputy minister sending reports, not to parliament and not to the public accounts committee, but to the secretary of the Treasury Board, and from him to the President of the Treasury Board, who is sitting across from us now, and then on to the Cabinet, where will this lead? Where is the democracy in that situation and where will it lead us?

Is this office to be another cover-up? Will it hide facts that are embarrassing to the government? What disturbs me about this bill is the lack of regulations. We do not even know what we are voting for. We do not know what will be the powers of the Comptroller General. I hope all members on both sides of the House will address themselves to this matter. I hope that members of the Liberal party who speak later this evening will indicate their concern about the accountability of the Comptroller General.

I visualize accountability in two ways. There is financial, technical accountability, and that is important. That is one thing we are talking about here. We are also talking about another kind of accountability. To whom is the Comptroller General to be accountable in his reports? Will we as members of parliament and as members of the public accounts committee—I am not presently a member but I was—get this information second, third, fourth or fifth-hand after reports from the Comptroller General have gone through the bureaucracy, through the minister's office and through the Cabinet and been watered down? Are we going to get the reports just as quickly as possible so we can raise these issues in the House and ask the various ministers responsible if in fact there has been malpractice as far as financial accountability is concerned in their respective departments or ministries?

We spent a very good afternoon today, although I did not participate in the debate, discussing the question period and whether ministers should or must answer questions. Of course, we know that according to the rules a minister does not have to answer a question if he so desires. If under this bill the Comptroller General is allowed to publicize his facts, figures and statistics and give them to members of the House of Commons, this will enable members on both sides of this House to ask questions and put ministers on the spot so they will have to come up with substantive answers instead of evasive ones such as those we have been getting for the last, heaven knows how long.

There is an old saying, Mr. Speaker, that "I want value for my money". I suggest that has a very special meaning in relation to this bill. This matter has come up in the Ontario legislature as well as in two or three other legislative assemblies across the country. When the government spends money for the purchase of anything, how do we as members of parliament, who are supposed to have some control over the purse strings of government spending, know whether the government is getting the best deal? When the government orders desks, chairs, rugs, typewriters—I do not care what it is, even pencils for that matter—how do we know we are getting the best value for the taxpayers' dollar? Are there any other members of the House who can actually go to a department head in the Department of Supply and Services and grill him at length? Surely, we can ask a few questions of a minister a couple of times a year, and that is what it amounts to in most cases.

● (2042)

The problem is that we are keepers of the public Treasury. We are all keepers of the public Treasury, not just the government, the cabinet, the Minister of Finance (Mr. Chrétien) or the President of the Treasury Board. We are all responsible to our constituents as keepers of the Treasury to make sure that we get value for our money. This is what an intelligent individual Canadian attempts to do when she or he goes out and buys food, furniture or clothing. They want to get value for their money and yet, because of lack of control over our economy, we do not have that information; we do not know whether we are getting value for our money.

Let me go back to where I started out in my address this evening. Even though it is a huge bureaucracy, we should instill in the minds of the senior bureaucrats and all the way down the line that it is the individual taxpayers' money that the government are spending and they should be as careful in spending that money as they themselves would be when buying their groceries. That is the way it should be. We have the taxpayers' money in trust. It is not our money to throw around as members of parliament or as members of the government.

I do not intend to speak much longer, Mr. Speaker, but there is one point I would like to raise which I raised before in another debate, and that is a problem with the public accounts committee. No doubt this relates to other committees as well. I think we have a committee system in this country—I hope that some members on the government side will agree with me on this because I think they feel just as frustrated as we do on this side—that is a sham in many respects, a system that really does not function. We cannot subpoena witnesses. Whenever something happens that is important, or perhaps even catastrophic, something that is significant to the House, how does a member of the opposition, or indeed a backbencher on the government side, go about getting a reference to subpoena witnesses, to have counsel, to have adequate research staff; in other words, to have everything a committee should have? We

have to go to the government House leader, who is a politician, who is a member of parliament and who is a member of the cabinet—who in other words is a member of the government. If he does not want to give us that reference, he does not have to. Is that democracy? I see a Liberal over there nodding his head in the affirmative. We have to go to one man in one party in one government to get a reference to subpoena witnesses before a committee.

I maintain that the committee system is an absolute sham. Why do we not democratize committees in this House? Why do we not make ourselves democratic in our committees? Why do we have to act according to party lines in committee? In some of my statements in committees I have disagreed with my party, and I know there are some Liberals and some Conservatives who have done the same. Why can we not stand up in committee and express what we really want to express without fear that we will be stepped on and kicked around by the House leader, regardless of what party is in office?

This relates directly to the changing times, and while one or two members may be laughing at present, there is one thing of which they may not be aware, and that is that the government is moving toward a congressional or republican system. If the government is moving in that direction, it only stands to reason that our committees should go the same way. We cannot have it both ways. We cannot have a sham of the parliamentary system—in fact, it is going republican; it is becoming an administration, not a parliament—and on the other hand try to hold on to the old, strict party line approach in committees. We must have more power.

I will conclude by saying that unless Mr. Rogers, the newly appointed Comptroller General, is permitted to report directly to a committee of the House before his information is hidden somewhere over there on the Treasury benches, this legislation is just a piece of nonsense. All we are doing is adding another bureaucrat at a high salary. Because what will happen is what happens with public accounts. In committee we come up and debate problems, inaccuracies, gross negligence, irresponsibility and non-accountability on the part of the government a year later, instead of having a handle on it when the problem is facing us and the country.

Unless the government is prepared to make the Comptroller General responsible to the House—

Mr. Andras: No way.

Mr. Blackburn: —I see no reason why this legislation should even proceed. However, I am prepared to support it, hoping—probably hoping against hope—that when it comes to committee changes will be made, that the government will introduce regulations which will make the Comptroller General responsible to parliament, not just to a few cabinet ministers. We have had enough of executive governing in this country. If we do not stop it now, we will end up without a democracy in this House. It will become only a little debating society. In fact, that is what it has been for almost all the time I have been here. So I hope that substantive changes will be made in the legislation before it becomes a statute.

[Mr. Blackburn.]

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I am very pleased to be entering this debate tonight on this very important 15 line bill which seems to be drawing so much fire from the opposition side, based on the comments of the two official spokesmen for each of the parties. This is a bill that establishes what is probably one of the most significant positions in our federal government public service of recent years.

There are a number of points that I would like to mention during the course of my remarks tonight, but first I would like to refer back to a few points that have been raised by the two official spokesmen from the opposition parties who—and I know them to be people of high repute—amazingly enough are taking this 15 line bill, a very simple bill doing a very important thing, and attacking it in such a hard way.

We have been in business in this country for almost 111 years. For the first time we are now officially establishing a position of Comptroller General which may be equated in most people's minds to a position of chief financial officer in the private sector.

● (2052)

The hon. member for Calgary Centre (Mr. Andre) commenced his remarks by being very vindictive toward this bill and this appointment. In my view, that does nothing to help the man who will be the first incumbent of this position. We all agree that he will have a very difficult task. It will be exceedingly difficult for this man to walk into a 300,000 plus organization in terms of people having an expenditure budget of somewhere in the neighbourhood of $45 billion. The new Comptroller General will be asked to ensure that there are adequate financial controls and systems in place throughout the entire system. That will be a very delicate and tricky task, and the new Comptroller General will need all the support that we as parliamentarians can muster for him.

The hon. member for Calgary Centre suggested that we are simply "purporting" to establish the position. He went on to say that, in his view, the bill would do nothing more than simply create another deputy minister. The hon. member played down the appointment to the extent that if he and his party had their way the Comptroller General would not be able to function in the manner intended by the government and by those of us who have been involved with the public accounts committee. The members of this committee fully supported this concept of a chief financial officer and urged the government to make the appointment. The hon. member for Calgary Centre spoke in a manner that would make it extremely difficult for the Comptroller General to accomplish the job that has been established for him.

The hon. member for Brant (Mr. Blackburn), who is the official spokesman of the New Democratic Party on this Bill, has taken a very active part in our public accounts committee both during my time as vice-chairman and my other three years of active involvement with that committee. I know the hon. member's concerns. We have shared some of these con-

cerns over the years—concerns about the state of financial control within the over-all government service.

While I am certain the hon. member is endeavouring to be as sincere as possible, I feel that he is significantly off base in suggesting that the legislation establishing this position, unlike legislation governing the establishment of other departments, should be defined in such specific language that it would tie down the Comptroller General, who after all will be a very senior civil servant. The hon. member indicates that the bill should define the role of the Comptroller General to the extent that he would have inadequate freedom of movement and inadequate ability to fill out his responsibilities and to make himself the effective official he must be in order to accomplish the tasks which are set before him.

Rather than condemning the fact that the bill contains only 15 lines, I think this is a most positive aspect. Mr. Harry Rogers—the appointee designate—himself has said in the few public comments he has made since his appointment that he will need at least six months to sort his way through and to determine an approviate course of action. As one who has been involved in financial administration in the private sector I understand exactly what Mr. Rogers is saying. His job will probably be the most difficult financial administration job anyone in this country could be asked to do.

I understand that Mr. Rogers will be taking a very significant cut in his own remuneration in order to devote himself to this task. He obviously thinks it is important or he would not accept it. I think it is essential that we give him all the leeway we can so that he can be as effective as possible. He will have to determine his detailed responsibilities and work in close collaboration with senior civil servants in all departments, and hopefully in Crown corporations as well. He will have to establish his credibility.

There is no question that any large organization looks upon a person coming into the area of financial control with a certain degree of concern. They wonder what this individual will do and what effect he will have on their operations. They wonder how they should respond to and interact with him. This is natural and understandable. Senior bureaucrats on the Ottawa scene will be looking at this new position with a great deal of interest and concern. I think it is important that we give the new Comptroller General all the leeway necessary to establish himself and to make himself as effective as the Auditor General and President of the Treasury Board intends he should be.

In my view, the simpler this bill is, the better. In its present form it is simple. It contains only 15 lines, and I suggest to the hon. member for Brant, the hon. member for Calgary Centre and others who will be on the committee examining the details of the bill that we should leave it that way. We should let the new Comptroller General do his job and help him by leaving the bill in this existing form.

The hon. member for Brant raised many other points regarding committees and so forth. I would like to touch upon those points in the course of my remarks, but I want to come back for a moment to the bill itself. There is no question in the minds of most members of parliament that it is high time this kind of position was established. The annual expenditures of the government are now between $40 billion and $50 billion. Ten or 11 years ago expenditures were $8 billion to $10 billion. The Glassco commission recommended a great deal of decentralization in its report back in the early sixties when expenditures were around $5 billion. Decentralization was accomplished to such a degree of success that the control features which existed after decentralization was put into place were so thin and tenuous that decentralization tended to take over.

In the meantime budgets were growing at a rapid rate, and the controls which should have been in place were never put into place. On the one hand, decentralization was taking place. We were moving away from the old green eye-shade, centralized accounting, which was an extremely good move. But at the same time budgets were increasing substantially, which had the over-all effect of loosening control from the central area to such an extent that in many cases it almost ceased to exist.

The Auditor General brought his own expertise which he had developed in the private sector. Many corporations had gone through this same scenario in years gone by. Over the last 25 or 30 years hardly a major corporation in North America has not gone through this same business of moving from the old centralized, detailed type of accounting control to a decentralization phase, but with the establishment, in most cases at the same time, of a more modern concept of financial management which ensured that sufficient controls were indeed in place to meet the needs of the growing and modernizing phase that most corporations were going through. The only difference here is that we are seeing the process happening in government some 25 years later.

I suggest that the response which has been made by the former president of the treasury board, now the Minister of Finance (Mr. Chrétien) and by the present President of the Treasury Board (Mr. Andras) to the suggestions made by the Auditor General, members of parliament and active members of the public accounts committee is an example for other levels of government across the country. In my view they are likely to copy that example in the not too distant future.

● (2102)

I think, Mr. Speaker, generally this augurs well for the ordinary Canadian taxpayer because if there is one thing that concerns people today it is to be sure that moneys spent in their interests by the various levels of governments at least are spent in a manner that ensures that the normal types of financial controls are in place similar to those that they expect to find in large companies with whom they are familiar—oil companies, department stores, etc.—in endeavouring to ensure they run successful businesses.

So, Mr. Speaker, the fact that the bill is before us at this time I think is indeed another encouraging sign of the way in which this government is prepared to respond to the real needs of the day. I want to make that point and again emphasize that I think it would be a mistake to try and tie the new

appointee's position down to such an extent that he would virtually prove ineffective. He must not be restrained in any artificial way.

The discussion on this bill gives me an opportunity to make one other point, as a member of parliament in my first term here in Ottawa, that I think is important at this time. A week or so ago there was a lead editorial in one of the major newspapers in this country, the *Toronto Star*, to the effect that there is no incentive whatsoever to be a member of parliament; that indeed, unless you are a cabinet minister you might as well forget it. You might as well not even go to Ottawa. This was the thrust of the article. It is the kind of argument that influences a good number of people who might otherwise be prepared to stand for election in their various ridings for whatever party they might be interested in. The editorial commented on the inability of members of parliament to have any input, the inability of the committee system to be meaningful, and made various other general comments demeaning to the role of an MP. These comments could be extremely discouraging, not to myself, Mr. Speaker, and I am sure not to members who are here and participating, but to people from the private sector who might want to join this forum and become involved in the national democratic process.

I want to take a few minutes in connection with this bill to indicate one small example of how that editorial is so very wrong—extremely wrong. I cite my own experience, Mr. Speaker, and I am sure I speak for other members of the public accounts committee in connection with this. Two years ago, Mr. Speaker, the whole matter of the chief financial officer or comptroller general was discussed at great length in the public accounts committee. I, among others from that committee, made the point on March 18, 1976, that in my view it would be most gratifying just to know that there was a chief financial officer among the 300,000 odd people employed by the federal government.

We discussed the matter with the Auditor General. We even tried to pin him down in committee as to whether or not he was recommending that appointment. At one time he was suggesting it might be a good thing but he did not have a firm recommendation. Later, Mr. Speaker, when he published his report for 1976, he did indeed make a very clear point. He referred, I might say, in his report to a question I had raised in the House of Commons and in committee regarding the establishment of just this type of position. By this time he had determined his own point of view firmly as supporting the concept of a comptroller general.

I only raise this, Mr. Speaker, because it seems to me a clear example of how members of parliament can indeed make a most useful contribution to the governing process here in Ottawa. This comment should be noted—but in all likelihood it probably will not—by this editorial writer of this leading Canadian newspaper. He should realize that he is quite wrong in his concept of what does and what can go on in the parliamentary process.

I would like to come back to the comment of the hon. member for Brant about committees. Mr. Speaker, committees in our system can be most useful. Not only has the public accounts committee had a great deal to do with support for this particular appointment, and support for Bill C-10 that we now have before us, but it has been useful in many other ways. What is needed is the input of individual members on committees. Too often, Mr. Speaker, we go to committees and for one reason or another the party representation is very low. Often we will be discussing an important piece of legislation, and for one reason or another members may wish to raise matters that are peripheral but which particularly interest them in the over-all subject, whether it be energy or some other area. Mr. Speaker, it seems to me that before we criticize, before we as members of parliament—I do not care on what side of this House—try and take the existing committee system apart, before we try and dismantle it or try and change it for something else, we should do our utmost to make the existing system work. And work it can.

It is possible to get general references made to committees. It does happen. We have noted this in a number of committees in the past four years. The people participating in committees can be fully satisfied with their participation. Certainly we had some problems in the public accounts committee when trying to get a man like Mr. Eisenberg from Israel to come before us. But I am not sure that any number of subpoenas would have done any good. Never in my experience, Mr. Speaker, have we had to resort to that sort of thing to get a witness before a committee.

It seems to me that before we give committees a lot of new powers, we should make sure they are using the powers and the abilities they have to the fullest extent. Staff is available to us from the research department of the Library of Parliament. We have all kinds of help available to us, Mr. Speaker. I have not been on one committee of this House where members have wanted some help, whether it is of a financial nature, the need for outside counsel or whatever, and have been turned down.

Now, Mr. Speaker, until we have used the existing committee system to its fullest, I do not believe we have any point to make to you, Mr. Speaker, to the government or to anybody else as to its ineffectiveness. We have the ability to make those committees effective. It is up to us, to each one of us in this House to do so.

I would like to conclude my comments tonight by again coming back to this particular bill and expressing, I am sure on behalf of most members of the House, the great confidence that we have and will place in Mr. Rogers when he assumes his most difficult and delicate task. I exhort members on the other side of the House not to rush to define the job description in the form of legislation. It would be a big mistake. We do not do that for other deputy minister positions in the government service but, rather, give them a great deal of leeway. We should also give this appointee an opportunity to "get his feet wet" in the job and interact with his senior public service colleagues—to have an opportunity to establish his own credibility, which will be very important. His background certainly indicates his ability to do just that. He must be given adequate time, Mr. Speaker, to become installed in the job and to obtain

the kind of background that he will need in order to perform in a meaningful way. Again I say a great deal of understanding will have to be shown him by his colleagues in the senior bureaucratic service.

It concerns me a little, Mr. Speaker, to have heard a comment recently that one department was feeling that perhaps there was a need now to hire some people who would be able to interact with the new Comptroller General. I think that, of course, is simply unnecessary and really ridiculous. If individual departments have the kind of financial controls in place that they should have, then they do not need any new people to interact with the Comptroller General. Hopefully he himself will establish only a small staff. He indicated it is his desire to have just a small nucleus of people. They will interact with the existing staffs in the departments and seek out those areas where financial controls may need improving. Many of the departments may have already had weaknesses pointed out for them by internal audit systems in their own department, yet they may not have adequately addressed the matter for one reason or another.

● (2112)

I hope the President of the Treasury Board will take steps to ensure that departments are indeed not permitted to go out and hire people, simply to interact with the new Comptroller General, if, indeed, there is some consideration in the departments of doing that.

This new appointee is not going to be some sort of ogre, seeking out all the wrong things in departments. That is not his task. We have an Auditor General who will continue to examine accounts after the fact. This man's job will be to interact with the senior people in other departments to ensure they have the kinds of systems in place that will help them to render a more effective performance. Any senior bureaucrat in our system should be proud that he is able to produce the kind of results that may be sought from his department, at the best price possible and in the most efficient way. The Comptroller General will indeed be helping these people in achieving that goal.

If in some departments there are inadequate controls in place at the present time, obviously corrective measures are needed. Before hiring extra people to do that, however, such departments should look at their potential to put appropriate measures in place by making some basic decisions and possibly adjustments in allocation of existing staff.

A good deal more could be said about this bill. I hope as it moves into committee and is passed into law that the opposition parties will take a fresh look at their concern about the need to have much more definitive legislation. I hope they think about it and come to the conclusion that the leeway we grant to this position, as indeed is granted with all deputy minister appointments, is not curtailed by imposing in the legislation inappropriate detailed restrictions. Such an approach would do far more harm than good.

The basic guidelines are there for the job. They are currently in the bill. Any further definition of the role of this new appointee must be worked out with the President of the Treasury Board and his colleagues over the course of time.

In conclusion, I commend the President of the Treasury Board and his predecessor, the present Minister of Finance, for having moved this item to the point where today, for the first time in 111 years in our Canadian history, we are going to have in place a chief financial position that any major corporation in our modern economy would simply accept as a basic organizational function in the course of carrying on its business. Government should never consider that it has less need for up to date financial control concepts than is the case in the private sector.

I wish Mr. Rogers the very best as he commences in this challenging new position in the near future. I hope he will receive the kind of support from members of this House of Commons that he will so obviously require, particularly in the initial term of his appointment, in order that he may render the effective job that is intended by the government and is certainly sought by all members of parliament.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I would like to say a few words on this matter even though I did not have any time to prepare a speech since I received the minister's statement late this afternoon. Mr. Speaker, the decision to create the position of comptroller general was made in accordance with the general purpose of the main recommendations contained in the 1976 report of the Auditor General.

According to the President of the Treasury Board, the position of comptroller general can be defined as that of chief financial officer of the federal public service. The comptroller general will be directly responsible to the President of the Treasury Board and will have the rank of a deputy minister. In general, he will be responsible for the quality and harmony of the financial administration policy and practices within the entire federal public service. He will be responsible for developing expenditure control systems as well as related administrative mechanisms so that the expenditures stay within the limits authorized by the government. In fact, the responsibilities of this new position will include the majority of those given to the financial administration branch of the Treasury Board on its establishment in March 1976.

According to the President of the Treasury Board, there will be special functional relationships between the comptroller general and the senior financial officers of departments and Crown corporations to enable him to give the necessary instructions while maintaining the concept of decentralized management.

It has been noted that the entire responsibility for the control and orientation fo resource allocation and control processes will remain unchanged and come under the secretary of the Treasury Board. Mr. Speaker, the President of the Treasury Board added that the creation of this position will entail a reorganization of the secretariate of the Treasury

Board and that the details of this change will be announced after the appointment of the comptroller general.

Mr. Speaker, the idea is good in itself but we shall make sure that we are not going to create another administrative position that will only add to the burden of bureaucracy. The so-called functional reports will have to be efficient. On that respect I wonder what the term "functional" means.

The financial control of various departments is a heavy responsibility and all senior civil servants will have to co-operate if that office is to serve its purpose. Lastly we may wonder if the responsibilities of that position are not going to overlap those of the financial administration branch of the Treasury Board. If it is the case, why a new office?

However, I hope that Bill C-10 will eliminate the abuses made by various departments and of which we are all aware and I think particularly of the Department of National Defence and the excessive commission allegedly paid an individual whose name has not been released. I refer to the Candu reactors sold by the National Energy Board of Canada to South Korea and Chile. In fact this bill is not perfect but it deserves our attention and this is why we give it our support.

[*English*]

Mr. Peter Elzinga (Pembina): Mr. Speaker, I wish to share a few thoughts on Bill C-10, to amend the Financial Administration Act. Prior to doing that, I wish to commend the critics in this party in this area, in particular the hon. member for Vegreville (Mr. Mazankowski). When the Auditor General suggested that we have a position of comptroller general, this party immediately came out in support of that position.

We want to ensure that this appointment is more than just a political puppet for the Liberal administration. That is why our critic, the hon. member for Calgary Centre (Mr. Andre), will propose amendments to the effect that we have terms of reference defined in legislation as to what the responsibility of this gentleman will be.

● (2122)

I wish to underscore the comments made by the hon. member for Brant (Mr. Blackburn) on behalf of the NDP. It is obvious he was aligning himself with the position taken by the hon. member for Calgary Centre. It was clear from the comments made by the hon. member for Rimouski (Mr. Allard) that all the opposition parties are in agreement with regard to this legislation. We feel there is a need for it but that there should be a more precise definition of the responsibilities of the Comptroller General. It is important he should be accountable to parliament and that his report should come before committees of the House. It is important he should be more than simply another deputy minister.

When we review the career of Mr. Harry Rogers, who has been designated for this post, it becomes obvious he is a very competent individual. We would not want to see him restricted in any way. On the basis of past actions of the government it is clear that suitable terms of reference with regard to this new position are needed. We do not want to see any cover-up in the area of financial management, especially in times when expenditures are soaring.

The Auditor General stressed the need for greater accountability. In November, 1976 he tabled an annual report in which he indicated the government for losing control over its spending. He considered the situation so serious that, he said, if it continued he would be unable to approve the accounts of Canada. He found the government had overstated its financial position by more than $7 billion through a series of unacceptable accounting practices. An inquiry was instituted, and before the week was out one of the members of the four-man commission appointed by the government was forced to resign after a conflict of interest charge.

The President of the Treasury Board (Mr. Andras) is an extremely intelligent individual with a good business background. It must break his heart at times to watch the government's financial mismanagement, to see the Minister of Finance (Mr. Chrétien) bowing to political expediency rather than considering the economic needs of Canada as a whole. Even the budget will be dictated by the campaign managers and by the senior organizer of the Liberal party, Senator Davey, rather than the Minister of Finance.

I hope that when this bill becomes a reality such things as the wasting of $750,000 by the Minister of Transport (Mr. Lang) on his own flying escapades will be curbed. It is all very well for members opposite to talk about restraint and claim they are good stewards of the public purse, but that is not the case. I intend to put forward many examples of ways in which the government has misused large sums of money provided by the Canadian taxpayers, but before doing so it is appropriate to review some of the so-called major accomplishments of the present administration. Just the other day they voted against a motion by the NDP, with an amendment from our own party, to offer equality of rights to women. I hope they are very proud of what they did. We intend to bring this issue up during the election.

It is obvious, when one reviews the entire four year period during which I have been in this chamber, that the government has wasted a golden opportunity to realign its economic thinking. Unemployment levels are breaking records, we are experiencing record inflation, record mortgage rates, record interest rates and record government spending, all because of the actions and omissions of the present administration. Of the last ten budgets, nine were deficit budgets and this year the deficit will amount to close to $10 billion.

Mr. Andras: His figures are jumbled up.

Mr. Elzinga: It is obvious we are dealing with a scandal within government. A bit of research I have put together shows 25 specific areas of incompetence, corruption and deceit which have been permitted by people across the aisle. There is the affair of the AECL reactor sale. We are not getting the accountability that people have a right to expect. We recall such things as the Sky Shops affair and the affair of the Statistics Canada employees. All these things bring to mind

the statement made by the Canadian Chamber of Commerce in its pre-budget submission to the Minister of Finance and the Minister of National Revenue (Mr. Guay), in which it stated:

> Loss of business confidence stems in large part from the contradiction between the government's stated intention of decreasing its involvement in private sector decision-making, on the one hand, and legislation creating excessive surveillance and "fine tuning" of private business decisions, on the other.

Not only the chambers of commerce but the majority of the Canadian people find they can no longer place any faith in the government. When the Prime Minister (Mr. Trudeau) first took office he stated emphatically that he intended to lead this country more to the left of the spectrum. I think it was 18 months ago that he said in a television conversation that the free enterprise system was not working and that we would have to change the system accordingly. Nowadays the government is saying exactly the opposite; it is saying we must involve the private sector to a greater degree.

To deal specifically with Bill C-10, it is my hope that abuses and shortcomings such as those to which I have referred will be remedied, to some extent at least, by its provisions and that the waste of public funds will be reduced.

I should like to refer at this point to a booklet put out by Edward Murphy of Vancouver entitled: "A Legacy of Spending". On the first page there is a clipping which states that it is the Prime Minister's intention to cut the civil service by 10 per cent. He also plans to curb government spending. The booklet is dated August 14, 1969.

● (2132)

If we look at what happened in reality as compared to what was stated in this article, we find that since 1969 government spending has increased by some 201 per cent. We find that the civil service has increased by some 45 per cent. Mr. Speaker, it is any wonder why the Canadian people have no faith in this administration? The government's own backbenchers are condemning it for mismanagement. A short time ago the hon. member for Vancouver East (Mr. Lee) stated that government spending was out of control. The story was carried in an article by the Vancouver *Province* dated September 29, 1975.

One can go through an entire list of waste and government mismanagement of public funds. I refer to an article in this booklet which states that CIDA's president spent some $20,000 to have a speech prepared for himself. We then come to a study which was commissioned by the International Development Research Centre which announced a grant to conduct an infertility study. They received $84,000. I find it humorous too to go through some of the Canada Council grants. Canada Council in total has spent in excess of $400 million. When one reviews, where some of this funding has gone, it makes one sick. It has gone to support filth.

Everything is illustrated in this book and I dare not put it in the record because it is such filth. We have members opposite and in this party who are debating legislation before the justice committee dealing with pornography. If members on the opposite side were sincere in the application of what they are stating, they would start to clean up their own house first. When we see the smut that is being supported by the Liberal administration, it is simply appalling.

There are a few other illustrations I wish to share with hon. members covered under Canada Council grants. In 1971 a grant of close to $40,000 was made so that a study could be made of the Alberta electorate. I am puzzled why $40,000 would be allocated to study the electorate in Alberta, because they have done a fine job over the last three years in sending representatives to this House of Commons. I do not feel Alberta needs any studying.

We find too that some $48,000 was granted to study the fertility of families in Quebec. Why would $48,000 be granted to study fertility of families in Quebec? That is the second such grant; there was another one for $50,000.

Miss Bégin: What is wrong with it?

Mr. Elzinga: Why should we spend Canadian taxpayers' money on studies like this?

Miss Bégin: We need population in this country. You are against babies?

Mr. Elzinga: No.

Miss Bégin: Explain!

Mr. Elzinga: I am curious as to why the government would want to know the fertility rate in Quebec and spend some $50,000 of the taxpayers' money.

An hon. Member: How many babies does she have?

Mr. Elzinga: Maybe I could ask the hon. minister how many babies she has.

An hon. Member: Shame!

Mr. Elzinga: I think she is a very responsible minister who is doing a great job. She is doing a much better job than those who are taking care of the Canadian taxpayers' money, and that is exemplified by the way it has been spent over the last 10 years.

In conclusion, I wish to underscore a few things that have been brought forward by the hon. member for Calgary Centre, who is our critic in this area. He did a great job in putting forward our position when he opened the debate after the Parliamentary Secretary to the President of Treasury Board (Mr. Lefebvre) spoke. The hon. member for Calgary Centre stated that it was vital there be a Comptroller General in place in the government apparatus, to use the words of the Auditor General, "to bring this serious situation under control". It is absolutely essential that we do have legislative authority to perform that function. We intend to propose amendments along those lines to ensure this responsible position is accountable to the parliament of Canada rather than just the government itself.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, having been a member of the public accounts committee for a

few years I am certainly pleased to have the opportunity to say a few words on Bill C-10, an act to establish the office of Comptroller General. The person who has been appointed, Mr. Rogers, I understand is a highly qualified and capable man and he certainly will be assuming an important position. No one will deny this, Mr. Speaker. Indeed, in light of past government mismanagement, his will be no small task and we on this side of the House would like to offer him every encouragement in his most difficult task. He will be responsible for assuring proper financial management and control procedures for the various government departments.

I am sure that when the Auditor General uttered his ominous words about the significantly low standard of the quality and effectiveness of the financial management and control systems of departments and agencies of the government of Canada, he was worried about the direction the government was taking in financial management. One year later when he stated that financial conditions had deteriorated to the point of being "grossly inadequate", it was clearly time to institute another check on government accounting that would somehow improve the way the government was managing the Canadian people's money.

The idea of a Comptroller General is a good one. Indeed, it is absolutely necessary if we are ever to regain some control of government spending. But to appoint someone and then deny him responsibilities at the same time is once more the typical government response to problems and solutions. The problem exists. There are solutions to the problem. Yet the government chooses to tackle the problem only half-heartedly. They take the cosmetic approach. They give the appearance of solving the problem. They take the first step and that is all.

Obviously the government agrees to the concept of the role of the Comptroller General. But why are his duties and responsibilities not spelled out in the legislation as well? This matter has been brought to the attention of the House by three or four speakers already. It will certainly be brought up and amendments presented in committee in an attempt to correct this. It appears that the government wants someone to do the job on the one hand, and yet on the other hand it looks as if they do not. It is indeed regrettable that the government chooses not to include his responsibilities in the legislation.

It is also lamentable that parliament will have no control over the role the Comptroller General will play. This is too bad, particularly in light of what the Auditor General had to say in his 1976-77 report. He said:

> Small wonder that parliament has lost control of government spending. The MPs scarcely had a fighting chance to get adequate information on the spending they have to approve.

● (2142)

To give parliament some form of control over the role of the Comptroller General would have been an excellent opportunity to improve the position of parliament, especially when it comes to government spending which has deteriorated steadily over recent years. Why is it that the government will only go part way in following up what the Auditor General is recommending? The government first hesitated to make the appointment, and then when it did, it did not do it completely or fully.

In light of this I cannot help but wonder about the actual impact the Comptroller General will have. One would have to be very foolish to believe that suddenly the financial woes of the government will be turned around. I am afraid it will take more than one new face to achieve that. It will take a great number of new faces, and probably a whole new government.

In the last ten years we have seen a phenomenal growth in government spending and deficits. Indeed, the budget deficit for this year will be as great as our entire budget when the Prime Minister (Mr. Trudeau) came to power. The cost of government has risen by 400 per cent over that ten-year period. I believe it was in the vicinity of $10 billion and now, as was mentioned earlier, the estimate for this year is $45 billion; and in all probability when the supplementary estimates are brought in it will be closer to $48 billion.

The whole depressing saga of government spending is a situation getting worse and worse year by year. Was it only ten years ago that the Prime Minister said that we would be on the way to financial disaster if nothing were done to bring spending under control? These are enlightening words considering the present financial circumstances of the government.

If this government has one philosophy, it is to spend, spend and spend some more. Government in the past ten years has grown too quickly and by too much. The implementation of some form of control mechanism is long overdue. The government philosophy of better late than never has prevailed once more. A better philosophy would be better never late. In other words, it should have been introduced some while back.

I suggest it is too late to implement the effective control Canadians all over the country would like to see regarding how their tax dollars are being spent and will be spent in the future. It is too late because the pattern has been established. The people of Canada have watched their taxes go up and up to support the government in its ten-year spending spree. The tax burden of the average Canadian family has increased by 239 per cent over the 1961-75 period. What has happened in the last ten years or so could rightly be called the great Canadian tax tradegy.

The phenomenal amount of waste that has been occurring in the last ten years will not be stopped overnight. It is to be hoped that the Comptroller General will be able to operate with as much responsibility and as smoothly as is humanly possible within the bureaucracy. The plain unadulterated truth is that we have been spending and spending.

I have served on several committees, and I have heard it mentioned that committees are not working as well as they should. Perhaps the members themselves could help the committees work a little better, and I say that with all due respect. I attended a committee meeting which was called for 9.30 this morning, but proceedings did not get under way until about 20 minutes to 11. That was an absolute disgrace. When members of parliament do get an opportunity to debate the estimates, two hours in many cases is not sufficient. By the time you

complete the niceties at the start a great deal of time has passed. After two or three committee meetings on the estimates of one department the minister and his cohorts are home free for another year. This makes it rather difficult for members of parliament to be able to hone in on these expenditures, getting the proper answers from the ministers responsible or their officials. I have seen this happen time and time again, and I guess I will see it happen in the future.

Let us hope the Comptroller General will have a free hand and will be able to go into any department, possibly with the advice of members of the opposition, and members of the government the odd time when they are not too enthusiastic about how a department is acting or spending money. If that is the case then the Comptroller General will be doing a good job. I understand he will have the rank and salary of a deputy minister. Let me suggest to the President of the Treasury Board (Mr. Andras) that it might be a good idea if he paid him on commission in reverse; the more money he saved the more he would be paid. I would like to see the day when he was receiving $10 million in salary, because he would be earning every cent of it. That may be a thought worthy of consideration.

In conclusion, I should like to say that I certainly support the appointment of a Comptroller General. I add that any measure which will put some sort of check on the government's spending habits is more than welcome. Let me say once more to the President of the Treasury Board that I commend him for finally getting this bill before the House and putting the Comptroller General to work; I understand he will be starting next Monday.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I am pleased to have the opportunity of speaking in favour of this amendment. The Financial Administration Act dates from 1951 when government programs were much more simple. Since then there have been different views at different times in the country on how best to manage public programs and to ensure accountability in public spending.

In the 1960s, following the Glassco commission, the central controls which previously existed within the Treasury Board were relaxed and the cry was, "let the managers manage". This was very much the attitude of even provincial civil servants in the 1960s when central controls from Treasury Board were certainly very much resisted.

In the expansive mood of the 60s, the emphasis not only in the federal government but in provincial governments too was on creativity. The civil servant who was considered bright, able and promotable was a person who developed exciting new programs which, in a sense, meant spending more money. In the course of all this somewhat visionary activity the fact that the Glassco commission, in addition to saying that the deputy ministers should manage their own departments, had also recommended some financial mechanisms to replace former central control by Treasury Board was somehow overlooked.

When one looks at the United States and Europe during the 1960s, one sees the same emphasis on creating exciting, progressive programs which, of course, cost money, and insufficient emphasis on accounting for this money. At the present time, the pendulum seems to be swinging the other way. We sometimes hear that government spending is bad, and that civil servants are empire builders who must be restrained and supervised. That attitude carried to extremes can be at least as expensive and unintelligent as a laissez-faire attitude toward expenditures from the public purse.

The measure before us is to create the new position of Comptroller General and is based on the recommendation of the Auditor General. The recommendations of the present Auditor General, who not only pinpoints problems but also offers solutions, naturally carry considerable weight. However, the Auditor General has also addressed himself to the question of the need for Canadians to get value for money in auditing.

● (2152)

At the meeting of the public accounts committee on February 2, the Auditor General estimated that at least $50 million is spent on government auditing services. The Auditor General's staff has been greatly increased. Treasury Board and the Department of Supply and Services have audit services, and then, of course, there are the various pre-audits within the departments. In this context, the appointment of another financial control office naturally raises the questions of need and effectiveness. Do we need more effective financial control or do we need more effective program audits? Canadians do not like waste in government spending, but neither do we like bureaucratic red tape, and sometimes an over-concern with auditing can strangle programs.

The hon. member for Scarborough East (Mr. Martin) expressed surprise that a 15-line bill should occasion so much debate. I do not find it surprising because I think the underlying issue is the size and scope of government spending, an issue on which people have strong and often conflicting opinions. People talk of the need to cut down on government bureaucracy, but the same people also want stronger government action to deal with unemployment.

People talk about the need to free the private sector from control or interference by government, but business also wants government organization, spending and incentives for research and development to help in penetrating foreign markets and so on. Education, manpower planning, pensions, medical care, defence and transportation are all essential areas for government activity if there is to be equality of opportunity, social justice and economic prosperity.

A strong central government is essential for solving the country's problems, and that means big, universal programs and therefore the need for modern and effective financial controls. It is no longer enough that a program be imaginative and idealistic. It must also be carried out in the most effective and economic fashion to achieve national goals. In times of slow economic growth, government must help to take up the

slack while giving private enterprise incentives and the confidence to expand.

Canadians' justified criticism of government spending, whether at the federal, provincial or municipal level, is against the multiplication of the bureaucracy without an apparent concomitant increase in productivity. The revolt is not against government programs; indeed there are continuing requests for programs. Canadians want to be assured that the programs are really efficient, effective and needed.

The appointment of a Comptroller General has been considered carefully by the President of the Treasury Board (Mr. Andras) to ensure that the office will serve and meet our contemporary needs. Attitudes change in response to changing times.

The hon. member for Parry Sound-Muskoka (Mr. Darling) spoke of the increase in government spending of recent years as though it were a solely Canadian phenomenon. I have here an article from the *Economist* which traces the large growth in government spending over the past 40 years in all the rich countries of the world. It reads:

> The 40 years during which the active pressure . . . created many muddles: a tendency in domestic affairs to try to resolve every problem by throwing taxpayers' money at it, a vague pacifism in international affairs so that the peace pledge union and its successors hampered prompt resistance to Nazi and then Soviet domination of too much of the world. Those 40 years . . . also brought some great human and technical advances, which are in danger of being too much disparaged now: A Keynesianism that has helped to multiply real gross world product five times over since the 1930s in history's greatest economic expansion, the building of decent and compassionate welfare states, the end of colonialism.

In our times we do not have this kind of very rapidly growing economy. We are more cautious about our expenditures on social programs. I am convinced the idealism, the commitment to social betterment, is as strong in Canadians as it ever was; but in order to pay for the progressive programs, we want our economy handled in an extremely efficient manner. For this reason the new appointment makes sense today and receives general support in a way it would not have ten or 15 years ago.

I think the government is to be complimented on making this new appointment and on the care with which the President of the Treasury Board has attempted to see this position slotted in with the other controls. I am sure that all members of the House will join me in wishing the gentleman who has been appointed all the best as he takes on this new and important appointment in our contemporary world.

Some hon. Members: Hear, hear!

Mr. Patterson: Mr. Speaker, in view of the fact that we have had a long day and it is now close to ten o'clock, may I call it ten o'clock?

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

Some hon. Members: Agreed.

[Miss Nicholson.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

BILINGUALISM—SUGGESTION GOVERNMENT CEASE SUBSIDIZING LA FÉDÉRATION DES FRANCOPHONES HORS-QUÉBEC

Mr. Jean-R. Roy (Timmins): Mr. Speaker, pursuant to my contribution reported in *Hansard* on page 3384, I have been wondering for quite some time why La Fédération des Francophones hors-Québec is using such verbal violence and confrontation with the federal government. I wonder why that non-representative and undemocratic body insists on attacking the Prime Minister (Mr. Trudeau) and the federal government. After all, there has been really remarkable progress among French-speaking minorities since 1968, and certainly it is not the work of the PQ government, which was elected in 1976 only, nor the FFHQ. If progress has been made, it is thanks to Prime Minister Trudeau and his government. Confusing the federal government with provincial governments under the same criticisms is dishonest, it attempts at creating the impression that since 1968 the federal government has been doing nothing more for French rights than the provinces of Alberta or British Columbia for instance. This is most dishonest.

That the first ministers conveniently fell into the trap laid by Mr. Lévesque during the provincial conference in Montreal is one thing. Rather than risking their political skins, rather than showing the necessary courage and leadership, they preferred to fall for that. But equating Prime Minister Trudeau and his government with them is another, malicious story. Certainly, the PQ government do not have the responsibility, thank God, nor the capability to protect Francophone minorities, and I would remind the FFHQ that we are not Francophones outside Quebec, but rather French Canadians at home here in Ontario and Canada. The rights we enjoy are Canadian rights rather than extended Quebec rights. I would remind them it is the government of the province of Quebec that turned down the constitutional formula, and the national government that proposed to enshrine language rights into the Constitution. And this was not vetoed by other provinces, but Quebec. Therefore, I wonder why the FFHQ is launching that malicious campaign against the Prime Minister and this government.

Mr. Speaker, we had the answer last week. The FFHQ's hidden and dishonest objectives are aimed, not at protecting French-speaking minorities, but supporting the independence-seeking views of the PQ government and, through that, to sell out French-speaking minorities they claim to protect. Because once Quebec had separated, how could we justify the rights of French-speaking minorities? That hidden, devious and subver-

sive support has become apparent in light of the brief submitted by the FFHQ to minister Claude Morin and Premier Lévesque.

I would like to quote the following excerpts from that brief, to show the FFHQ's subversive tactics:

● (2202)

The brief says that the FFHQ considers the PQ government as a natural ally in its offensive against the federal government and the other provinces; that same organization is offering propaganda ammunition and strategic plans to help uncover scandals in return for the support of the PQ government. The FFHQ claims that it does not trust the federal government but feels sympathetic toward the PQ government. The brief spreads the myth and the lie that French-speaking minorities feel respect for the PQ government and find inspiration in its actions, which is a complete falsehood. The brief states that the federal government is trying to compel the FFHQ to oppose Quebecers and that the FFHQ does not intend to be drawn into the game of the Canadian unity. Do you realize, Mr. Speaker, that they are saying they refuse to get involved in theoretical discussions over national unity? It is then obvious that they actually favour Quebec's independence. They talk about traps and lack of goodwill on the part of the federal government. There is a request for help from the PQ government to unmask and denounce the bad faith of the federal government.

Mr. Speaker, yesterday the people from the FFHQ sent me a telegram asking me not to make any further intervention before I had met them. I agreed to meet them this morning and they handed me the document in question. Nothing has changed, Mr. Speaker, except that I am even more convinced of the dishonesty of these people. First they told me it was simply a working paper dated October 20, but the title clearly states that it has been submitted, not that it would be submitted, but that it had actually been submitted to minister Claude Morin on October 20. They may call it a draft paper if they want, the press release of November issued by the government of Quebec confirms there was a meeting with Mr. Lévesque and Mr. Morin which in a way answers the brief of October 20.

Then there is the *Globe and Mail*'s report of March 2. Two days later, Mr. Speaker, the FFHQ hurried to produce two other documents dated March 4 and 5 to cover up what has happened, but, Mr. Speaker, it is too late to conceal the fact: they have got themselves caught in their own trap. In view of such fraud, such dishonesty, I am again asking this: that the FFHQ, if it still dares pretend that it represents French-speaking minorities, make that brief public so that the minorities may see how they are being abused by the FFHQ and its provincial affiliates; let the minister cancel all subsidies to the FFHQ till further notice so that Canadian taxpayers no longer have to financially support an organization which favours the destruction of this country; let our colleagues of goodwill, good faith and sound judgment join me to denounce this organization and its subversive activities which are undermining our Francophone minorities.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, may I remind the House that on December 20 last, the Secretary of State reiterated his intention to co-operate with the representatives of French-speaking groups outside Quebec and announced that for the next five years he would substantially raise the help which will be given by the federal government to the official language minority groups.

For a few years now La Fédération des Francophones hors-Québec has been receiving help from the Secretary of State. In 1977-78 it has been given $200,000. In any application for funds which the Fédération will deem necessary to file with the Secretary of State for 1978-79, we will consider every facet of the situation of French-speaking minorities outside Quebec as well as the services that the Fédération can give to its members.

I repeat that the federal government, in any form of help it gives to the official language minority groups, intends to stick to the same principle namely to ensure the survival, the development and the well-being of these various groups. As we do with a good many national associations, we support financially La Fédération des Francophones hors-Québec, we consult it and we work openly with its members. Our attitude is one of mutual confidence. We feel it is necessary if we are to continue to co-operate with the Fédération as well as with other national associations. This confidence, this good faith, this frankness are essential to the pursuit of our common goals. If all the hearsays reported in the press were founded, this would mean that our will to co-operate honestly and openly is not shared.

● (2207)

[*English*]

TRANSPORT—INLAND TERMINAL AT YORKTON, SASK.—GOVERNMENT INTENTIONS REGARDING CONSTRUCTION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my participation this evening arises by virtue of an answer given to me by the Minister of Transport (Mr. Lang) to a question I raised last Monday about the development of an inland terminal in the city of Yorkton, Saskatchewan, and one of the recommendations of the Hall commission on the grain handlers. Mr. Justice Hall recommended that there be an inland terminal built at Yorkton to augment the shipment of preclean grain to the port of Churchill.

The point of my question to the minister last Monday was to ascertain why this particular firm of consultants, headed by Mr. Rod Bryden, was engaged with respect to this whole development when firstly the firm of consultants had established a well known bias against expansion of the port of Churchill. Mr. Speaker, the minister seemed to try to deny

that but there is no question that Mr. Bryden had in fact acted as a consultant for the Dominion Marine Association on a previous occasion. At that time it had made a recommendation against the expansion of facilities for the port of Churchill.

The minister tried to explain on Monday by saying that a consultant was something like an advocate or a lawyer and that somehow, depending on the brief the consultant was given, he could change his opinion. Mr. Speaker, I found it rather peculiar, that the minister would suggest in this House, in apparent seriousness, that a consultant could somehow come to a different conclusion with respect to one particular fact situation. I find it an appalling demonstration by the minister of some sort of concept of flexibility on the part of consultants, when we are trying to establish the facts which determine the necessity of developing a particular facility, or the expansion of a facility, for the port of Churchill.

Now, Mr. Speaker, I want to bring something to the attention of members of the House this evening by pointing out that, notwithstanding what the minister said on Monday, there is very clear indication that Mr. Bryden, in his report to the minister, in fact recommended against the development of this inland terminal at Yorkton because he is convinced there would be no purpose served in expanding the port of Churchill and the facilities at the port of Churchill. Mr. Bryden indicated in his report that, in the course of the study and during discussions with various sectors of the industry, it became apparent that there were serious reservations to be raised with respect to additional exports through the port of Churchill. It has been admitted by the minister that the consultant shares his views. This has been admitted in interviews with one correspondent in particular.

As I pointed out to the minister on Monday, the recommendations of the Bryden commission fly in the face of the recommendations of the Hall commission. I cannot understand the minister's attitude. Coming from the west as he does, he should understand that the development and expansion of the port of Churchill is a longstanding western dream. How he could engage a consultant whom he knew would come down with recommendations against that point of view is difficult for me to understand. This minister purports to represent western interests of the country.

● (2212)

Other things have happened. When Mr. Justice Hall was asked about this particular study, he pointed out that the Bryden consultants did not consult the researchers of the Hall commission. Mr. Justice Hall stated he was at a loss to understand why the Bryden consultants did not use the research done by the Hall commission to come up with a recommendation to the minister. He did not contact any of these researchers with regard to his final conclusion. There has been very substantial criticism of this report.

In this regard and with regard to other aspects important to western interests, particularly the statutory Crowsnest rates, he has indicated he is interested in abolishing the statutory Crowsnest rates and replacing them with another system. He

is against the extension of the port of Churchill. This makes me wonder about his ability to speak on behalf of western interests. He takes positions diametrically opposed to the hopes and aspirations of western Canada.

An appropriate observation was made by Don Griffin, the president of the Hudson Bay Route Association, to the effect that these consultants went well beyond their terms of reference. He had asked the minister to engage a firm of consultants who would work in tune with western interests. In this case the consultants fell very short of the request of Mr. Griffin and the Hudson Bay Route Association.

The parliamentary secretary is here this evening. I hope he will indicate that the minister is interested in obtaining new information and will take a positive attitude with regard to the port of Churchill. I hope he takes a positive attitude toward the recommendations of the Hall commission and will not support any attempt to undercut the Hall commission recommendations in this and other aspects so important to western Canada.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I wondered for some time whether I should answer that question tonight because the Department of Transport gave me the required information only in one official language of Canada which is not mine. Even though I regret that, in all respect for my colleague and friend from Saskatoon-Biggar (Mr. Hnatyshyn) and considering the importance of the issue he raised, Mr. Speaker, I will try to express myself in Shakespeare's language to answer some of the statements made by the hon. member.

[*English*]

The hon. member stated that the port of Churchill is a longstanding western dream and that we should have a positive attitude toward it. May I point out that in 1978 significant sums were allocated by the government of Canada to improve port facilities in Churchill. Capital expenditures of $5.5 million have been allocated to Churchill in 1978 for such work as scale automation and metrication, port lighting, winter berthing facilities, repairs and dredging. These actions in support of the development of the port of Churchill speak for themselves.

● (2217)

The consultant was engaged for the express purpose of evaluating the economic feasibility of an inland terminal elevator in the Yorkton area, or alternatively a number of strategically located high throughput elevators, originating grain for the port of Churchill. The construction of any elevators is, of course, dependent upon the prospect of a favorable return on investment. The purpose of hiring a consultant, as the opposition may be aware, is to obtain a professional opinion as to probable future costs and revenues accruing to a particular prospective investment. In order to get the best possible opinion, we hired a consultant who had had experience with Canadian grain terminal elevator construction.

Consultants, if they wish to stay in business, must of necessity guard their professional credibility. They must, therefore, attempt to maintain an unbiased approach. However, if one were intent upon finding a bias in this particular case, one would tend to believe that it would be in favour of a terminal considering that the consultant in question recommended the construction of the Weyburn terminal in the face of considerable opposition.

It is rather obvious that if the consultant's report had come out in favour of a terminal, then the opponents of a terminal could have argued that the consultant was biased, with about as much justification as the argument we are hearing tonight.

In the case of the Yorkton terminal, it was concluded that the economics were not attractive. This study took into consideration the volumes of grain normally produced in the area, the presence of other grain handling facilities as well as the special requirements of the port of Churchill. This latter factor recognizes that most of the movement of grain to Churchill must occur during the three months that the port is open. This means the Yorkton terminal would only be devoted to servicing Churchill for a quarter of the year.

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. parliamentary secretary but his allotted time has expired.

AGRICULTURE—AMOUNT SPENT IN PROMOTING SKIM MILK POWDER

Mr. John Wise (Elgin): Mr. Speaker, my reason for entering the adjournment debate tonight stems from answers, or more accurately non-answers and excuses, given by the Minister of Agriculture (Mr. Whelan) concerning not only the decision to cancel the $13.5 million consumer subsidy on skim milk powder but also the effects such a decision can produce.

First of all, Mr. Speaker, let me deal with the method followed. The decision demonstrates once again that the government pretends to consult but in actual fact does nothing of the kind. This decision follows immediately on the heels of the conference on national food policy at a time when the government has just renewed its commitment to co-operation and consultation with groups affected by major policy decisions. In this case, no consultations were held with producers, processors or consumers though these groups are all affected in a major and detrimental way.

There can be no difficulty in explaining why individuals and groups in our society have lost trust in the government. There is no mystery about it. The government, seemingly by design, provides the framework for this loss of faith and trust. It should be noted that the program involves a domestic consumption of some 34 million pounds of product. Present retail prices average approximately 75 cents per pound. Thus, the removal of the subsidy increases the cost of the product by 41 per cent to $1.19 a pound.

It is estimated that this price increase will reduce domestic sales by about one-third, or approximately 12 million pounds. The government presently supports skim milk powder to the level of 72 cents a pound, yet the world market price is approximately 20 cents a pound. This means that the Treasury and the dairy farmers through their export levy share losses of about 52 cents per pound. The cost, or losses, in disposing of 12 million pounds could be expected to be in the neighbourhood of $6.25 million. Consequently, the cancellation of this program will not mean a saving of $13.5 million but rather a sum closer to about half that amount.

The Minister of Agriculture has taken the position that the program was dropped because a Statistics Canada survey showed low utilization of the products by lower income families. One wonders whether regions of the country where the only available source of milk supply is skim milk powder were included in the survey.

● (2222)

I do not wish to leave the impression, Mr. Speaker, that I am placing into serious question the actual findings or the accuracy of that study. Obviously it does provide reason to pose the question to the minister as I did yesterday, regarding what portion, if any, of the $4 million advertising budget to be spent on the promotion and sale of dairy products was spent on the promotion of skim milk powder. The minister said he was not in the position to answer that particular question.

My suspicions were confirmed late yesterday in committee when I found out that not one dollar of that $4 million budget was spent to promote the sale and use of skim milk powder. If the government had no intention of advertising this product, I suggest some commitment should have been made with the supermarkets to perform that function. No doubt they could do a much more effective job anyway.

This decision, taken without a word of consultation, slaps the producer, the consumer and the processor square in the face. If this program has to be cancelled I suggest it should be phased out over a period of three to five years. But it must continue in areas which have no available supply of fluid milk without limitation. It should continue in areas of high unemployment and areas where the wage rates are less than the national average. The government has signalled its desire to develop an over-all food strategy or food policy; it has even taken the first step. It is only by working in concert, not in conflict, that such a policy will ever be achieved. That policy will have to be workable, acceptable and practical. Unilateral actions in the complete absence of consultation will prevent such a policy developing.

I hope when the parliamentary secretary responds to me in a moment he will shed some light on the survey which the minister spoke about yesterday. I hope he will give some indication that the department will reconsider its decision, and that he has the good sense to accept some of the suggestions that I have put forth tonight.

• (2227)

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am pleased to answer the hon. member for Elgin (Mr. Wise) concerning the question he asked in the House of Commons. So I refer to the questions that were asked yesterday and the answers the minister gave at that time. It is evident the minister gave very good explanations for cancelling the advertising budget for skim milk powder. However, I would like to answer the hon. member when he says there was no government publicity or advertising campaign for skim milk. Mr. Speaker, the Department of Agriculture is well aware of the need to inform and promote the use and the consumption of agricultural products, particularly skim milk powder. The Department of Agriculture has already published a brochure entitled "Skim Milk Powder", of which I have a copy in hand. It is a publication of Agriculture Canada and is available at no cost. Anyone interested can obtain a copy by writing to the Division of Information, Agriculture Canada. The department has also prepared a publication, number 1106, which clearly illustrates how powder milk is produced, what categories exist, how to preserve it and how to use it in recipes. This publication was also advertised on radio and in press releases. So we have done many things to publicize and boost the use of powder milk in Canada. There is also another Agriculture Canada publication bearing number 1549 and entitled "Frugal Recipes", which contains several recipes using powder milk.

The two publications I want to mention have been recommended for use by Canadians who wish to maintain their food budget at an average level.

These publications have been recommended and distributed by several health centres. Also, the government is well aware of the need to inform the public on the use of skim milk powder.

There is also another $4 million program of the Canadian Dairy Commission for research and publicity to promote the use of non-fat milk solids, since the consumption of skim milk powder has declined over the past few years. It was decided to put the major thrust of the program on the promotion of Canadian cheese.

Recently, the hon. member noted that a study was mentioned in the House by the Minister of Agriculture (Mr. Whelan), and I can repeat that this study was conducted by Statistics Canada and dealt with the expenses of urban families in 1976. The study has not yet been published.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his time has expired. I therefore cannot allow him to continue.

The motion to adjourn is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at eleven o'clock.

Motion agreed to and the House adjourned at 10.28 p.m.

HOUSE OF COMMONS

Friday, March 10, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL SECURITY

SCREENING OF SOVIET OFFICIALS IN CANADA—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to Standing Order 43, I rise to propose a motion in a case of urgent and pressing necessity dealing with the fact that nearly two years ago I made public a list of 20 Soviet embassy staff employees in Ottawa, 17 of whom have been either expelled, asked not to return to Canada or replaced.

I now have a new list of 14 so-called diplomats, made available to me by the same obviously reliable sources, who are believed to be directly involved with KGB and GRU activities in Canada. I have made this list available to both the Solicitor General (Mr. Blais) and the Secretary of State for External Affairs (Mr. Jamieson). For the sake of national security, about which we are all concerned and, I believe, on behalf of members of the security forces of the RCMP, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House instruct the Secretary of State for External Affairs to review the status of all so-called Soviet diplomats who are directly connected with KGB or GRU espionage activities in Canada, enforce a comprehensive screening process on all new replacements entering Canada from the Soviet Union, and eliminate all further domestic travel permits for any Soviet personnel until all such matters have been cleared to the satisfaction of the RCMP.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL ARTS CENTRE

RECEPTION FOR MUMMERS TROUPE OF ST. JOHN'S, NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43. In view of the fact that the Mummers Troupe of St. John's, Newfoundland, are to open their production "They Club Seals, Don't They?" at the National Arts Centre on Monday, March 13, with a reception after to be given by the management of the National Arts Centre for the troupe and guests, in view of the fact that the Mummers Troupe have arranged for three dozen flippers sent from Newfoundland to be cooked by the gracious wife of the member for Grand Falls-White Bay-Labrador (Mr. Rompkey) and then consumed at the reception by Newfoundlanders and other gourmets, and in view of the fact that the National Arts Centre has now advised the Mummers that they will not serve the flippers, thereby causing a crisis in that without the flippers there will be no Mummers at the reception, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That this House direct the National Arts Centre to reverse their anti-flipper decision caused by inherent effete mainland, dilettante attitudes and prejudices and to serve the flippers without any further culinary tyranny, so that they fulfil their mandate to be open to all of the people of Canada no matter what their tastes or habits, with an apology to be given by the NAC to the flipper lovers of Canada.

* * *

NATIONAL SECURITY

CONDEMNATION OF GOVERNMENT FOR ALLEGED HARASSMENT OF MEDIA—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to Standing Order 43. In view of the actions of the Solicitor General (Mr. Blais) in initiating proceedings against the Ottawa offices of CTV and Global Television, and in view of the very real risk to freedom of speech and expression in this action, I would move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House endorses the position taken by the Ottawa Newspaper Guild in condemning the actions of this government and the RCMP in the harassing of journalists in the raiding of the Ottawa offices of CTV and Global Television to commandeer unused news material, thereby seriously interfering in the news-gathering and editing process. This cannot be tolerated in a free society.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

AGRICULTURE

REQUESTED MILK DISCOUNT FOR CONSUMERS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to present a motion relating to a very important matter.

Considering that the dairy industry is the base of agriculture, more particularly so in the province of Quebec, and considering also that the increase in the prices of dairy products is likely to reduce consumption and therefore, dairy production quotas, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That the House recommend that a 5-cent discount on each litre of fluid milk be granted to consumers to stimulate consumption and improve the fate of producers as was done in 1972, a measure that gave excellent results.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, presentation of that motion can be made only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1112)

[*English*]

NATIONAL SECURITY

CALL FOR INVESTIGATION INTO ISSUANCE OF SEARCH WARRANTS RESPECTING MEDIA—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43. In view of the alarm generated when media are subjected to police raids designed to get at confidential sources, and in view particularly of a recent case concerning Pacific Press v. The Queen (37 Canadian Criminal Cases, page 487) which indicates that unless sufficient information is made available to the justice before whom the warrant is applied for, or unless there has been a refusal or a reasonable opportunity has been denied police to get the required information, the warrant of search is illegal and will be quashed, I move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis):

That the Attorney General of Canada immediately investigate all of the circumstances surrounding the issuance of any warrant pursuant to an alleged breach of the Official Secrets Act by the member for Leeds and report to the House as to the adequacy of the basis for the issuance of such warrants.

[Mr. Speaker.]

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

LEGISLATION TO ESTABLISH MONITORING AGENCY

Mr. James Gillies (Don Valley): Mr. Speaker, my question is to the Minister of Finance. It arises from a rather astonishing report that the Economic Council of Canada is going to serve as the monitoring agency after the expiry of the AIB. It is astonishing, because the chairman of the council has already said she does not want that responsibility or opportunity.

Does the government intend to introduce legislation, and when will that be, changing the role and responsibilities of the Economic Council so it can carry out that function, particularly given the fact that the statute establishing the Economic Council does not provide any power to the council other than to use published information, published statistics, giving it absolutely no right to collect information other than that which is already published and available through Statistics Canada? When may we expect to see the new legislation, and what will be its basic thrust?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am not in a position to comment very substantially on that problem. An announcement will be made when all the details have been finalized. The proposal of the Economic Council of Canada playing that role was a suggestion made to the government by the premiers. We have looked at it and discussed it with the chairman of the Economic Council. When a final decision has been reached between the government and the council, an announcement will be made.

Mr. Gillies: Mr. Speaker, do I understand from the answer of the Minister of Finance that the decision has not been reached to use the Economic Council as a monitoring agency after the AIB expires on April 15? Given the fact that the House will rise soon—which leaves very little time for the government to introduce the legislation required—can the minister enlarge on the situation, considering the fact that the provinces are very concerned about interference with their jurisdiction, and if the council is used as the monitoring agency it will have no authority over decisions reflecting the responsibilities of the provinces, particularly with regard to labour relations?

Mr. Chrétien: Mr. Speaker, we have said many times, of course, that after getting out of controls we do not want to have another AIB. It will be the role of the Economic Council, in such case, to look into prices and wages and to make comments or recommendations, with absolutely no power to roll back in any way, shape or form or to in any way go into the market place. As far as the decision is concerned, we said to the premiers at the first ministers' meeting that we would make the proposal to the Economic Council of Canada. We have made that proposal to the council, but a final decision has not been reached: that is why I am not in a position to elaborate today.

Mr. Gillies: Mr. Speaker, given the fact that there is no representative of labour on the Economic Council of Canada at the present time, will the government appoint the Economic Council of Canada as the monitoring agency after the expiry of the AIB, even though it does not have on it a labour representative?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we will give a definite answer on this matter after a decision has been made. Naturally, we hope that the Canadian labour representatives will return to their seats at the Economic Council of Canada. This constitutes a means of consultation between the different sectors of our society, labour, government and business, and we hope that they return to their seats. On this subject, I think Mr. Morris said that they were studying the matter, but it is up to them to decide. They decided to leave, we did not ask them to do so; that decision was taken by the Canadian Labour Congress and not by government.

• (1117)

[*English*]

CONSULTATION WITH CLC ON MONITORING AGENCY

Mr. James A. McGrath (St. John's East): Mr. Speaker, given the fact that without the co-operation of labour, the post-control situation obviously cannot succeed, and given the fact that labour is not represented on the Economic Council of Canada, I ask the minister whether the government consulted the Canadian Labour Congress prior to designating the Economic Council of Canada as the successor of the Anti-Inflation Board.

Hon. Jean Chrétien (Minister of Finance): On many occasions we have discussed post-control policy with the CLC. A few weeks ago, before the first ministers' meeting, we had two meetings to discuss the kind of body we should have. At that time we were talking of a monitoring agency, and following the premiers' conference we had the view of the CLC about that agency. This is a new proposition which has come from the provinces, and we are awaiting finalization of the decision by the Economic Council of Canada.

Mr. McGrath: Is the minister telling the House that there was no consultation with the Canadian Labour Congress after the decision had been made at the first ministers' conference to appoint the ECC as the successor of the AIB? Is that the position the government has taken? If so, given the fact that there is no labour representation on the Economic Council of Canada, can the minister tell the House how we can expect anything from this agency in the area of voluntary restraints, without labour consultation or representation?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we have had several opportunities to consult with labour and we try to do so as often as possible. They themselves opted for leaving the Economic Council of Canada, that was not our decision, they can return anytime, and it is our hope that they do so as soon as possible. But it is up to them to decide, as we cannot force them to sit at the Economic Council of Canada. I want to reiterate that on several occasions I and more often my colleague the Minister of Labour have consulted the Canadian Labour Congress and other labour organizations in Canada on the topic of post-control policy.

[*English*]

Mr. McGrath: This is quite an extraordinary situation when we consider the fact that in order for the post-control period to have any chance of success, there must be full labour input and co-operation. Given the fact that the controls will be coming off approximately one month from today, or at least in the middle of April, is it the intention of the government to call in the leadership of the CLC to get their co-operation in the post-control area, and to ask the CLC if they will now go back to the ECC? Does the government intend to do that and, if so, when?

Mr. Chrétien: Not only do we intend doing that; we have done it.

Miss MacDonald: When?

Mr. Clark: With what effect?

* * *

GOVERNMENT EXPENDITURES

USE OF GOVERNMENT AIRCRAFT BY CABINET MEMBERS—OVER-ALL COST OF WESTERN TRIP

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Deputy Prime Minister. Can my friend, the Deputy Prime Minister, confirm the press report that at least four of the government's JetStar aircraft are being used this weekend, at the expense of the taxpayers, to fly most of the members of the cabinet around the prairie provinces in what is clearly blatant election campaigning?

Some hon. Members: Shame.

Mr. Knowles (Winnipeg North Centre): How can the minister justify this expenditure of public funds, in view of the fact

that the government is preaching restraint and in view of the Prime Minister's insistence that there are no free lunches?

● (1122)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I cannot confirm the number of airplanes which will be taking ministers to the western provinces. I intend to go later today to both Alberta and Saskatchewan, and I will not be electioneering.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Your duty is here.

Mr. MacEachen: I thought the hon. member would realize that we are not in an election campaign. My principal activities will be to hear the views of various groups, including people in Alberta who are interested in pipeline matters, and representatives of the Indians of Saskatchewan. My activities will all be related to my duties as a member of the government, and not as a candidate in an election, which has not yet been called.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, does my friend, the Deputy Prime Minister, regard the appearance of the Prime Minister at a $125-a-plate Liberal fund-raising dinner in Winnipeg, at which four cabinet ministers voiced high praise for the Prime Minister and heaped scorn on his chief rival, the Leader of the Opposition, a proper expenditure of government funds? Will the Deputy Prime Minister refer this matter to the Auditor General for an opinion as to whether this is a proper use of government funds?

Mr. MacEachen: Mr. Speaker, I am not quite sure which matter the hon. member wishes to have referred to the Auditor General. Perhaps it is the praise that the ministers have given to the Prime Minister. It is not surprising that members of this government should praise our leader in view of the comments which have been made about him, for example, by the Vice-President of the United States.

Some hon. Members: Hear, hear!

Mr. MacEachen: If that is what the hon. member wants referred to the Auditor General, I will consider it.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the Deputy Prime Minister knows that what I want referred to the Auditor General is the matter of the money which is being paid out of the federal treasury this weekend for the expenses of this trip for 20 or more cabinet ministers in western Canada. I want to know whether the other expenses of these ministers on this election campaign trip—hotel, meals and other expenses; not just the cost of the airplanes—are being charged to the taxpayers of Canada.

Mr. MacEachen: Mr. Speaker, I think it is worth pointing out to the hon. member that this is not the first time the cabinet has travelled throughout the country to receive briefs and representations from various groups. I repeat to the hon. member that this is not electioneering. This is clearly in accordance with a practice which was in effect years before the prospect of any election, so I do not think the hon. member's question is very appropriate.

[Mr. Knowles (Winnipeg North Centre).]

* * *

[*Translation*]

THE CANADIAN ECONOMY

EFFECT OF HIGHER INTEREST RATES ON CONSTRUCTION

Mr. Adrien Lambert (Bellechasse): We must carry on, Mr. Speaker, in spite of the rumours of an impending election campaign. I wish to direct a question to the Minister of Finance.

In view of the decision by the Bank of Canada to increase its interest rate which was announced yesterday and which the other banks are likely to imitate, could the minister explain to the House how this rise in interest rate or money costs will improve the economic circumstances of our country, encourage contractors to build more, or is it not in fact going to be a source of considerable difficulties? I should like the minister to clarify this.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if the hon. member will only read the press release which was issued at the time the governor of the Bank of Canada announced this decision, he will find the reasons behind this decision. We do not believe that the increase of half of one per cent in the interest rate will greatly affect economic decisions in Canada, and it is part of the monetary policy of this government which makes it possible for the Canadian dollar to float in a rational fashion. Moreover, because a gap has always existed between the Canadian and American interest rates, it will make investing in Canada more attractive to foreign capital.

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

The minister just said that we have a floating dollar, and I would also add a very floating policy since not long ago he and his immediate predecessor announced with great pleasure that lower interest rates in Canada would be an essential factor for stimulating the economy. Either one thing or the other: the government is free to direct its monetary policy through the Bank of Canada or we are completely dependent on our neighbours to the south. If we really depend on them, I understand the attitude of the minister but I would like to ask him this: could we hope that some day we will have a monetary policy in Canada which will be truly geared to our economic possibilities and the vastness of our natural resources so that all Canadians might participate in the development and the prosperity of our country?

Mr. Chrétien: Mr. Speaker, I wish we were completely independent, and we are to the extent that 16 or 18 months ago, I think, there was a four point difference between short term interest rates in Canada and in the United States. A few weeks ago the difference dropped to half a point, which means that our monetary policy is very independent from theirs. It remains however, Mr. Speaker, that currencies are interdependent; you only have to read the comments coming from Europe where they are complaining about the situation of the American dollar to see that pressure is made on the U.S. government and that even the German mark, the French franc and the Swiss franc themselves are completely independent of the movements of the American dollar. It is natural in the present world, because of trade between countries, and particularly for Canada, which is the country with the highest exchange rate per capita in comparison with other countries. Of course, we should be realistic and note that we have to follow world movements in this area just as in so many others.

● (1127)

* * *

[*English*]

NATIONAL SECURITY

RESPONSIBILITY FOR DISTRIBUTION OF SECRET DOCUMENTS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Solicitor General. I hope he has had a chance to reconsider his unacceptable and indefensible position yesterday of refusing to answer questions under the thin guise that it might affect national security, whereas the question related not to the contents of a classified document but to government policy in connection with the distribution of the document.

Therefore, I ask the Solicitor General, under whose authority did IAC—the Intelligence Advisory Committee—distribute or permit to be distributed 58 copies of the document entitled "Canadian Related Activities of the Russian Intelligence Service"?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I have not revised my position.

Mr. Jarvis: Mr. Speaker, I have a supplementary question, and I preface it by saying it relates to no specific document of any kind. The Solicitor General is represented on the IAC by a senior official of his department, as are other ministers. Can the IAC, as a matter of government policy, distribute any classified material relating to national security without the personal approval of the Solicitor General?

Mr. Blais: Mr. Speaker, that is a question for which I cannot provide a reply to the hon. gentleman today. I will review the procedures and advise him accordingly.

● (1132)

POST OFFICE

SUGGESTION LEGISLATION BE AMENDED TO LEGALIZE PROPOSED RATE INCREASES

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General. On February 14 I asked him a question concerning the illegality of the contemplated postal rate increases and he promised to reply. He was new on the job at that time and was not familiar with the facts. Now that he has been in office for several weeks, and before there is a further change in postmasters general, could the hon. gentleman tell the House if he is aware of the statements of his predecessors indicating that increasing postal rates by a procedure other than amending the Post Office Act is illegal, and what action is he taking on the matter?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, the hon. member for Brandon-Souris should know that I answered that question at the wittily-called late show, giving the reasons why the rates were increased and explaining under what legislation we proceeded to do so. It is under section 13 of the Financial Administration Act, I believe. We also had legal opinions from the Department of Justice stating that it was quite legal and everything seemed in order. At the same time, this will allow us to reduce the present deficit of the Post Office from some $600 million to some $500 million. I think that it is worthwhile for taxpayers.

[*English*]

Mr. Dinsdale: Mr. Speaker, in view of the statement of his immediate predecessor, who is now Solicitor General and is an expert on legal and illegal affairs, to the effect that it would be necessary to amend the Post Office Act in order to regularize this procedure, would the hon. gentleman inform the House why we can open the Post Office Act to legalize mail opening, and not open the Post Office Act to legalize rate increases?

Mr. Lamontagne: Mr. Speaker, we do not have to legalize the Post Office increase. It is, as I have just said, legalized the way we are doing it. So why open the Post Office Act to legalize it?

Mr. Dinsdale: Mr. Speaker, is the hon. gentleman aware that some of the major users of the Post Office service are about to take the issue to court? Is he not aware, also, that this would further complicate a very confused postal situation at the present time?

Mr. Lamontagne: Mr. Speaker, I am aware of this group of people who wish to contest the increase. It has not been done yet. We have our own legal advisers, and we are not too worried about this action.

Mr. Clark: Just like the uranium cartel.

Oral Questions

DISCUSSIONS WITH PUBLISHERS PRIOR TO DECISION TO INCREASE RATES

Mr. David MacDonald (Egmont): Mr. Speaker, my question would normally be for the Secretary of State, but he is not here today. Perhaps it should be directed to either the Postmaster General or to the minister responsible for matters concerning the Secretary of State. In view of the comment made a moment ago by the hon. member for Brandon-Souris as to possible legal action to declare invalid the proposed rate increases, and the very great concern expressed by the Canadian Periodical Publishers Association with respect to the deleterious impact of these further increases—there was the 25 per cent increase of last year, and now a 25 per cent increase as of April 1—can the minister indicate if any consultations took place with this important body, or with periodical publishers generally on whether they would be able to withstand this further increase? Since there was an order in council, there was no public discussion. If there was consultation, what was the result?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I specifically asked the question which has just been put to me by the deputy minister of the Post Office Department, Mr. Corkery, who told me that he had meetings with the Canadian Periodical Publishers Association and that apparently everything was to be done in accordance with our decision. I do not understand why that increase is now being challenged.

[*English*]

Mr. MacDonald (Egmont): Mr. Speaker, I hope the minister will consult again with his deputy minister. I hope he will also consult his colleague, the Secretary of State. I think the Secretary of State will indicate that serious problems are being created for the periodicals industry in this country. In view of the fact that the periodical publishers have stated clearly that they had no advance warning, in spite of the fact that at the time of the last increase they were promised sufficient warning, in terms of any contemplated increases, can the minister indicate why there is this contradiction? It appears that as far as the publishers are concerned, there has been no effective forewarning or consultation.

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I think there must be some confusion somewhere, not only on the government side but also in the opposition because we have delayed the application of the increase for at least six months. When we met the representatives of the publishers association we told them that we were giving them a six-month delay so that they could make the necessary arrangements to cope with the increase.

[*English*]

Mr. MacDonald (Egmont): Mr. Speaker, in view of the fact that there was previously a six-month delay because of the very real problems created for the publishing industry, would the minister agree to display that same spirit of assistance with a view to the April 1 increase, so there can be effective consultation with the industry and disastrous measures will not be taken which would, in effect, end the circulation of a number of important Canadian publications?

Mr. Lamontagne: Mr. Speaker, according to the information I have from my department, consultations have already taken place. I do not think there is any necessity for further consultation on that matter.

* * *

NATIONAL SECURITY

GOVERNMENT POLICY RESPECTING SOVIET SUBVERSIVE ACTIVITIES IN CANADA

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, in the absence of the majority of the cabinet, and in view of the reluctance of the Solicitor General to answer any questions, I would like to put my question to the Acting Prime Minister. It relates to my motion which exposed 14 additional members of the Soviet embassy who are, in fact, involved in KGB and GRU espionage activities in Canada, activities which may be very harmful to our national security.

I would, therefore, ask the Acting Prime Minister if he would explain to this House his government's policy with respect to known KGB or GRU operatives in Canada who continue to pose, under false pretences, as representatives of the Soviet Union's embassy staff.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I believe the policy is fairly well understood. Action in the case of persons engaged in questionable or unacceptable practices is usually taken on the advice of the RCM Police. In some cases where such activity is suspected but evidence is not conclusive, no more action than a warning may be justified. Where the activities are clearly a threat to national security or are in violation of the Criminal Code, the evidence is based upon advice received from the RCMP. I believe each case has to be examined on its merits. The hon. member ought to be reassured by the action taken recently when 11 Soviet nationals were asked to leave the country.

SCREENING OF SOVIET OFFICIALS IN CANADA

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I keep saying that that action was just the tip of the iceberg. My supplementary question is also directed to the Acting Prime Minister. Can he tell us whether new screening procedures have been initiated in respect of Soviet embassy staff replacements, and why does the government insist on continuing to issue hundreds of special travel permits to these deceitful individuals—they are deceitful, because they are posing as diplomats—which obviously frustrates the activities of our national security forces.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I believe that the practice of issuing such travel permits is considered in light of the security requirements of the country. I am satisfied that no such permits would be issued—

An hon. Member: A thousand a year!

Mr. MacEachen: —if the travel was in any way a threat to the security of the country.

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PUBLIC SERVICE

ACTUARIAL SOUNDNESS OF SUPERANNUATION PLAN

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is for the President of the Treasury Board. Bearing in mind that this House had a very useful and thorough debate yesterday on proposed amendments to public service pensions, and in spite of this we find in today's press statements such as that in the Montreal *Gazette,* "Ottawa Out by $6 billion on Pensions", can the minister repeat his assurance to this House that such is not the case? Could he reassure public servants across Canada that indeed the public service superannuation fund will be fully actuarially sound and will not cost the taxpayers of Canada any money?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I have not had a chance to examine all those stories, but the one or two I have looked at are rather disappointing, to say the least, particularly in light of the mood expressed in the House by all parties. First of all, the suggestion that the fund is actuarially unsound is based on certain assumptions by the actuaries which I thought were thoroughly explored yesterday. There are very pessimistic assumptions about the extension of interest rates versus inflation rates, versus salary increases, versus demographic ages of retirement for 50 years in the future.

● (1142)

Indeed, on that assumption they came up with the view that there had to be front-end funding of $5.6 billion on the indexed portion of the account. But that is an actuarial theory, an assumption. We have said from the beginning that this was to be a pay-as-you-go plan. What we are doing is to make doubly sure, by means of a three-year review, that there is no question at all down the road of any possible change which would ultimately be very detrimental to the pensioner or to the taxpayer. So I think the headlines are probably an illustration of lack of understanding of a very complex program.

An hon. Member: You had better read them.

Mr. Andras: No, I should like opposition members, who were expressing their concern about "scare" headlines yesterday, to join me when I say this does not do the country or our pensioners any service whatsoever.

Some hon. Members: Hear, hear!

FINANCE

GOVERNMENT ACTION TO STABILIZE GOLD MINING INDUSTRY

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I would like to ask a question of the Minister of Finance. In view of the statement made in the House yesterday by the Minister of Energy, Mines and Resources that there has been a great deal of co-operation among the provincial ministers of mines and the finance ministers, and now that the price of gold on the world market has reached a level which would permit the reopening of gold mines—I am thinking particularly of areas such as northern Ontario and northern Quebec where there is high unemployment—is it the intention of the minister to assist such a process by ensuring the stability of mining practices and providing a reasonable floor price to allow for an orderly marketing program?

Hon. Jean Chrétien (Minister of Finance): I have not received any specific request regarding such a possibility. There was agreement at the first ministers' conference to hold a special meeting to make sure there is acceptable co-ordination between federal and provincial policies in terms of taxes imposed upon the mining industry. I do not know when such a meeting would be held. It is the goal of the two levels of government to stabilize the position so that we may know the basis upon which to plan the development of the industry.

Mr. Peters: Bearing in mind the fact that gold mining is a highly labour-intensive industry, and that it is located in areas which have traditionally been dependent upon it, does the minister intend to offer co-operation in the development of mining mill facilites, in conjunction with DREE, so that the use of DREE funds by mining companies employing existing mills would be possible? At the present time, this might not be provided for under the DREE program.

Mr. Chrétien: I do not know whether the legislation governing the DREE program permits the making of such grants to the mining industry. I look toward my colleague, the minister responsible, and he seems to be telling me the authority is not clear. We shall look into the matter. I think the hon. member is making a good point. In view of the price of gold at the present time, some of the gold mines might be reactivitated. It is a possibility.

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THE CANADIAN ECONOMY

REPRESENTATION ON PROPOSED MONITORING AGENCY

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is addressed to the Minister of Finance. It is supplementary to the questions asked a few minutes ago by my hon. friend. Given the fact that the Canadian Labour Congress has no representatives on the Economic Council at the moment, and given the fact that for two years now it has been government policy to establish a multipartite, national forum which would include labour, and that a subdivision of that forum

would be a tripartite forum which would include business, government and labour, and given the fact there has been no indication of labour either agreeing with that policy or being prepared to participate in it, would the minister inform us whether it is still government policy to proceed, in line with the first point of the Minister of Labour's 14 points, with the establishment of this multipartite, national forum?

Hon. Jean Chrétien (Minister of Finance): It is very difficult to force anybody to join in a body like that, to take part in discussions. They decided they would not participate in the work of the Economic Council. We have put forward other propositions. We have met with them many times. They are reluctant to enter formally into such a body. In the course of two meetings with them, I said I was not seeking their concurrence but trying to communicate with them and explain the type of policies we were developing. Of course, they will always be welcome to come back into the Economic Council or other organizations, but they make their own decisions and we have to make ours.

Mr. Fraser: The minister talks about forcing the labour movement. That is not the question. Given the fact that there is no practical possibility of labour entering into either a multipartite or a tripartite, national forum, why does the government persist in asserting that this is government policy? It has been clear to everybody for a year or 18 months now that it will never come about.

Mr. Chrétien: It is because we feel it is desirable to get the collaboration of the labour movement to achieve our policies. But if they do not want to come in formally, we shall keep the channels open in an informal way. In the meantime, we are going back into the marketplace; we have decided we need somebody to watch the development of prices and wages, and so on, to inform the public on inflation, and we have asked the Economic Council if they are willing to undertake that role. We have not yet received a final decision from the council, but when a decision is reached we will make it known to the House of Commons.

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ENVIRONMENTAL AFFAIRS

KITIMAT PIPELINE—INQUIRY WHETHER GOVERNMENT WILL SEEK ADVICE FROM NEB

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of State for the Environment. It has to do with the government's decision not to exercise the option of building a west coast tanker port in Kitimat and a pipeline to tie in with the TransMountain pipeline. In light of the fact that the National Energy Board has before it an application for such a pipeline and is still considering that option, can the minister inform the House whether the government intends to seek the advice of the board, or whether its decision as to that option is final?

Hon. Len Marchand (Minister of State (Environment)): I am not entirely sure of all the legalities involved here. The hon. member might more properly direct his question to the Minister of Energy, Mines and Resources under whose jurisdiction the National Energy Board comes.

Mr. Oberle: I would, instead, like to direct a further question to the Minister of State for the Environment. It concerns the Thompson inquiry which he has chosen not to reactivate in spite of the fact that this pipeline may still be built. Would the minister not agree that the inquiry should have been reactivated, if for no other reason than to study the even less attractive option of a tanker route down the west coast, to study the environmental and socioeconomic impact of the tankers which will carry the oil if they are not going into Kitimat?

Mr. Marchand: The hon. member and others may raise all kinds of arguments relating to the decision which was made, but if I were the Kitimat oil company, or any other oil company, I would think twice before proceeding with an application because the government of Canada made a very clear decision on the question of west coast oil ports, reflecting our view that we do not see the need for a west coast oil port in the foreseeable future.

* * *

EMPLOYMENT AND IMMIGRATION

INTERNATIONAL YOUTH EXCHANGE PROGRAM

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Employment and Immigration: it relates to the International Youth Exchange Program which has brought young people from various parts of Europe to Canada on a temporary basis to engage and participate in the agricultural activities of the prairie provinces. The federal government has seen fit to cut back on this particular program.

In view of the fact that the province of Alberta has decided to opt out of this program and to participate in one of its own, called the Alberta Agricultural Host Family Exchange Program, I wonder if the minister could explain to the House the status of those negotiations. Could he explain the reason for the delay, and could he estimate the number of people who will have the opportunity to come to Alberta? As there is some urgency about this matter, I hope the minister will take into consideration the fact that many host families are depending upon these individuals to come from European countries.

● (1152)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I thank the hon. member for giving me notice of this question yesterday. I might say the matter was also raised by my colleagues, the Minister of Industry, Trade and Commerce and the hon. member for Battleford-Kindersley. As a result of the hon. member's representations and those of my colleagues, I met with my deputy minister to discuss this situation. Because of the high unemployment, we decided that

the movement should continue but the number should be cut back. The feeling, however, of the host associations was that this decision had been made too late and they had already made many arrangements for students. On that basis, we have decided to go back to the same quotas as we had last year.

The hon. member's figures were 320 for Alberta, 100 for Saskatchewan 100 for Manitoba and 50 for British Columbia. This program is supposed to have a certain degree of reciprocity, which we have not had in the past but which we hope to encourage next year. We will be endeavouring this year to set some quotas for next year so that we cannot be challenged for making decisions too late. But given the level of high unemployment, particularly among youth, it seemed to us that we should have a slight cutback in the number. We are going to put them back to last year's quotas, however, given the representations of the hon. member and my two colleagues.

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INDUSTRY

FOREIGN TAKEOVERS AND INVESTMENT—GOVERNMENT POLICY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, who is out west being booed, I will direct my question to the Deputy Prime Minister. Since the Minister of Industry, Trade and Commerce assumed his portfolio, the record of the Foreign Investment Review Board has been that 97 per cent of all appplications for new investment or for takeovers in Canada by foreign concerns have been approved. The record before that was a 90 per cent approval rate.

Will the Deputy Prime Minister tell the House why a proposal by Golden Eagle Canada Limited, of Montreal, a subsidiary of Ultramar, who have operated for many years in Canada, was refused, that is, for permission to acquire control of Metro Fuel Company Limited and other Metro companies of Moncton, New Brunswick, which are businesses engaged in the wholesale and retail distribution of gasoline, heating oils and diesel fuel? Why did that proposal, out of the many hundreds approved in recent months, fail to get the approval of the cabinet?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the hon. member knows that in each case there is determination as to whether the action would contribute significantly to the benefit of Canada. In this particular case, it obviously did not meet the test. However, I do not have the details. I will undertake to get these details for the hon. member.

Mr. Crosbie: When the Foreign Investment Review agency approved this as meeting the test, and the minister brought it to cabinet approving it as meeting the test of significant benefit to Canada, why was it rejected by the cabinet? Was there political interference in the process? Were there representations from certain powerful groups in New Brunswick which had something to do with this? It met the test, according to the board and the minister, but the cabinet turned it down. Why was that?

Mr. MacEachen: As I said, Mr. Speaker, I do not have the details of this particular case. I will undertake to get them for the hon. member.

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POST OFFICE

POSTAL CARRIERS—CONSIDERATION BY GOVERNMENT OF ALTERNATIVE SERVICE

Mr. Peter Elzinga (Pembina): Mr. Speaker, my question is for the Postmaster General. Can he indicate whether he or his department have any plans to lift the freeze presently on the postal carriers' situation, so that all Canadians in these growing areas can be treated equally?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, that policy of budgetary and employment restrictions in the Post Office was adopted about two years ago. To my mind, we should try first of all to have peace among the Post Office employees to find out how best that department could function. Then, I would certainly be in favour of looking at all the sectors in which Canadians are complaining they are not getting the services given elsewhere. But for the time being, it is a matter of budgetary restrictions and the policy of the government is to avoid spending too much.

[*English*]

Mr. Elzinga: Can the Postmaster General tell the House whether he or his department are studying alternatives to the regular mail carrier service, and whether they plan to bring forward any alternatives in the near future?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, for the time being, I believe there is no way of delivering mail other than by mailmen, through blocks of mail boxes installed at certain points in certain areas, or again by general delivery in rural areas. I would much prefer being able to announce to all Canadians that within coming months door to door delivery will be extended but, as I have just said, because of budgetary restrictions, we cannot change the situation.

* * *

[*English*]

FINANCE

INCENTIVES FOR INSTALLATION OF RENEWABLE ENERGY SYSTEMS IN HOMES

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I have a question for the Minister of Finance. Is the minister considering the advisability of including incentives for renew-

able energy systems in homes so that such facilities can be put in place this summer for the following winter?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will take the representation of the hon. member under consideration.

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COMMUNICATIONS

REQUEST CANADIAN EXPERTISE BE USED IN SPACE INDUSTRY

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Communications. In view of the meeting today between the minister's officials and those of Telesat to determine whether the American company, Hughes Aircraft, or the Canadian Company, Spar Aerospace, will be awarded the contract for the new Anik C satellite, will the minister assure the House that the decision will be based on the long-term interests of developing Canadian expertise in the space industry and creating Canadian jobs?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, that is precisely the reason the law provides for the minister to approve the contract, in order to assure himself or herself that the Canadian content and the quality of that Canadian content in the contracts let to certain companies is satisfactory to the government. "Satisfactory to the government" means precisely this, that there will be sufficient benefits within that contract to allow Canadian industrial capacity in the field of space of progress.

Mr. Symes: In view of the fact that Hughes Aircraft is arguing that its contract bid will be cheaper and will preserve existing jobs in its subsidiaries in Canada, but the Ministry of State for Science and Technology, as well as Industry, Trade and Commerce, hold the view that in the long term it is important that the Canadian company get the contract, will the minister assure the House that the well-being of the Canadian scientific and research sector will take precedence over Telesat's insistence that it continue to do business with Hughes?

Mrs. Sauvé: Mr. Speaker, Telesat does not insist that it do business with Hughes or any other company. Telesat has called for bids on the next satellite. They have tried to determine which of those bids serves the best interests of Canadian industry. Of course, price is a consideration. I do not think the hon. member would want us to pay an excessive price for a satellite if we could get it cheaper. However, price is not the only consideration. We want to ensure that Canadian industry participates in the design and engineering of these satellites so that it will have a meaningful role to play in the space industry.

[Mr. Schellenberger.]

THE CANADIAN ECONOMY

POST-CONTROLS MONITORING—GOVERNMENT INTENTIONS ON FORM OF AGENCY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance which might help clear away some of the mystery he has created today about the post-controls policy. The minister said he has consulted the Economic Council of Canada to see whether they would take on that job. I have been advised by the vice-president of the Canadian Labour Congress that there has been no approach by this government to them regarding their involvement in post-controls monitoring or their re-entry into the Economic Council of Canada, which seems to be an absurd situation.

I understand the minister to say they have approached the Economic Council but the Economic Council has not replied. That monitoring is to start 36 days from today. Will the minister tell the House of Commons what other options are being considered by the government in case the Economic Council says no, as its director indicated she would want to do.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have had occasion to deal with this problem many times, both in committee and in the House of Commons. We were proposing a monitoring agency. After discussion with the premiers, we made a proposal to the Economic Council of Canada. We hope to be able to report a final decision within a matter of days and will be glad to advise the Leader of the Opposition and the House of that decision. I will be glad to advise the hon. Leader of the Opposition in the House. There may be a negative decision, but we have said there will be a monitoring agency, and we hope the Economic Council of Canada will accept that role.

● (1202)

Mr. Clark: Mr. Speaker, even if the Economic Council of Canada does accept that role, what will happen 36 days before this activity takes effect? The minister admits he does not know. We have to amend the Economic Council of Canada legislation in order to give it power to gather information. Can the minister tell the House of Commons what legislation is being prepared now, either to amend the statute concerning the Economic Council of Canada or legislation creating a new agency? Is legislation now being drafted by the Department of Justice and, if so, will the minister tell us today the nature of that legislation?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I would like the hon. member to be a little patient for a few days; he will then get his answer.

[*English*]

Mr. Clark: Mr. Speaker, we cannot show too much patience with a government that is failing on the economic front to do its duty to bring in a budget and is failing in all sorts of other economic activities. The thing that concerns us so much is that the Postmaster General today indicated that the government may very well be contemplating proceeding with a postal

increase which may very well be against the law. We may have a situation where the Government of Canada proposes to proceed with a monitoring agency that is against the law.

I simply want some assurance from the minister that there are plans in place recognizing that this agency has to take effect within 36 days, that we can count on the fact there will be some kind of monitoring agency operating on April 16, and that it will be an agency sanctioned by law. Will the minister tell us whether there is consideration now in the Department of Justice of an amendment to the Economic Council of Canada legislation, or any other kind of legislation, that will ensure there will be some kind of agency sanctioned by law, so that this government will not again be breaking the law in its actions after the controls period?

Mr. Chrétien: Mr. Speaker, it is obvious that the Leader of the Official Opposition is not aware of the many alternatives to this problem. It is quite evident that the hon. member is getting excited for nothing. I just said that next week he will have his answer.

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POINT OF ORDER

MR. KNOWLES (WINNIPEG NORTH CENTRE)—INACCURACY OF PRESS REPORTS ON PUBLIC SERVICE PENSION INDEXING DEBATE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order which is related to a question asked a few minutes ago by the hon. member for Ottawa-Vanier (Mr. Gauthier). May I say that although I have not mentioned it to them I feel sure the hon. member for Grenville-Carleton (Mr. Baker) and the hon. member for Hamilton West (Mr. Alexander) will support me in this point of order. Perhaps I can put my point of order in the form of a question.

Is there not some way that we in this House can make a humble request to the media to report accurately what goes on in this chamber, and if they fail to do so is there not some way we can make a humble request to the media to correct the mistakes they have made?

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I am in the position that already the telephone calls are coming to my office, and I expect to have 100 or 200 letters within the next few days arising out of misreporting of what went on in the House here yesterday.

The President of the Treasury Board (Mr. Andras) made a clear statement about the indexing of pensions, which established the fact that, although bookeeping changes are being made, the retired public servants who are on pension have no need to fear that their indexing is going to be cut or discontinued. Yet the media last night and this morning reported that maybe there will be indexing some years and other years there will not. The report was that in some cases it will be cut in half. All of this, as the President of the Treasury Board said today, arises from a failure to understand the situation. I think we all understood it here yesterday. The minister's statement was clear. My friend, the hon. member for Hamilton West, even though he had some criticism to make, recognized that indexing was being confirmed.

I emphasized the point, and pleaded yesterday with the press not to indulge in scare headlines. Everyone who took part agreed. All of those who took part yesterday in statements or in questions clearly understood. Now we have this misreporting which, as I say, has already started the phone calls to my office from distressed retired public servants in Ottawa, and the letters will come during the next few days.

When a question about this matter was asked earlier there were one or two jibes from this side as to whether we are going to raid the press or control the press, and the answer is no. All I am asking, Mr. Speaker, is this: is there not some way this House can appeal to the press and radio to report proceedings here correctly and, if they fail to do so, to correct those mistakes? Perhaps by raising this point of order I am making that appeal. I hope it has the support of my friends whom I have named. They and others are putting their hands up. They all want to support it. I think I could almost make a question of privilege of it because of the time it will take in the next few days answering telephone calls and letters to correct this very serious mistake. Perhaps the President of the Treasury Board could also support me in this point of order.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, it is regrettable that we may have lost one of the components of the audience to which we are addressing our comments. I want to go on record as totally supporting the hon. member for Winnipeg North Centre (Mr. Knowles), and hopefully this will be supported by the other parties in the House. In reading some of those headlines, and some of the front endings of those articles purporting to be news reports, I could not see any similarity between what went on in this House yesterday—not only what was stated, but what was implied by the attitudes portrayed by members of all parties in this House yesterday—and the so-called news reporting, which was not editorial reporting but was supposed to be factual.

This is an important matter. There are two constituents of this issue; the taxpayer who wants to be assured that the decisions are wise, and the pensioners who are depending for the future on certain understandings they have had. I think that many people have studied this matter for many, many weeks, and to choose out of the Tomenson-Alexander report, or anything that was said in this House yesterday, the worst possible scenario, and then even extend it beyond the possibility of practical implementation as to what is intended, is something that really should, in my view, be corrected voluntarily by the media who are dealing with these matters.

I could almost go on and say that other situations have developed of that nature, but I do hope they will listen this time, and I hope that this plea will be joined by other members of other parties.

Pensions

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I do not think I have to speak very long in respect of this very important matter. The hon. member for Winnipeg North Centre (Mr. Knowles) has expressed the sentiments I would like to express and that my party endorses. I think it is expected of us as parliamentarians to be responsible. Surely we can at least ask the press, when they are reporting, to be responsible likewise. The point was raised yesterday in respect of what amounts to be a very sensitive issue which deals with the rights of pensioners and those involved with the public purse. It was my understanding that the minister understood this particular problem and made a very frank and open statement to the effect there will be indexing, but in the future we will have to make sure that it is actuarialy sound. This is the point which was made, but for the press to go further than that and exaggerate, I can only suggest that is wrong, with the hope that they will take due note of the comments we have made regarding this as well as other matters which are continually being reported from this House.

I think the public expects honesty, and gentlemanly and womanly comment in respect of reporting. They are looking for the truth, and if we have to be responsible, and I do not plead with the press, I would ask that they take due notice of what has happened at this particular time on this point of order and be responsible as well.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, may I join with the representations made by other hon. members, the hon. member for Winnipeg North Centre (Mr. Knowles), the President of the Treasury Board (Mr. Andras), and the hon. member for Hamilton West (Mr. Alexander).

● (1212)

I was particularly shocked when a local report carried by the CBC Ottawa station CBOT last night glaringly misrepresented the facts, which had the effect of leading my constituents in Ottawa West to believe there would be no indexing of pensions in the next two or three years. Nothing could be farther from the truth. The distortion was the most glaring distortion in my period of service in parliament, and I can only say that it has brought a flood of calls to my constituency office, to my own office here, and to my home, based on a total misrepresentation of the statement of the President of the Treasury Board during the debate which took place in the House. I do not know what else I can say. I just hope that there is some means by which this serious distortion of events can be corrected.

Mr. Speaker: Order, please. The hon. members who have contributed to this point have certainly expressed their views very clearly. They are on the record. Obviously if the same members of the media who were paying attention of some sort yesterday are paying attentin today, they can hardly help but get the message. There is no formal action the Chair can take, but I do not see that any would be required in order to send the message as forcibly and clearly such a short distance away.

[Mr. Andras.]

MR. LEBLANC (WESTMORLAND-KENT)—NATIONAL ARTS CENTRE—RECEPTION FOR MUMMERS TROUPE OF ST. JOHN'S, NEWFOUNDLAND

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I rise on a point of order. I am not trying to correct a story in the media but to prevent one. Earlier today, in a motion under Standing Order 43, the hon. member for St. John's West (Mr. Crosbie) indicated that the National Arts Centre had refused to serve flippers, which I am looking forward to tasting for the first time. This story came to me from the hon. member for St. John's East (Mr. McGrath) yesterday afternoon. I checked with the National Arts Centre authorities and I understand there was some misunderstanding. They thought they were providing the food. Anyway, there is no difficulty now, and the director of the NAC will be very happy to accommodate the mummers and their guests.

ROUTINE PROCEEDINGS

[*English*]

OFFICIAL SECRETS ACT

MEASURE TO AMEND

Mr. G. W. Baldwin (Peace River) moved for leave to introduce Bill C-424, to amend the Official Secrets Act.

Some hon. Members: Explain.

Mr. Baldwin: Mr. Speaker, this is a reincarnation, with some changes, of a bill I introduced in the last session attempting to lend respectability to the Official Secrets Act and proceedings taken under it. It provides simply for a definition of national security as being matters clearly contrary to the public interest. It restricts the operations of the act to cases of espionage, security, and subversion, and eliminates all the miscellaneous domestic matters and provides an affirmative defence in certain circumstances for actions taken bona fide and in the genuine public interest. These will be constituted as defences under the provisions of the legislation.

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

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FARM CREDIT ACT

MEASURE TO AMEND

Hon. Len Marchand (for the Minister of Agriculture) moved for leave to introduce Bill C-29, to amend the Farm Credit Act.

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

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 492, 885, 903, 942, 1,077, 1,155 and 1,322.

[*Text*]

CARGILL GRAIN CANADA LTD.

Question No. 492—**Mr. Nystrom:**

Has Cargill Grain Company Limited, or any of its subsidiaries, received grants, loans or other forms of financial assistance under any Federal programme and, if so, what are all the details?

Hon. E. F. Whelan (Minister of Agriculture): Pursuant to the Livestock Feed Assistance Act under which payments have been made to companies to cover feed freight assistance, a total of $8,351.61 was paid during the crop year 1976-77 to Cargill Grain Canada Ltd. and its subsidiary, Cargill Nutrina Feeds Ltd. on movements of feed grain from the prairie provinces to British Columbia.

Pursuant to the Agricultural Stabilization Act under which payments have been made to companies under the 1974 Beef Quality Program for beef animals graded Canada A-1 and Canada A-2, the following payments were made to Cargill Grain Canada Ltd. under this program: $5,722.10 Cargill Grain Canada Ltd., Raymond, Alberta. $2,281.90 Cargill Grain Canada Ltd., Strathmore, Alberta. $56.25 Cargill Grain Canada Ltd., Strathmore, Alberta. $4,845.75 Cargill Grain Canada Ltd., Winnipeg, Manitoba. $2,749.00 Cargill Grain Canada Ltd., Lloydminster, Alberta.

MIRABEL AND DORVAL AIRPORTS

Question No. 885—**Mr. Mazankowski:**

1. (a) How many passengers used Mirabel Airport in (i) 1976 (ii) 1977 to date (b) what is the capacity of the terminal, in passengers, per year?

2. What are the yearly projections for passengers using (a) Mirabel Airport (b) Dorval Airport for the years 1978 to 1985?

3. What profit or loss was realized in the operations of Mirabel Airport in (a) 1976 (b) 1977 to date?

4. Does the government intend to follow the original plan for Mirabel and build a second terminal in the 1980's and, if so, what is the estimated cost of the terminal?

Hon. Otto E. Lang (Minister of Transport): 1. (a) (i) The number of passengers* who used Mirabel airport in 1976 were: Revenue Passengers: Enplaned, 691,474; Deplaned, 736,182; Total E/D, 1,427,656; Arriving, 1,370,603; Departing, 1,325,501; Total A/D 2,696,104. (ii) The number of passengers* who used Mirabel during the first quarter of 1977 were: Revenue Passengers: Enplaned, 188,321; Deplaned, 202,890; Total E/D, 391,211; Arriving, 317,784; Departing, 303,105; Total A/D, 620,889.

* The number of revenue passengers included in these totals represent those travelling on mainline unit toll services and international air charter services. Arriving and departing figures include transiting passengers who may not use terminal facilities. Information not yet available for the remainder of 1977. (b) The capacity of the terminal operating under 1976 standards and sector mix is 6,000,000 total passengers.

2. (a)(b)

Passenger Forecasts—Montreal Area
Total Enplaned/Deplaned Passengers
(thousands)

Year	Dorval	Mirabel	Total
1978	6,563	1,746	8,309
1979	7,018	1,871	8,889
1980	7,502	2,010	9,512
1981	7,993	2,149	10,142
1982	8,516	2,301	10,817
1983	9,074	2,466	11,540
1984	9,669	2,651	12,320
1985	10,306	2,851	13,157

NOTE: These forecasts assume initial traffic assignment and passenger behaviour is maintained. 1976 annual statistics were the basis for the forecast split between the two airports. Facilities are assumed to be available at each airport to accommodate the demand.

Passenger Forecasts—Montreal Area
Total Arriving/Departing Passengers
(thousands)

Year	Dorval	Mirabel	Total
1978	6,820	3,270	10,090
1979	7,290	3,470	10,760
1980	7,800	3,690	11,490
1981	8,310	3,900	12,210
1982	8,850	4,130	12,980
1983	9,430	4,370	13,800
1984	10,050	4,640	14,690
1985	10,710	4,920	15,630

NOTE: These forecasts assume initial traffic assignment and passenger behaviour is maintained. 1976 annual statistics were the basis for this forecast split. Facilities are assumed to be available at each airport to accommodate the demand.

3. Mirabel Airport losses for 1975-76 were $18,382,431 (4 months); 1976-77 were $49,820,719. No figures are available for 1977-78 to date.

4. While optimizing the use of existing facilities at Mirabel, decisions in respect of Dorval and Toronto (Malton) traffic may occasion additional facilities at Mirabel in the 1980's.

COST OF NATIONAL ARTS CENTRE, OTTAWA

Question No. 903—**Mr. Patterson:**

1. What was the total cost of building and equipping the National Arts Centre in Ottawa and what amount was paid from federal funds?

2. What are the various sources of funding of the National Arts Centre and what amount was received annually from each source for the years 1972 to 1977?

3. By province, what amount was spent annually on the Arts, by the federal government, for the years 1972 to 1977?

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Public Works, the Secretary of State and the National Arts Centre as follows: 1. Expenditures of $46,413,550 for building and equipping the National Arts Centre were incurred. The total amount was funded through the Department of Public Works/Working Capital Advance and recovered from the Secretary of State.

2.

	Sources of Funding of N.A.C. For Years 1972 to 1977				
	1972-73	1973-74	1974-75	1975-76	1976-77
Parliamentary appropriations	3,720,000	4,603,800	5,757,050	6,892,000	8,476,000
Recovery of costs from the Department of External Affairs	—	73,224	72,618	—	—
Municipal and other grants	178,890	392,003	118,350	129,300	175,000
	3,898,890	5,069,027	5,948,018	7,021,300	8,651,000

3.

	Fiscal Years						
Province	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	Total
British Columbia	51,717	6,500	35,000	974,444	1,112,944	802,445	2,983,050
Alberta	66,543	38,174	24,200	538,850	500,000	500,000	1,667,767
Saskatchewan	51,717	6,500	24,200	21,773	6,527	65,200	175,917
Manitoba	51,717	6,500	2,500	—	26,000	150,000	236,717
Ontario	811,717	693,345	562,500	892,700	1,412,640	1,497,860	5,870,762
Quebec	351,717	26,500	375,500	191,900	—	351,000	1,296,617
New Brunswick	51,717	6,500	2,500	—	—	—	60,717
Nova Scotia	51,717	6,500	2,500	60,000	—	85,000	205,717
Prince Edward Island	1,841,717	466,500	627,500	870,000	800,000	1,350,000	5,955,717
Newfoundland	51,717	6,500	2,500	557,500	600,000	600,000	1,818,217
	3,381,996	1,263,519	1,658,900	4,107,167	4,458,111	5,401,505	20,271,198

LABELLING OF BEEF

Question No. 942—**Mr. Mazankowski:**

1. Did the Department of Consumer and Corporate Affairs investigate the misleading advertising of imported beef labelled as Canadian beef and, if so, how many charges were laid and how many convictions were gained and what sentences were imposed?

2. (a) Has imported beef flooded Canadian markets and has this created serious hardships for Canadian beef producers (b) has the Department of Consumer and Corporate Affairs or the Department of Agriculture considered strengthening the laws regarding marketing of imported beef by requiring all beef sold in Canada to be labelled as to percentage of content according to country of origin and (i) if so, on what date will new regulations be put into effect (ii) if not, for what reason?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Agriculture Canada and Consumer and Corporate Affairs Canada as follows: 1. Consumer and Corporate Affairs Canada has done some limited investigation regarding the advertising of imported beef labelled as Canadian beef. No misleading advertising was found and consequently no charges were laid.

2. (a) Beef imports through 1977 have been under import quota and controlled through the Export and Import Permit Act. Canadian beef producers have had serious hardships over the past three years as have beef producers in other countries. However, this relates to excessively high levels of cattle marketings as cattlemen have taken steps to reduce their beef herds. Imports have not been a major influence in 1977. Beef imports have been under quota and concerning live cattle trade, to mid-December this year, Canada had exported about 217,000 head of slaughter cattle, and 94,000 head of feeder cattle while importing only about 9,800 head of slaughter cattle. (b) No; (i) N/A; (ii) Agriculture Canada's objective under its meat inspection program is to ensure wholesome meat products and compliance with product and labelling standards. The Meat Inspection Regulations made pursuant to the Canada Meat Inspection Act presently requires a statement "Product of (country of origin)" immediately below the product description for all imported meat products. Labelling as to the percentage of content of imported meat products is not within the scope of the Meat Inspection Act. Consumer and Corporate Affairs Canada has not considered requiring beef imported and sold in Canada to be identified as to the percentage of content according to its country of origin. The reason this is not a consideration is the cost of such a requirement. Increased cost to the packer would most certainly be reflected by an increase in cost to the consumer.

AGRICULTURAL RESEARCH

Question No. 1,077—**Mr. Mazankowski:**

1. Has the Department of Agriculture studied the implications for agricultural research of the Treasury Board directive entitled "Policy and Guidelines in Contracting Out the Government's Requirements in Science and Technology" and, if so, did the Department arrive at the conclusion that the directive would result in a reduction of the funds available for agricultural research?

2. If the directive has not yet been approved as government policy, will the Department seek from Treasury Board an exemption in the case of agricultural

[Mr. Patterson.]

research in view of the vital importance of such research to the competitive position of Canadian farmers on the international market?

3. If the directive is now government policy, does the Minister of Agriculture intend to take steps not only to fill the gap but also to recognize the need to increase both the level and quality of agricultural research and (a) if so, what are such steps (b) if not, for what reason?

Hon. E. F. Whelan (Minister of Agriculture): 1. Yes. The Department of Agriculture has studied the Policy and Guidelines on Science and Technology within the department and with other departments to assess the implications. There will be no reduction in funds available for agricultural research as a result of the policy. Pay funds would be redirected into funds available for appropriate contracts.

2. The directive is government policy. Action to seek exemption will depend on Treasury Board's reaction to the department's plan for Science and Technology.

3. The department has an intensive annual program review of its research activities at which time priorities, performance effectiveness, and gaps are identified and assessed.

FEED GRAIN STORAGE PROGRAMS

Question No. 1,155—**Mr. Marshall:**

Have discussions taken place with the Province of Newfoundland as to the application of the new feed grain storage programmes announced by the Department of Agriculture on October 17, 1977 and, if so, what proposals were made by the Province for an allocation of the 28 million dollar funding?

Hon. E. F. Whelan (Minister of Agriculture): The new feed grain storage programs of the federal government were briefly explained by the chairman of the Canadian Livestock Feed Board, among other topics discussed, at a meeting with representatives of the Newfoundland government, feed industry and livestock and poultry producers in St. John's on November 7, 1977. No formal proposals have been made by the Newfoundland government, nor were there requirements for formal consultation, on the allocation of funds for storage, feed mill and elevator programs to be administered by the Canadian Livestock Feed Board and Agriculture Canada. The programs will be available to Newfoundland interests on the same terms as in other provinces where they apply.

FOREIGN INVESTMENT REVIEW PUBLICATION

Question No. 1,322—**Mr. Crosbie:**

1. How many copies of *Foreign Investment Review* are printed by the Foreign Investment Review Agency for each quarterly edition of the magazine?

2. What is the budgeted cost of publishing, including editorial production, printing and distribution, of the magazine during the 1977-78 fiscal year?

3. What classifications do individuals and groups now receiving the magazine fall into?

4. What is the specific mandate given to the two present editors of the magazine in the production of editorial copy?

5. What is the nature of authorizations that must be received from the Minister of Industry, Trade and Commerce or any of his officials outside of the Foreign Investment Review Agency for editorial copy prior to its publication in the magazine?

6. What proposals have been made to expand the distribution, size, editorial scope or production quality of the magazine during the present fiscal year or in subsequent fiscal years?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): In so far as the Foreign Investment Review Agency is concerned: 1.

Printing run	English Copies	French Copies
Autumn 1977 (1st issue)	12,000	4,000
Winter 1977/78	15,000	4,000
Spring 1978 (planned)	15,000	4,000

2. Total budgeted cost for fiscal year 1977/78, including relevant staff cost, is $112,190.00. Of this amount, close to $5,000 represents non-recurring costs for initial design, preparation of mailing list, etc. and $2,000 represents payment to outside authors for material to be published in fiscal year 1978/79.

3. The magazine is distributed primarily to potential investors (major industrial corporations) and to their advisors (banks, investment dealers, lawyers, consultants); to chambers of commerce and trade associations; and to federal and provincial offices abroad. It is also distributed to members of parliament, the Parliamentary Press Gallery, and business publications in Canada and abroad; to libraries and universities in Canada and to private citizens on request. Approximately two-thirds of the distribution is outside Canada and one-third within Canada. A significant proportion of the copies are sent to provincial governments, at their request, for distribution by them. In the case of the province of Quebec, for example, apart from copies sent individually to government officials, 900 copies requested are sent in bulk to the provincial government for distribution. Somewhat smaller, but significant, numbers are sent to most other provincial governments.

4. Since the purpose of the magazine is to provide foreign investors with information on the legislative and investment environment and on what Canada expects from foreign investors, the mandate of the two editors is to participate, under direction, in suggesting, writing, procuring and editing articles and other material appropriate to the magazine's purpose. The editors receive considerable guidance in this role from senior officers of the agency and from an interdepartmental steering committee as noted below.

5. The planned contents of the magazine are subject to review by an interdepartmental steering committee of senior officials designated by the deputy ministers or equivalent of the Departments of Finance, Industry, Trade and Commerce, Energy, Mines and Resources, External Affairs, Environment, and the office of Federal-Provincial Relations. All articles and other material published in the magazine are, prior to publication, scrutinized and approved by the appropriate department. Articles dealing with the Foreign Investment Review Act and its administration are subject to the approval of the commissioner. General supervision of the publication of the magazine is provided by the Director, Research and Analysis Branch of the agency.

6. While a number of proposals have been made and considered—for example, to publish in additional languages or to add additional kinds of information—there are no current plans to expand the distribution, size, or editorial content of the magazine, except that it was from the beginning and still is the intention to involve provincial governments to a greater extent in the preparation of material, as its format and general content become established.

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 363 could be made an order for return, that return would be tabled immediately.

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

[*Text*]

CHILD ABUSE AND NEGLECT

Question No. 363—**Mr. Howie:**

What progress is being made with the recommendations of the Standing Committee on Health, Welfare and Social Affairs presented to the House July 7, 1976 in its report on child abuse and neglect?

Return tabled.

GOVERNMENT ORDERS

[*English*]

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

The House resumed from, Thursday, March 9, consideration of the motion of Mr. Buchanan (for the President of the Treasury Board) that Bill C-10, to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I appreciate the opportunity to rise today to participate in the debate on Bill C-10 which has been referred to as the comptroller general's bill. I was very interested in some of the statements that have been made by government speakers. In fact when the parliamentary secretary made the introductory statement in place of the minister, he mentioned that there had been considerable debate and urged us to speed up the passage of this bill because of the importance of establishing the office of comptroller general and finding someone who would take that position. We are getting used to this particular type of introduction because in so many cases, after many months of hesitation and delay, the government moves in with a bill and then tells us it wants it pushed through immediately because it is an extremely important matter.

I wish somehow ministers would be constrained to look at the situation and decide whether or not they themselves might not be responsible for the delays, because in many cases it is a matter of priorities in government business and a matter of strategy to try to get the matter through without the opposition catching on and having an opportunity to debate it to any degree. I am happy today at the opportunity to take part in this debate.

It was about three years ago, when speaking in the House on a government tax bill, that I said the government was spending money like the proverbial bunch of drunken sailors. Of course I made the appropriate apologies to the sailors at that time. As I recall, I was referring to the way in which this administration was mishandling public funds, and I gave examples of how the Trudeau administration was engaged in a mad spending spree at the expense of the taxpayers of the nation.

Last year, the Auditor General of Canada stated that this government had lost, or was close to losing, effective control of the public purse. One of his major recommendations was that the government appoint a comptroller general. In a few moments I want to deal with this specific proposal, but before getting to that I want to make a few comments on the reasons for our Auditor General's concern about the spending habits of this government.

If we were to get to the heart of the problem, we could see that the main reason for the disastrous state of our nation's economy is in the philosophy of the individuals in charge. I would submit that whatever ethics the Liberal party had had in the past, whatever standards or principles guided the conduct of members of that party previously, they have long since been abandoned by the government, and political morality and personal ethics have been sacrificed on the altar of political expediency.

The answer to every problem for this government, it seems to me, is to spend. The philosophy of the Prime Minister (Mr. Trudeau) is that the resources of our citizens are inexhaustible, that big government is an end in itself, that big is good, bureaucratic is better, and bungling is best.

One of the best analyses of the Prime Minister's philosophy I have come across is found in the book by Philip Bom entitled, "Trudeau's Canada—Truth and Consequences". The author of the book gives a concise cogent analysis of the Prime Minister, and I urge all government supporters to take note they cannot pass this analysis off as hate literature or the babblings of a right wing radical. It appears that this is a scholarly analysis and, what is more, I believe that basically it is the truth.

● (1222)

The author states that:

Trudeau has not blindly applied Marxist principles—

Meaning that he has applied them, but not blindly.

—or slavishly followed Maoist strategy and tactics . . .

Meaning that he has applied these, but perhaps not slavishly. The author goes on:

> . . . has integrated and applied his radical and critical theory in an original and concrete manner to the historical circumstances (the French fact) and political situation (federalism and the length of Liberal party in power in Ottawa) in Canada. If he were ever to submit himself to the iron discipline imposed by an authoritarian party he would, according to his own criteria, lack intellectual integrity.

However, says the writer, and I hope that hon. members opposite will understand this:

> . . . he has no moral right—either human or political—to hide his radicalism behind a Liberal philosophy party and parliament—empty them of their traditional meaning—destroy their direction, and in the process deceive the people . . .

So when I stated a few moments ago that the Liberal party had sacrificed its principles and ethics—at least the government has—I was not alone in making that statement.

What are some of the examples of this dangerous mix of Marxist philosophy and politics of confrontation at which this Prime Minister is so good? The first thing which must be done is to bring about inflation. Lenin pointed out that nothing disorganizes like inflation. "In order to destroy bourgeois society, you must debauch its money". The Trudeau plan to encourage inflation has succeeded admirably. The spending habits of the government have brought about a situation in which middle class small businessmen, the backbone of the so-called bourgeois society, are in danger of being destroyed completely. I must submit that that is precisely what is being accomplished under the direction of the Prime Minister.

They are taxed at every turn. They are required to fill out endless expensive government forms. They are in competition with big business in the market place, and in general they are being slowly strangled by the government and the Prime Minister, who has no use for personal initiative, the work ethic or free enterprise. In February of 1970, in the midst of the first great inflation crisis brought on by this administration, the Prime Minister stated, "We have no alternative; we must end inflation". Unfortunately, as is so often the case, that statement was merely window dressing. It was uttered in 1970 when government spending for the year was $13.6 billion. By 1974 that figure had more than doubled, to $31.3 billion.

This year we have been presented with estimated government expenditures of $48.5 billion. That works out to an almost 500 per cent increase in the ten years that the Prime Minister has been in office. What is more, the most recent memorable statement of the Prime Minister regarding inflation, the now infamous remark that "we have wrestled inflation to the ground", was uttered in the same year that government spending increased by 28 per cent. That was a real wrestling match!

The Prime Minister blames everyone but himself and the government. He has blamed external forces and said that all the nations of the free world are facing the same problems. He has stated that these are situations that cannot be combatted on the domestic front, and so there have been times when he has said that we have to await certain international changes and changes in the United States before we can effectively deal with the problem of inflation. When the Prime Minister got tired of using that excuse he said that Canadians were to blame and that they were spending too much money. He said that they would have to tighten their belts, exercise restraint, and realize that they cannot have as much as they had in the past. So the Prime Minister went from external forces to the Canadian people, but in no case did he say that the government was responsible because of its free spending philosophy and because of its uncontrolled expenditures. That was beside the point.

I would say that all the talk about restraint and what the government is doing to exercise restraint and control its expenditures is just that, talk. There has been nothing realistic or concrete taking place because, no matter what figures we look at, we find that the spending continues and, of course, the government and particularly the Prime Minister are basically responsible for this situation.

What has happened to the Canadian dollar? We have heard quite a lot recently about how our dollar has been exploited on international money markets, and I think it is disgraceful for the government to sit back and blame Canadians for being too soft or too fat and unproductive. The fact is that the government has destroyed the confidence of the international community in Canada's economy. It has destroyed the confidence of Canadians. Its unfair tax system has discouraged Canadians from investing in their own country and has forced both Canadian and American risk capital to other, more reliable economies in the world market place.

So now we have "Trudough", a peculiar 88-cents dollar which makes the so-called "Diefendollar" of the 1960's, which the Liberals used to talk about, look like a bargain by comparison. In terms of purchasing power our dollar at the last tabulation was worth less than 60 cents in terms of 1970 purchasing power. When Lenin talked about debauching money, he did not know what a willing servant he would have as head of the Canadian government throughout most of the 1970's.

I should like now to turn to some of the more specific areas of government spending to which the Canadian people are raising strenuous objections. During this last decade of free wheeling spending, a decade which can be likened to the biblical parable about the prodigal son spending his money on riotous living, Canadians have not seen even one major social program put in place. What they have seen is another matter. They have seen the unemployment insurance fund bulge from $700 million to $4.5 billion. They have seen the federal Public Service grow from 246,000 people to over 325,000. In spite of the fact that the Prime Minister and spokesmen for the government said there would be a freeze on Public Service hiring, we see an increase of this kind.

The bilingualism program which cost some $70 million in 1970 has mushroomed to a whopping $503 million for 1978-79. In addition, in order to pay bonuses to public servants who have been trained at public expense to become bilingual—and they have not become bilingual—it will cost Canadian taxpayers $35.7 million in 1978-79.

● (1232)

Fourth, the CBC, an institution which at times has been one of the foremost purveyors of anti-social, anti-family, amoral philosophy, has, since 1970, been subsidized to the tune of $2.4 billion. Its subsidy from the Canadian public purse has risen from the 1969-70 level of $166 million to the 1977-78 level of $467 million. While acknowledging the fine quality of some of its programs, this institution has been contributing to the undermining of the moral fibre of this nation by its insensitivity to the ethical values and personal integrity that have made our nation great.

Protests have been raised, letters have been written, speeches have been made, but we find little action has been taken to correct the inadequacies and failings of this organization. Canadians ask why they should support this organization to such an extent when it seems at times it is undermining the very values and principles that have been the mainstay of our society.

Fifth, Canadians have seen the cost of operation of the Prime Minister's office skyrocket from about $500,000 when he took office to $2.5 million in 1977-78. In ten years the increase is over 250 per cent. I do not think the Prime Minister can claim that his office is functioning better than in the past. They have been moving into a lot of areas where they have no business, and there has been a duplication of services or agencies. I do not believe this exorbitant increase has produced any improvement in governing the nation.

Sixth, Canadians have been outraged to see the huge deficits incurred by this administration, the deficit in 1978-79 being in the area of $10 billion. That is about $2 billion more than the total expenditures of the Pearson government, and about the same as the total expenditures of this government when the Prime Minister took office. Canada is now in the position of borrowing money to pay interest on money borrowed earlier. These interest charges cost Canadians about 14 cents out of every tax dollar spent by the federal government. With this kind of operation it is no wonder that the international money markets do not want to hold on to our dollars, but want more stable money. Small wonder, as a result, that our dollar has fallen to 88 cents in terms of U.S. currency.

Seventh, the Prime Minister now has a cabinet fully nine members larger than when he took over as Prime Minister. Again, the Prime Minister believes that big is good and that he can make up in size what he lacks in quality in his cabinet. That is just not true. Instead of having an incompetent cabinet of 24 members when he took over as Prime Minister, he now has an incompetent cabinet of 33 members. President Jimmy Carter of the United States, who has to run a country with a federal budgetary expenditure of about $432 billion, gets by with a cabinet of 14. The Prime Minister, by comparison, needs 33 cabinet ministers to handle a budgetary expenditure which we all agree is outrageous at $48 billion.

Earlier I referred to the Auditor General's statement to the effect that the government had lost or was close to losing effective control of the public purse. The Auditor General, J. J. Macdonell, also referred to the fact that, based on the study of the systems of departments, agencies, and Crown corporations audited by himself, financial management and control in the government of Canada are, to use his words, "grossly inadequate." Mr. Macdonell went on to say in his report to parliament that this is likely to remain so until the government takes strong, appropriate, and effective measures to rectify what he termed a "critically serious" situation.

A part of the Auditor General's solution was to propose the establishment of a position that would be the chief financial office of the government, that of comptroller general of Canada. The Auditor General put quite a heavy emphasis on this position as a means by which Canadians could reclaim some measure of control of the public purse. I may say that this is absolutely necessary because control of the public purse by this parliament has been eroded by the government. The system of bringing estimates before a committee of the whole to be dealt with carefully and perused diligently, has gone. Now we just allocate a certain amount of days to discuss problems and issues, and then everything has to go through; billions of dollars of expenditure are approved in a few moments. I say that the Auditor General is right. We have to reclaim some measure of control in some way, and we hope it can be accomplished by the establishment of this office.

The rules do not permit me to get too specific at this point on the office of comptroller general, but I do want to reiterate a couple of important items that were referred to by the Auditor General in his report to parliament this year.

In many cases the particular office to which a person is appointed is only as good as that person, so needless to say it is extremely important that the right man be chosen as Canada's new comptroller general. I am not in a position to say whether the government's choice of Mr. Harry Rogers is adequate, but his credentials are impressive.

The following are the guidelines that were laid down by the Auditor General in his suggestion for the office of comptroller general: first, the person ought to have appropriate professional qualifications; second, he should have a proven record of outstanding competence and achievement at senior levels of responsibility; and, third, he should have extensive experience as a senior financial executive in a large organization in either the public or private sector. It appears, as we look at this, that the gentleman chosen by the government has the right background according to the Auditor General's criteria.

My understanding of the post being created by this bill is that it is one which will, in all likelihood, have no authority to control spending. I listened to the President of the Treasury Board (Mr. Andras) when he was questioned on a television program about this particular matter. He made it abundantly clear that there was not to be any change in the allocation of funds. As reported at page 3588 of *Hansard*, the Parliamentary Secretary to the President of Treasury Board (Mr. Lefebvre) made it abundantly clear as well that this officer would not have any real authority over the expenditure of funds when he said:

In light of the close functional relationship between the proposed position of comptroller general and the existing position of secretary of the Treasury Board,

I want to reiterate that the introduction of this new office will not in any way change the responsibility of the secretary of the Treasury Board in the field of resource allocation.

As explained in detail to the Public Accounts Committee last April 26, the secretary will retain responsibility for the direction of the resource allocation and the control processes of funds; and ensure that they will not be reallocated without due authority.

That does not leave very much authority for this man who was supposed to reclaim some control over the expenditures of the government, and for this reason I think Mr. Rogers will have a very difficult job indeed.

● (1242)

I listened with a great deal of interest to the address given by the hon. member for Scarborough West (Mr. Martin). He criticized the opposition for dealing in such detail with what he referred to as a very short bill. He suggested that Mr. Rogers needs the full support of this House in assuming such a difficult assignment. I agree 150 per cent with that statement. It is a difficult task because the finances of the government are in a horrible mess. It is a difficult task because, while preaching restraint, this government has embarked on a spending spree unparalleled in our history. It is a difficult task because of the waste and extravagance that are abounding on every hand. Information concerning this extravagance is being published from day to day in the various periodicals and newspapers across the country. It is a difficult task because of the uncertainty and the frustration that are strangling our economy at the present time. I agree that this is a difficult task and it will require the full support and co-operation of everyone in order that Mr. Rogers will be able to do the job assigned to him.

While we have confidence in Mr. Rogers and we believe that the comptroller general designate has the necessary qualifications, we do not trust this government to allow him to do the job which the Auditor General envisaged when he recommended the creation of this office. This action of the chairman of the Treasury Board is long overdue. It is too bad this post was not created earlier, and that the man appointed was not given certain prerogatives and responsibilities. Perhaps then we would not be in the mess in which we now find ourselves. In any event I wish Mr. Rogers well in his new job. I hope that he will be able to discourage this mad spending spree upon which this administration embarked when this Prime Minister took office ten years ago and which still continues.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I am sure that all members of the House listened with interest to the most thought provoking and profound remarks of the hon. member for Fraser Valley East—

Mr. Patterson: West.

Mr. Mazankowski: I am sorry. But to be sure I checked last Wednesday's *Hansard* and either there is a misprint in *Hansard* or the member has made an error, but I thought it was Fraser Valley East.

The hon. member outlined in very precise chronological form some of the trends which have occurred under the Trudeau administration. There is no question that some of the points he raised provide some nourishing thought to Canadians. In his remarks he pointed out some of the root causes of the problems we face, the devaluation of the dollar; excessive spending; the continual deficit budgeting and poor management of our affairs. Over the last ten years only one balanced budget has been presented by this administration. The accumulation of these errors in judgment and incompetence in mismanaging the economic and financial affairs of this country has helped to put Canada in a very difficult situation in the international world. Our performance amongst the OECD countries has been less than satisfactory, and we certainly have a lot of improving to do.

I could not help thinking while the hon. member was speaking that it will not matter how many comptrollers general we appoint or how much more we give the Auditor General in terms of financial resources to do his job properly. The responsibility for resource allocation in this country is the responsibility of this government. I am convinced that this government will continue to waste, it will continue to practice its habits of extravagance, and it will continue to attempt to buy off the Canadian voter. It will continue to use the the office of the Prime Minister and the offices of respective cabinet ministers, indeed the government as a whole, to cling to power. We have an example of that today with the absence of so many members of the cabinet who are on an electioneering tour of western Canada. There is no question that this can be termed as electioneering at public expense.

When the public witnesses these kinds of things happening it adds to the growing lack of confidence which the public is placing in governments as a whole and in institutions of parliament. The fact that parliament has lost control and cannot effectively take action to curb these abuses which have occurred with increasing frequency is probably because we have had a government in power far too long. There is a growing cynicism in the minds of Canadians. They are not getting fair value for their dollar, those dollars which are being spent on their behalf by the government of the day. This cynicism and lack of confidence are not receding. I say to you, sir, they are growing.

We are dealing with a bill which will establish another level of bureaucracy. I support the principle. It is not, as I said earlier, an effective check for ensuring that our financial resources are allocated for the right purposes. This will be a check to ensure that the money which parliament has appropriated for the department in question will be spent in that area, and that area only. There should not be waste and extravagance after the allocation has taken place. We have seen an increase in the amount of financial resources going to the Auditor General's office, which I support and which is necessary. We will witness another large expenditure of money committed to the office of the comptroller general.

As I sat and listened to the hon. member I thought about some of the issues and the extravagance and lack of concern

for any effective control mechanism. In the most non-political and non-partisan sense I feel that what we need in this country more than anything else is a change in government. That would flush out the system and probably put the country back on the right course.

I support the concept of the establishment of the post of comptroller general of Canada. In my remarks today I want to echo the concerns which have been placed on the record by my colleague, the hon. member for Calgary Centre (Mr. Andre), and my good friend, the hon. member for South Shore (Mr. Crouse). I am worried that this bill does not enshrine in legislative form the powers and duties of the new comptroller general.

● (1252)

The Auditor General, as has been pointed out by previous speakers, put on record in his 1976 report the terms of reference which he thought should apply to this office, and in April of 1977 the President of the Treasury Board (Mr. Andras) gave the government's approval in principle for the establishment of the post. So we may ask ourselves just why the government appears to be so worried when we ask that these powers be enshrined in legislative form?

When we look at the history of the idea we find that in November, 1976, the Auditor General submitted his annual report to parliament and, as other hon. members have pointed out, it was one of the most damning indictments of the government ever produced. On the same day, the President of the Treasury Board announced the establishment of a royal commission to look into various aspects of the report, particularly the question of accountability, and to bring forth recommendations. On November 24 the minister was quoted in the Ottawa *Citizen* as saying the establishment of a comptroller general meant that constraints of a constitutional, political, and technical nature must be resolved. He expressed the view that the best means of achieving such a clarification was through a royal commission. He was saying, in effect, that the establishment of the office of comptroller general would be incompatible with the tradition of ministerial responsibility.

The Auditor General was taken aback by all this, and on November 29 he was quoted in the *Financial Times* as saying:

> This really shook me up. The minister was misinformed. I have been fair and open. I gave them advance copies of sections of my report. Those people knew damn well that I did not recommend that the comptroller general report directly to parliament.

What Mr. Macdonell recommended was that a comptroller general be appointed at the deputy minister level, reporting to the President of the Treasury Board, who in turn would report to parliament. We have to ask ourselves just who was misinformed in this process. Who are these people of whom Mr. Macdonell spoke? This speculation, of course, gives rise in turn to a number of other questions.

In the days that followed November, 1976, we found out that there was an echelon of people—I would refer to them as the bureaucratic elite—who were quite concerned about the possible establishment of this post of comptroller general.

Perhaps I could quote from a Canadian press story which appeared in the Ottawa *Citizen* on November 24. It reads as follows:

> Senior public servants have mounted a major campaign to defend themselves from charges by Auditor General J. J. Macdonell that they have lost control over public spending.
>
> The top bureaucrats, led by Privy Council Clerk Michael Pitfield, convinced Prime Minister Trudeau to set up a royal commission to a delay action on reforms recommended by the Auditor General, highly placed sources said Tuesday.
>
> Some cabinet ministers fought the idea of a royal commission, arguing that it would be interpreted as a stalling tactic designed to block establishment of a powerful new financial overseer called the comptroller general.
>
> But Mr. Pitfield, supported by Treasury Board secretary G. F. Osbaldeston, won out . . .
>
> Mr. Macdonell confirmed privately that Mr. Pitfield led opposition to the appointment of a comptroller general.

The article goes on to describe how the bureaucratic elite orchestrated the government's response to the Auditor General's report in the days before it was presented. Last April, the government performed one of its famous flip-flops and announced that it had approved in principle the establishment of the post of comptroller general, apparently abandoning its earlier view that to do so would be a contradiction of the principle of ministerial responsibility. Looking at this bill, however, it seems that the government did not change its mind as completely as we had thought, because the precise duties of the comptroller general are not defined in the legislation. It appears to me the cabinet did not really have the fortitude to stand up to the bureaucrats after all.

The bill says the comptroller general should be deputy minister and, really, nothing else. After that, we have to use our imagination. In the absence of precise duties and responsibilities enshrined in legislative form the work of the comptroller general could very well be stymied by actions of the bureaucrats and of the vested interests to whom I have referred as the bureaucratic elite. He could very well be strangled by the likes of Mr. Pitfield and his colleagues, and since he reports to the House only through the government he would be powerless to let anyone know what is happening should these bureaucrats attempt to harass him or burden him.

I do not believe the attitudes which were taken after the Auditor General made his recommendation are any less strong today than they were then. I am not sure whether the comptroller general, now that the post has been created, will get the kind of co-operation which the job deserves. Of course, when I say this, I am assuming we shall continue to have a Liberal government in power after the next election.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I suppose my statement contains a presumption for which I stand to be corrected, because the way things are going the Liberals are losing their support in central Canada and are now being forced to fan out to the extremities of the country for reasons of a political nature.

An hon. Member: The national interest.

Mr. Mazankowski: Someone says "the national interest". I well remember back in 1972 when the Liberal party had a majority of seats in only one province of this country. That, to my mind, does not indicate the kind of support from coast to coast which the party should have if it wants to govern effectively.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

● (1412)

The Acting Speaker (Mr. Ethier): Order, please. When the House recessed at one o'clock the hon. member for Vegreville (Mr. Mazankowski) had the floor. He still has 24 minutes remaining of his allotted time.

Mr. Mazankowski: Thank you, Mr. Speaker. The man who has been selected to assume the role of Canada's first comptroller general, Harry Rogers, brings with him a very excellent reputation. I do not know the man personally, but on studying his background and his credentials it is quite obvious that the minister and the government have undertaken to select the most capable person available, with the appropriate professional qualifications and a proven record of outstanding competence and achievement. As other hon. members of the House have indicated, I too certainly want to wish him well in the undertaking of his deliberations because, as we have pointed out on this side of the House, he will need all the help he can get in trying to restore some order to the financial mismanagement of this government. This is particularly true when you consider this rather innocuous bill.

It has to be made clear once again that the appointment of a comptroller general will not in any way improve the resource allocation process, which is largely a political process. The government will continue to do what it has been doing, but the comptroller general will have the responsibility to ensure that the funds which have been allocated to the respective departments and programs are spent in an appropriate fashion, and that there is not any misappropriation or misspending of those funds after the allocation process has taken place.

I presume it will also be his responsibility to ensure that appropriate checks, balances and procedures are followed in this process. In many respects that process will complement the work of the Auditor General. If there is any misappropriation or questionable misappropriation of funds by the government, that will remain an issue to be debated in this chamber or in committee.

This is another area in which exists a very major deficiency and weakness of the parliamentary process. There can be absolutely no question whatsoever about the suggestion that we do have a very serious problem of financial mismanagement and lack of financial control within the Government of Canada. It is important to reiterate that this did not happen overnight. It has been a continuing cancer that has developed over the years. The fact is that the government was reminded of this. The former Auditor General, Mr. Maxwell Henderson, pointed out in his reports to the House of Commons time and time again the abuses of this government, its contraventions of the Financial Administration Act, its misappropriation of funds, and the fact that value was not being received for the dollars spent.

The government did not heed that advice and looked upon Mr. Henderson as an enemy of the government. Because the government refused to heed his warnings we now find ourselves in a situation, referred to by the Auditor General in his 1976 report in very categorical terms, where the government and, indeed, parliament, have lost effective control of the public purse in Canada. This bullheadedness on the part of this government, and its easy-come easy-go philosophy, can best be indicated by the fact it is absolutely and inherently incompetent, looking upon the expenditures of funds in a manner that will enhance its own political opportunities rather than having regard for the over-all interests of Canada.

There can be no doubt in anybody's mind that spending has gotten out of control and that parliament has lost control. This government has lost control. Neither parliament nor the government has the desired wherewithall to check on the extravagances and wastes of many of those spending programs funded by the government. This is even worse when you have a government that, because of the change in our rules and our current mechanism, is not held accountable to parliament and thereby accountable to the taxpayers of Canada.

With this situation we will continue to have this kind of waste, misallocation of funds, and extravagance of which we have seen too much in the past. We will continue to have a government that is more determined to save itself politically than to impose sound financial management control measures on the public purse; a government whose primary objective is to remain in power at any or all expense to the taxpayer. Surely that kind of government is not in the best interests of the country or its taxpayers.

We have such a situation at this time going into an election year. We noticed the same situation in 1972 and during the period preceding the 1974 election. This is a government committed and dedicated to spending its way into power. It is buying your support and mine, Mr. Speaker, with our tax dollars.

All hon. members of this House are concerned that parliament is no longer an effective check or watchdog on the expenditure of public funds in this country. We have talked often about revising the form of estimates; we have talked often about ways and means of improving the way estimates are dealt with in committee; and we have talked about reform

of the committee system so there can be a more effective examination and analysis of the spending programs of government. We have seen an increase in the frequency of the use of one dollar vote items, a use that I think is a definite abuse of the parliamentary system. Surely if we are to bring control of the expenditures back where it rightfully belongs, we must seriously come to grips with this situation.

I was taking part in an agricultural committee meeting the other day examining supplementary estimates. Incidentally, those estimates are deemed to have been passed sometime today whether or not we have considered them. If we have a day or two to consider the estimates that is fine, but if not they are deemed to have been passed. During that committee meeting of about an hour and a half I had the opportunity of questioning the minister for five minutes. I asked two questions, which probably consumed a minute or less of the time, and the Minister of Agriculture (Mr. Whelan) probably used ten minutes to respond. I suggest this is a farce.

First of all, we do not have the kind of background information necessary to an explanation of the objective of the expenditure. More important, hon. members do not have an opportunity to ask for and obtain such an explanation. Unless that changes, parliament will continue to deteriorate.

● (1422)

The rules being what they are today, as the hon. member for Fraser Valley East (Mr. Patterson) indicated, the opportunity for bringing the estimates to the House of Commons where a minister is put on the carpet, is held accountable, and must defend his spending program, while it exists in some sense, it is not sufficient to do the job effectively. So we as members of parliament are having the finger pointed at us because we are responsible for ensuring that the interests of the taxpayer are being protected, but we do not have the opportunity to protect them because of the mechanisms.

Unless there is a more effective way of policing the government's spending habits, we will continue to experience a decline in confidence in this institution, we will continue to see a growing proliferation of Crown corporations and agencies which do not have to come back to this institution for approval, we will see the government of the day become increasingly less responsible and therefore less accountable to the taxpayers of Canada, the electorate of Canada. Without those checks and balances in place, the door is open for this kind of waste, extravagance, and misappropriation of funds.

On the question of Crown corporations, just recently we have been asked to write off a debt for the CNR amounting to $808 million. The Minister of Transport (Mr. Lang) suggested it was merely a little technical bill, a housekeeping matter which should not be the subject of much debate. We intend to debate that issue, we intend to call witnesses before the committee and to call the Auditor General to see what he thinks about writing off $808 million of taxpayers' money. Also every time we misuse the dollar items, we circumvent parliamentary authority, and this is wrong in terms of the responsibilities and traditions of parliament to provide for the collection and distribution of funds and the responsibility of passing laws.

When I came to the House some ten years ago, total government expenditure was something in the order of $9 billion. Today it approaches some $49 billion, and by the time all the supplementary estimates are passed, it will be probably $50 billion.

Two things concern me very much, as I am sure they concern other hon. members and the people of Canada in particular. First, I am concerned about the magnitude, the massive amount of money that we are talking about, and second, I am concerned about the appropriation of these funds, the priorities and purposes for which the government has seen fit to allocate these sums of money. It seems to me that over the past ten years we have been on a spending spree. Perhaps I could describe it this way. We have been on a cultural, sociological, and linguistic binge, engaging in many political programs. We have engaged in the dramatic growth of government, but the priorities of strengthening the economic base of this country and creating an environment where the individual can become more enterprising and innovative have been cast aside.

A recent article in the *Financial Times* of June 27, 1977, indicates that 40 per cent of Canadian voters are now on the government payroll. That includes people who are working for the various Crown corporations, for the government, retired public servants, war pensioners, those who receive unemployment insurance benefits, old age pensioners, and so on. It has become a very significant issue.

We have failed in our ability to strengthen the economic infrastructure of this country and, as a result, have not inspired individual incentive. This has not served the best interest of national unity as well. I look at some of the programs on which we have spent money, for example, on Canada Council grants. This is why I am sure the government of the day has lost control, and I am sure it is not very proud of some of the programs funded under the Canada Council. One example is of $170,000 to study air breathing fish of the Amazon river, or $4,280 spent on a study to determine what people do with themselves when they have nothing to do, or $15,000 spent on an evaluation of interview techniques and data in the 1971 census of the Kingdom of Morocco. Many taxpayers are getting tired of that kind of foolishness.

As I said, in 1968 government expenditures amounted to $9 billion; today they are $50 billion. In 1968 we had a 4-cent postage stamp and the mail was delivered; today we are paying 14 cents for postage stamps and mail is not being delivered. It is those kinds of things that are irritating and bothersome to the Canadian people. As I said before, this has not served the best economic interests of this country, nor has it served the individual interests in society or the best interests of national unity. Remember it was in 1968 as well that the theme of the election campaign was national unity and the redressing of regional economic disparities. What have we today? Look at the money we have spent. The money has been misspent, and that is why many Canadians are irate and outright angry.

Look at what has happened to some of the basic industries like agriculture and the fishing industry. We all know the experiences of the livestock industry in the last few years. What has happened to the agricultural industry? In the last five years the net farm debt has increased from $4.3 billion to $8.5 billion. The Minister of Agriculture has said that farmers have never had it so good. If they have it good today, it is only because they have borrowed themselves into that position. What have we done to improve our capability in the area of processing agricultural and fishery products? We have done little or nothing, certainly not enough, and what we have appropriated for these important basic industries in Canada has been nothing more than promises.

The other day we had a debate in the House on the question of science and technology, research and development. There is no question in anybody's mind that the stability and strength of any economy are based upon the ability to research and develop new methods of technology. We have failed miserably in that regard. We all remember the election campaign of 1974 and the lofty promises made at that time. We remember those particularly with respect to transportation. We were told we would have a complete restructuring of the ports and harbours in this country; we were going to do away with all the freight rate inequities and anomalies, and we were going to engage in a very aggressive urban transportation program, which has since been scrapped.

The promise was that the total grain handling system from the granary to the ships and harbours would be revamped and new systems introduced. What do we have today? We have two dozen ships waiting in the port of Vancouver. We cannot move our grain. The cost of that failure is coming out of the pockets of producers, the farmers of Canada. It is costing millions of dollars, and the government is spending money on stupid trash like a study of air breathing fish in the Amazon River. There must be some dramatic changes in this country. The government has failed miserably to direct attention to the basic, gut issues of this country. The philosophical approach which it has used has certainly not augured well for the average Canadian citizen.

● (1432)

I could go on about transportation and economic development, particularly as it relates to western Canada, because there is much to be done. We do not need any more studies or hearings. The issues have all been very well thrashed out. The recommendations are very clear. The government says it agrees, but it does nothing. Of the 92 recommendations in the Hall report only six have been acted upon. It is no wonder that the Science Council of Canada had this to say about Canadian industrial prospects, and I quote from a document entitled "Uncertain Prospects" published by the Science Council of Canada, with regard to the Canadian manufacturing industry from 1971 to 1977:

> Canadian industry is chronically and gravely ill. Indeed, the country, industrially, is rapidly falling behind other nations, and, by default, placing its hopes for the future on a resource sector, which, in its present form, is inadequate to the task of raising or even maintaining the standard of living which most Canadians take for granted.

Is it any wonder that we are given that damning indictment? The Canadian dollar is at its lowest value in 45 years. We have the highest rate of unemployment since the depression. Inflation is running at 9.5 per cent to 10 per cent. One can only conclude that this has to be the worst government we have had since Confederation. The excessive growth of government and the attitude of this particular government have affected the lives and welfare of all Canadians. They have stymied our attempts to occupy our rightful place in the industrialized world.

Mr. Speaker, I know you have allowed me latitude to talk about these matters, but we are dealing here with government expenditures and the manner in which money is being spent or misspent. Having recognized the fact that it is in serious trouble in terms of its ability to control and manage the financial affairs of this country, the government has finally heeded the advice of the Auditor General and introduced a bill which will create the position of comptroller general. However, there is much more to be done, and we should not be falsely led into the belief that this will be a cure-all.

We must look for example at means of establishing appropriate incentives for those engaged in the Public Service to operate efficiently. We have to look seriously at the senior echelon of the bureaucracy and make it more accountable for its actions. When we are talking about $48 billion to $50 billion of government expenditures in a year, that boils down to a little less than $200 million per constituency, and we must ask ourselves what our constituencies are getting for that amount of money. I think we have an excellent public service, but there must be instilled within the minds of public servants the importance of discharging their responsibilities with pride, excellence, and efficiency. I hope the comptroller general will address himself to that because efficiency is of paramount importance.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but I must inform him that his allotted time has expired. Nevertheless, he may continue if there is unanimous consent. Does the hon. member have unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Mazankowski: Mr. Speaker, I appreciate the courtesy of the House, and I shall not abuse it. Perhaps the most important role of government is the allocation of human and financial resources in the most effective and equitable manner possible, having due regard to the national goals and the economic and regional realities of the time. This requires not only a competent public service but also a competent government and a competent mechanism in parliament wherein checks and balances can be firmly in place and effectively utilized.

We cannot expect our public servants to behave responsibly if the government of the day does not behave responsibly. If

the government is not held accountable to parliament and thereby to the people of Canada, it is quite logical that public servants will not be held accountable either. That is precisely the dilemma we are in now. I hope that in the days and months ahead this matter will be taken more seriously. Like the Auditor General, I feel profoundly that public funds are in effect trust funds and must be treated accordingly. Financial controls and safeguards for trust funds in the public sector should be at least as effective, reliable, and strong as they are in the private sector. If we who share the responsibility for the control of the public purse do not take this seriously, we are somewhat derelict in our duty.

The appointment of a comptroller general is but one step toward achieving our goal. Far from being the total answer, it is a step in the right direction, but there must be a major shift in attitude, and that shift must begin with the government. We have much to do in this very important area, and unless we address ourselves to this problem and take remedial action soon, our system of government and public confidence in it will continue to wane and will continue to be in jeopardy. If we should continue that downhill slide, we would soon find that freedom and democracy as we know them would be increasingly undermined and perhaps destroyed.

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I will not take too much of the time of the House on this matter, but as a former chairman of the Public Accounts Committee and, as a matter of fact, as the chairman of the committee at the time when the first draft of this bill saw the light of day, I feel I should bore the House for a few moments by attempting to give my interpretation of the bill.

● (1442)

My attitude toward the bill has been forcefully and succinctly expressed by others—approval for it and disappointment with it. There is approval because obviously there has been waste and extravagance by this government. With the growth of government in the western world, and especially the growth in Canada at the municipal and provincial government levels, there is state involvement in many things that used to be considered the exclusive jurisdiction of the private individual or the private sector. This has led expenditures by the state to multiply alarmingly over the last few years.

When the Prime Minister took office the total expenditure of the federal government was about $9.5 billion. It is more than coincidental that for the fiscal year now ending, the federal government's deficit is also approximately $9.5 billion. I do not make that comment in a partisan way, but merely to indicate the swollen financial transactions of government in general.

I do not believe that provincial governments have increased their revenues and expenditures at the same rate as the federal government nor do I believe that municipal governments have done so. Members on both sides of the House have been worried that our accounting and control of government spending have not kept pace with the increase. For years the public accounts committee, a non-partisan all-party body, has spent thousands of man-hours trying to rectify spending abuses of the government of the day. It has issued voluminous reports and there has been a general attempt to rectify some of the glaring omissions that exist in the supervision and control of the financial accounts of the federal government. In some cases our voice has been heard, but in many cases it has not. Sometimes we have had the ear of the public because of the financial scandals uncovered. These are not always uncovered by the committee but often by that watchdog of the public purse, the Auditor General.

It is the job of the Auditor General to ferret out and expose extravagance in the financial wasteland. It is the job of the public accounts committee to investigate the charges and report to the House on the veracity or otherwise of those charges. Since I came here in 1972 there have been very few occasions when serious charges made by the Auditor General have been investigated by the all-party, impartial public accounts committee and not found to be true. Sometimes they have been under emphasized and perhaps even underestimated, according to the work of successive public accounts committees.

The general theme running through the reports of the public accounts committee until two years ago was that some office, some body, some institution, agency or individual, should be inserted into the system to check expenditures before they are made. The Auditor General and the public accounts committee can only criticize and publicize after the event. What was required was not another watchdog but someone who could pre-audit, not post-audit—somebody with power to put the lid on proposed extravagances. Members of the public accounts committee came to the conclusion over the years that there should be a comptroller general, as there is in other parliaments and legislatures in the Commonwealth and in countries in the western world. There should be someone—an impartial but all powerful figure—to examine proposals before expenditures were made in order to avoid gross errors.

The matter came to a head in the report of the Auditor General to the House two years ago. As a result of valid criticisms, made both in the report of the public accounts committee and the report of the Auditor General, things started to stir on the government benches. Certain proposals were presented by the Auditor General to the then President of the Treasury Board and the present minister which resulted in the bill now before the House. If the bill goes through, we will have a comptroller general.

● (1452)

I know of no reason why the bill should not go through. From that point of view I am quite elated about the bill and its provisions but I am disappointed because it is a compromise. In a way it is a rather weak-kneed compromise. I do not want to use the word cowardly because the final negotiations resulted in a compromise by those of us who believed that we should have an individual to perform that type of pre-audit function. We are not so sure that we will get it, which is the problem at the moment.

As an ex-chairman of the public accounts committee my view is that the appointment of a comptroller general which is envisaged by this bill is better than no comptroller general at all. I make no secret of the fact, Mr. Speaker, that some of us are disappointed in that we do not know what the functions of this person and agency will be. We do not know what staff he will have; we do not know what his powers will be. We do not know whether we are being conned by a government, which has a great facility for public relations measures. Sometimes that is all it is, a public relations facade which is imposed upon the Canadian public. We are not skeptical by any means. I am glad that we will have a comptroller general. However, I wish this bill had some meat to it. We have the bones,—the skeleton is there.

We have a person who will be called a comptroller general. I hope he will have the power, authority and the function of a comptroller general as that office is understood throughout the western world and in some of the other Commonwealth democracies. In other countries that person is an independent person. In some cases that person reports, as does the Auditor General, directly to the legislature or to the parliament—directly to the House of Commons. The comptroller general in Canada will not do that.

In some of the other jurisdictions the comptroller general is an all-powerful individual. If he knows that something is clearly going wrong he has the power to stop it. As far as we know the Canadian comptroller general will not have that power. In other jurisdictions the comptroller general has a skilled and extensive staff of investigators and auditors. As far as we know this comptroller general will not have that type of staff or facility available to him. But certainly half a loaf is better than none.

I would have suspected that this government has had enough of financial scandals. For their political survival it is about time that our political masters on the other side of the House realize the growing awareness Canadians have that this government is unwise in many of its spending practices and that the control and supervision of these expenditures have reached an almost scandalous stage.

I am sure every member of this House receives at least two calls per day from constituents and sometimes three or more, not per week, not per month but per day. They may complain about something else which involves large expenditures of taxpayers' money by this government or that an expenditure has not been properly explained or is being improperly carried out. Just this morning I had complaints concerning two brand new offices which have been set up without my knowledge in my riding. I had to read about them in the newspaper. These offices are under the aegis of the Department of Energy, Mines and Resources, a CCC office, which is a conservation control office of some type or another. One office was set up in the town of Bowmanville and another office was set up in Cobourg, both in my constituency.

Both of these are new offices and new functions under the FLIP program. Each office has a budget for the next couple of months of $49,000. The genuine concern of my constituents when they phoned me was stated in terms such as, "What in heaven's name is this that is now coming along and is spending this money?" I will be frank that until I read about this matter in the newspaper I had never even heard of it. I had to get busy and do some research.

The FLIP program, and I am not trying to be flippant about it but that is what it is called, the FLIP program is supposed to be another one of these ad hoc make-work programs over the next few months. The Government of Canada is spending $150 million of your dollars and my dollars on this type of program. The Department of Energy, Mines and Resources alone is spending about $50 million of that. A letter which I received from the minister obviously indicates neither he nor his department know the extent of the offices or the amount of money being spent in the riding. Maybe the program will be a good one. But I am skeptical and I have my doubts. We should have someone other than empire builders that exist in the bureaucracy in this country to take a good hard look at this matter, not necessarily from the point of view of the merits or demerits of the program, but to plan ahead how money should be spent.

Once the government has made a decision to go ahead with a plan, the actual method and procedure of hiring people and the spending of the money should be explained first. Canadians would then know whether their money was being genuinely spent on their behalf. We have no such guarantee. I am continually skeptical about what is happening here and I believe my constituents are too. It has been proven time and time again that there is too much waste, too much extravagance, and too much expense. Their money is being thrown around.

For the political survival of the government it seems to me that it would want an independent, powerful individual or institution interposed into the spending procedures of this government who could report to this House. In the long run it would make for better government. It would provide an assurance to the people that plans to spend their money are more wisely devised. It would help members of parliament to be re-elected. I do not think Canadians are that cynical that they do not reward good government. But they will throw their representatives out when there is bad government. A measure of that type would be a good move toward good government, but we simply do not have it.

● (1502)

I welcome the bill. I welcome the office. I welcome the individual. He will certainly have the full support of members on this side of the House in his efforts. No matter what those efforts are, and no matter what the results of those efforts are, it has got to be better than we have now. So we just have to support the concept. I only wish there were some teeth in the bill. I only wish there was some authority to it. I only wish there had been some meaning to it. Perhaps some day soon we shall form a government which will put those powers and that authority into statutory form.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, it is always a pleasure to speak here on Friday afternoon. The members

who do stay may be few in number but their calibre is very high indeed.

Some hon. Members: Hear, hear!

Mr. Baldwin: As far as numbers are concerned, it is very like speaking to a group of Liberal supporters in the Crowfoot riding.

Some hon. Members: Oh, oh!

Mr. Baldwin: I was very surprised to hear my good friend from Northumberland-Durham (Mr. Lawrence) struggle desperately to find some good features about this bill. Only an hon. gentleman with a character like that of my hon. friend who manages to think kind and considerate thoughts, even sometimes about the government, would be able to find some good in a piece of legislation of this kind for the purposes to which it was being assigned in the discussions held in the public accounts committee and the comments made by the previous and the present Auditors General. Mr. Speaker, it is junk. It is nothing.

I understand that the gentleman who is being appointed to this position is a man of a very high calibre. I am glad in many ways but in some ways I am sorry because of the heartaches and frustrations he will have to undergo in trying to fulfil his high responsibilities in the way the public apparently expects of him. Just the other day we had a further example of the government's attitude toward spending. You know, Mr. Speaker, as you watch the leaves drift along the creek, you see which way the current is flowing. Anyway, it now seems that a rag, tag and bobtail bunch from the Treasury benches opposite have gone out to western Canada to engage in what is very obviously a political campaign.

The hon. member for Winnipeg North Centre (Mr. Knowles) has certainly laid down the foundation for this opinion, and he is known as the conscience of parliament. It is certain that western Canada, along with Canada as a whole, is in desperate need of leadership. I do not need to recite a litany of the problems which face us; we read about them in every paper, we hear about them in every radio broadcast and on each telecast. Here we find ministers and others going out to western Canada on an obvious political mission, though the campaign has not yet commenced, using government aircraft. I think it is a shocking thing. If that is an indication of the government's attitude toward public spending then Heaven help the poor comptroller general.

Recently I was given one or two hints about the way in which the government, and not only the government but principal civil servants, think. I was at a forum the other day dealing with an issue in which I am greatly interested with a distinguished member of the other place, and when the speeches had been made, one of those present rose to ask a question. He was distinguished in appearance and no doubt he was quite sincere. I suppose what he said was in the nature of a statement rather than a question. He said: "Mr. Baldwin, on this question of information and what the government spends and what it does and how it operates, the trouble with this country is that people like members of parliament and those who work in the media persist in challenging and questioning decisions made by the government and by the very distinguished and very wise and very efficient professional people who run the country. That is why we are in trouble today."

We are in trouble today, Mr. Speaker, precisely because decisions of the government are not effectively challenged. We should have had a comptroller general for years with the power and authority which we believe should be assigned to him. For years the Auditor General sought desperately to secure the authority he needed while ministers opposite went on spending and taxing, spending and taxing, until they drove the poor people of this country into a state of near desperation. That is an attitude which comes right from the top—it comes right from *numero uno* and goes all the way down.

I put that statement back to back against another statement made in the same place a few months ago when another gentleman, unknown to me but obviously from the public service, said: "Mr. Baldwin, I am very much in sympathy with your views, with your insistence that the government should try to curb expenditures and let the country know what it is doing and why. I want to tell you that in many cases spending programs of one kind or another are in force even before ministers know about them and most of the highly placed members of the public service think parliament is simply an impediment to the operation of this country."

Mrs. Sauvé: So long as we don't, that's okay.

Mr. Baldwin: Don't be too sure of that. The principle of ministerial responsibility to which the hon. lady is possibly referring is dying. I doubt whether it exists for us any more. Today, ministers do not know one per cent of what goes on in their departments. They only know what their senior advisers think it is safe to tell them. They only act as advocates. They only present a departmental brief. They are allowed to appear before committees once in a while. They are allowed to go across the country and they are propped up with information and sent into the House of Commons occasionally to make a speech. This is the principle of ministerial irresponsibility upon which the government functions.

Mrs. Sauvé: I am shocked to hear you say that.

Mr. Baldwin: The hon. lady says she is shocked but the smile she gives me indicates she is not really shocked. She probably believes me. I am going to give her credit because I have a great deal of respect for her. I think she wishes things were otherwise. I think she wishes she belonged to a government—it would have to be a Conservative government—which believes in the principle of ministerial responsibility.

Mr. Douglas (Bruce-Grey): On a point of order, Mr. Speaker. Perhaps I might enlighten the hon. member. In the case of the hon. minister to whom he has just been directing his remarks, I can assure him that what he says is not the case. She does know, and makes a point of knowing, exactly what is going on in her department and reports are made to her

regularly and faithfully by the public servants the hon. member talks about.

Mr. Baldwin: I will simply say that the hon. member's comment establishes the fact that those who are victims of the principle of ministerial irresponsibility have gone up in number by 100 per cent in the last two minutes.

I should like now to give the House some background with respect to the measure before us—it is all related to the reason for my believing this is not good legislation. Political parties, in particular the government party, have engaged in the last few years in a form of competition for votes which has caused the expectations of the public to escalate to a stage which has overloaded our economy.

● (1512)

No better proof of that—and this directly relates to this bill and what powers could and should exist—is all the great programs, spending and otherwise, of the last 20 or 25 years. In each and every case those programs were brought in accompanied by statements as to their estimated cost and their public benefit which was either outright deception, gross exaggeration or negligence.

Examine today the cost of those programs. They have been exceeded to such an extent that, like a power plant, our economy has become overloaded. I do not say anything of the value of the programs, but it may be that if their true cost had been indicated at the time, this House and the public of Canada might well have said that they were good programs and, despite the cost, we would accept them.

These programs have been augmented one after another. The result is that today, with the electorate having been persuaded they will benefit to a point the economy is incapable of attaining, they have never been told there are limits on the capacity of the government to control economic forces. Now it has become crystal clear that the aggregate of all the good things promised cannot be delivered without penalties: inflation, unemployment, deficit balance of payments and the sagging dollar. This explains the outrage, anger and cynicism which exists all over this country.

The Prime Minister (Mr. Trudeau) admitted this at a very interesting event, known as the great Liberal party, which was held here. I attach the "great" to the party. The Prime Minister admitted there was a lack of confidence and attempted to talk it down. This government cannot talk it down. They are not the solution, they are the problem; there is no question about it.

I do not care what wise decisions are made, whether it be to bring in a comptroller general with proper powers or to bring in programs to deal with inflation and unemployment, the public will not accept them because they do not believe what this government has to say. That is the problem. If you do not trust the doctor, you will not take the medicine.

When you look at the tens of millions of individual decisions and thousands of corporate decisions which have to be made, you see they have to be made by people who will take steps to restore the economy. The economy will never be stimulated by a government of this kind with its record stretching behind it. It will be stimulated and we will make progress when the public once more believes in the processes of democratic government and in the reforms and proposals the government will make. Thank heavens we are coming close to an interesting period in our history following which that will be the case.

One problem area has been the issue of over-spending. I was chairman of the public accounts committee 15 years ago and we went through the same difficulty then. However, it has now been compounded because we are into the $50 billion bracket. Therefore, the mistakes, tragic errors and misjudgment of spending are exaggerated to the point where they create crises of confidence and crises of expenditure. This government does not have either the credit or the funds to do the job that needs to be done because of the facts I have stated.

After looking at reports of the Auditor General over the past 15 or 16 years, and even earlier if necessary, how can the President of the Treasury Board (Mr. Andras) expect us to believe that a statute of this kind will be effective to bring this under some form of control? There is just one way to control it, and that is to restore to this place the power and the authority it needs to challenge and scrutinize government expenditures. That means there ought to be backbenchers with intestinal fortitude and backbenchers with backbone on the other side who will stand up for the same things in which we believe.

I hope that when they go back and seek to persuade their electors that they should be returned to this House they will be prepared to answer the very pertinent and central question which goes to the core of our difficulties, namely: Why did you sit idly by and allow this government to get away with what it did? I am not talking about incompetence and matters on the periphery but about the basic issue of this government believing that it can spend and tax as though saving had gone out of fashion. That is the problem we face. This legislation will not cure it. It could be an ancillary or auxiliary aid for something else.

I have said this, members on this side have said it, our leader has said it and our previous leader has said it, and it has been part of our platform: Restore to this House the realistic right to challenge government. Make it come before us and our committees with full opportunity to challenge, scrutinize and examine, thus making them justify what they are doing. The right to govern is a trust. Like every trust there must be an accounting. There is no longer any accounting by government to this House for the expenditure of its funds.

Therefore, I am unhappy. I do not like this bill. I certainly will not vote for it. It could be all right if we knew what the powers would be and if it were accompanied by a real desire by the public of Canada to have restored to them, through this House, the right to make any government justify their expenditures, making them show what it has spent in the past and what it will spend in the future. That has been the purpose of parliament since the time of Simon de Montfort—the right of the public not to grant supply until all wrongs have been

rectified. That has been taken away. The granting of money now has become a charade and a farce. Give us that power and we will then look at this bill.

The Acting Speaker (Mr. Ethier): Before recognizing the parliamentary secretary, I must advise hon. members that when he speaks he will close the debate on second reading.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of Treasury Board): Mr. Speaker, I will only take a few minutes as I have already spoken in this debate. I listened to the speeches made on Bill C-10. By the number and the quality of the interventions by members of all parties, it is apparent there is agreement that we need the office of comptroller general of Canada. We may not agree on how this office should be set up or the methods and procedures that the person filling this office should follow. However, if this bill is adopted and sent to committee this afternoon, there will be further opportunity to debate these points. Hon. members will again be invited to state their points.

I trust the bill will receive speedy passage in committee and be returned to the House for third reading. The underlying principle is accepted by all members. This office has been needed for some time. We must now do everything possible to ensure that the person already appointed to the position is given the opportunity to get to work as soon as possible on behalf of the taxpayers of Canada.

Members of all parties have shown through their speeches that they are concerned about public spending. The government is showing its concern by the recent announcements of many changes being made in an attempt to bring under control more and more the spending of the Canadian government, especially so in bringing forward this bill.

● (1522)

I should like to thank hon. members who have participated in this debate, and do so on behalf of the President of the Treasury Board (Mr. Andras) and myself.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Motion agreed to, bill read the second time and referred to the Standing Committee on Miscellaneous Estimates.

* * *

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before we proceed to the next item of business and because, I believe, a change has been made in respect of the order of business for Monday, I wonder if the appropriate announcement could be made. In asking for that I hope my hon. friend, the Parliamentary Secretary to the Deputy Prime Minister, will not mind if I put the question to the Acting Prime Minister. I do that quite frankly, sir, so I can establish the fact that the reason things are so peaceful and orderly here this afternoon is that the Minister of Communications is the Acting Prime Minister.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): If we are obliged to have the Liberals in power it would be a lot better if she continued to be number one.

Some hon. Members: Hear, hear!

[*Translation*]

Mrs. Sauvé: Mr. Speaker, I thank the hon. member for his good words and his good wishes for my future, but I must remind him that I am not yet ready to assume such responsibilties; I am barely able to do so on an interim basis.

Mr. Knowles (Winnipeg North Centre): Why not!

Mrs. Sauvé: In reply to his question, we will consider Bill C-21 during the time left this afternoon. On Monday, if hon. members agree with me, we will proceed to Bill C-4 and Tuesday to Bill C-6, unless changes are made on Monday and that would be announced in the House.

* * *

TRANSFER OF OFFENDERS ACT

MEASURE RESPECTING TREATIES ON TRANSFER OF PERSONS FOUND GUILTY OF CRIMINAL OFFENCES

Hon. Jeanne Sauvé (for the Solicitor General) moved:

That Bill C-21, to implement treaties on the transfer of persons found guilty of criminal offences, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

[*English*]

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker, for a moment I thought perhaps you were overcome by the friendliness being exhibited between the hon. member for Winnipeg North Centre (Mr. Knowles) and the Minister of Communications (Mrs. Sauvé), and that we would get Bill C-21 into committee without so much as a single speech. That would be marvellous and I would be agreeable.

Mr. Knowles (Winnipeg North Centre): We wouldn't want to miss your speech.

An hon. Member: That left him speechless.

Mr. Knowles (Winnipeg North Centre): It's all right, it's Friday afternoon.

Mr. Blaker: Mr. Speaker, for five years I have been sitting in this House on Friday afternoons and for the first time the hon. member for Winnipeg North Centre has paid me a compliment. I do not know what to say to him.

On behalf of the Solicitor General (Mr. Blais) may I present the second reading of Bill C-21, which I hope will commend itself to the members of all parties in this House.

Essentially it consists of the legislation that is necessary in order to implement treaties allowing persons under sentence to be returned to the country of which they are citizens. Such treaties have been entered into with the United States and with Mexico, and we hope that similar treaties can be concluded with other countries. The treaties with the United States and Mexico are not yet effective and are awaiting ratification. This ratification cannot take place until this legislation has been enacted, enabling effect to be given to the terms of the treaties.

[*Translation*]

To understand the nature of this bill, I think it is necessary to keep in mind the general tenor of a number of treaties which Canada has signed, as well as some of their provisions. First of all, this bill is not in any way concerned with the extradition or expulsion of foreign nationals. On the contrary, a person could not be sent back to his country of origin unless he requested his own transfer. Under this bill, no one could be transferred against his will. The purpose of these treaties is to make it possible for prisoners who so desire to return to their country of origin to serve their time or obtain parole in a cultural surrounding which is familiar to them and which may favour their social readaptation. Those who have been found guilty of a criminal offence should have the opportunity, whenever possible, to serve their sentence or be paroled in a country where they have relatives and friends and where they can seek assistance. Humanitarianism and good sense favour this option.

[*English*]

The treaties do not, however, provide for the automatic transfer of any offender merely because he has expressed his wish to be returned to his own country. The application is first considered by the country in which he has been convicted, and unless that country approves of his transfer the matter is at an end. If that country agrees that the transfer is appropriate, then the country that would receive the offender is approached and its views are sought. It is only with the concurrence of all three parties, namely, the offender, the state in which he was convicted, and the country of his destination, that any transfer will take place. Additionally, so far as Canada is concerned, we will not return a prisoner convicted abroad to a provincial institution, nor will we send a person from a Canadian provincial institution to another country, unless we first have the consent of the provincial authorities.

[*Translation*]

I used words which might give the impression that the bill deals exclusively with people serving a jail term. Let me specify that the treaties and the bill also relate to individuals benefiting from parole in the country where they have been convicted and who wish to go back to their home country. It might be interesting to stress that the treaty on the international exchange of parolees is at the origin of the bill. During the Fifth United Nations Conference on Crime Prevention and the Treatment of Young Offenders held in Geneva in 1975, Canada raised the possibility of an international exchange of parolees. Other countries have welcomed our initiative and proposed that this arrangement be extended to persons under detention.

[*English*]

Turning now to the provisions of the bill being considered by the House, I should like to examine first the way in which it will apply to Canadians convicted abroad and being returned to Canada. The bill has been drafted on the basis that so far as possible the offender who comes back to this country should be treated in the same fashion as if his conviction and sentence had been those of a Canadian court.

Certain specific provisions have obviously been necessary in addition to this general concept. For example, the bill provides that there shall be no appeal against, or other review of, the conviction and sentence imposed by the foreign state. Such a provision is in conformity with Canada's undertaking to this effect as set out in the treaties.

In reality, this provision in the treaties and in the bill is based upon the practicalities of the situation as well as upon the desire of sovereign states that their judicial proceedings shall not be challenged in another country. Certainly it will not be practical for a Canadian transferred, for example, from Mexico, to have our courts adjudicate upon a contention by him that evidence was admitted that would not have been admissible in Canada. The complications inherent in this or any similar proceeding will at once be apparent.

[*Translation*]

One of the legislation's provisions deals with the place of imprisonment for a patriated Canadian offender. In that case, the regular rule prevails: when the initial sentence is for two years or more, and there is no parole involved, the offender will be detained in a penitentiary. When the sentence is for less than two years, he will be detained in a provincial prison subject as I said, to the province's consent before the transfer. Upon the arrival of the offender in the establishment, the authorities will have to decide on the time to be served. There are three considerations involved, each one being provided for in the legislation. First, how much time will he be credited with toward the completion of his sentence? Second, will he also be eligible to earn remission? And finally, when will he be eligible for parole?

[*English*]

The first of these considerations has been dealt with fairly simply by providing that, upon reception at the institution, the inmate is to be credited toward completion of his sentence with all time that stood to his credit in the foreign state at the time of his transfer. The documents supplied by the foreign state will set this out. This is believed to be the only equitable way

of proceeding, since the sentences imposed by the foreign court are presumably determined in part by the credits which accrue to the offender.

● (1532)

For example, in the United States legislation to implement these treaties, the offender returned to that country is to be given credit for all time in custody, including time in custody before conviction. This apparently reflects the practice obtaining in most of the individual states of the union. Accordingly, when a person has been sentenced in the United States, it is reasonable to assume that the length of sentence has been set by the judge on the grounds that such credit will be extended. It would not be proper to delete any portion of that credit if the person is transferred to Canada to serve the remainder of his sentence.

The second factor, namely, the right to earned remission, has been provided for by making the offender eligible to earn remission at the same rate as a Canadian offender newly committed upon a sentence of imprisonment. In order to preserve a proper sanction against institutional misconduct, and to avoid any question as to the legality of forfeiting certain time credited by the foreign state, the bill makes remission and its equivalent credited on transfer subject to forfeiture as if the credits had been granted under Canadian law.

That brings me to the third factor, namely, eligibility for parole. This has posed some difficult problems. It has not been possible to prescribe exactly the date of eligibility for parole, but a general rule has been formulated which will take care of the vast majority of cases. This is to require the National Parole Board to determine, as nearly as it can, when the person would have been eligible for parole had the sentence been imposed in Canada. That will then be his eligibility date.

This does not, however, enable a date to be fixed for those Canadians who—in very rare instances—have been convicted abroad of murder and who wish to return to Canada. Had such an offence been committed here, the minimum period to be served before parole could even be considered would vary. For murderers governed by the latest legislation, eligibility for parole consideration would occur, if the murder were second degree murder, at from ten to 25 years, depending on the view the judge took on the case. If the murder were categorized as first degree, the period of initial ineligibility for parole would be 25 years. In either case, whether first or second degree murder, any inmate with more than 15 years of parole in eligibility would be able, after 15 years, to apply to a court to shorten such period.

[*Translation*]

Obviously, it is impossible to draw a perfect parallel. For example, a Canadian court could not examine thoroughly the case of an inmate whose offense is described in the files of a foreign court; it would also be impossible to know what decision a foreign court would have rendered had it studied the question of eligibility for parole. By way of compromise, the bill refuses to grant parole to murderers until they have served ten years of their sentence. However, it provides for an exception when the documentation submitted by the foreign court establishes that if the crime had been committed in Canada, it would have rated as first degree murder. In such case, the duration of the ineligibility period for parole is extended to fifteen years. The inmate will be eligible for day parole and temporary leave without escort only when he is only three years away from eligibility to full parole, as is the case with Canadian convicted murderers.

In the case of persons convicted of murder abroad who are later transferred to Canada, there is one aspect of eligibility for parole that is a source of difficulty. It is the categorization of murders committed abroad between first or second degree murders. The legislation charges the Solicitor General with this function. An examination of the various possibilities has not yet allowed us to find a better solution. It does not appear that a Canadian court could properly solve the issue. Further, under that clause a minister may, through an administrative measure, require that an inmate spend five more years in prison before he may be granted parole. At the time of the transfer an inmate may receive early examination, but possibly a better way of resolving the issue might be put forward when the legislation is scrutinized in committee.

[*English*]

Before leaving the provisions that govern the treatment of offenders under sentence who are returned to Canada, I should say a few words about juvenile offenders. Any young person returned to Canada and sent to a provincial institution may be transferred to a suitable facility for juvenile delinquents, if he is within the juvenile age range at which young persons are considered to be juveniles in that province. He could not, however, be held in that juvenile institution beyond the date the foreign sentence would expire, unless of course further legal measures were taken, for example, under the provincial act for the protection of children.

Let me now turn briefly to the provisions of the bill that relate to persons returning to Canada on parole or probation. They will be equated, so far as possible, to Canadians paroled or put on probation in Canada. If paroled, they will be subject to supervision and to sanctions for breach of parole conditions. Those on probation will, when necessary, be dealt with for a breach of the terms of the probation order, except that they will not be liable to a sentence for the original offence for which they were put on probation.

There must also be provision, of course, for foreign nationals who are to be transferred from Canadian institutions to their own country. The bill does not contain many clauses dealing with them, since all that is really necessary is to provide the authority for their release from incarceration and transfer, or their transfer while on parole or probation. After transfer has been effected, they will be dealt with in accordance with the law of the state to which they go.

[*Translation*]

I hope the bill goes through as fast as possible. The United States and Mexico, in addition to the treaty with Canada, have signed a treaty between themselves, and they already exchange prisoners. They can do the same with Canada when treaties are ratified. Most recent statistics show that 90 Canadians are doing prison terms in the United States and nine Canadians are doing time in Mexico. There are 102 Americans in provincial prisons in Canada and 172 in federal penitentiaries. One Mexican is doing time in Canada. The more the passing of the bill is delayed, the longer prisoners abroad will have to wait for repatriation. A number of them, together with their parents and friends here in Canada, no doubt are awaiting the outcome with the utmost interest. This is just the more understandable because, as has been recognized for a long time, penal sanctions are particularly brutal when suffered in a foreign land, and the effect is heavier than expected by the court.

[*English*]

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, Bill C-21 deals with the implementation of international treaties signed with the United States and Mexico wherein U.S. and Mexican nationals who have been charged, convicted and sentenced in Canada may, under certain circumstances, serve their sentence in their home country; and similarly, Canadians who have gone through the same unhappy experience in either the U.S. or Mexico may, presuming they comply with the provisions of the legislation and the treaty, serve their sentence in Canada.

May I assure the House, first of all, that we in the official opposition want to give speedy passage to this bill, not only at the second reading stage but, more important, at the committee stage. We are in the rather awkward situation that the spending estimates have been referred to the committee and generally one does not interfere with the examination of those estimates to permit the examination of legislation such as this. May I suggest to the parliamentary secretary—I have not discussed this with my colleagues in the NDP or with any other member—that provision be made for special meetings of the Standing Committee on Justice and Legal Affairs so that we can come to grips with the legislation at the earliest possible date in order that it might come back to the House and be given eventual passage before the expected election.

I do not want to appear to be critical about this, but the treaty with the United States was signed over a year ago and the treaty with Mexico some three and a half months ago, although the agreement in principle with Mexico was arrived at last April. So I am not terribly impressed with the haste with which the government has dealt with this important piece of legislation.

Quite obviously, the reason for the legislation is our acceptance of the principle that a person who has been convicted might be better rehabilitated close to friends and relatives and in their natural home land. The other side of the situation is that we will be accepting foreign sentences.

● (1542)

Most members of parliament have had the experience from time to time of being contacted by constituents whose relatives, often sons or daughters, have been incarcerated in foreign jurisdictions or, at least, arrested before trial. We have all shared the agony of those particular families while their children might have been awaiting sentences or trials in situations which were not humane according to our views and traditions. I understand that this legislation cannot come to grips with that particular situation. I am not suggesting that it should or could; I merely point out that this legislation will not be the answer to all situations with which we as members of parliament are from time to time faced when we get frantic phone calls—and justifiably so—from parents or other relatives who have found that members of their families have been seized and imprisoned before their trials in foreign jurisdictions.

What we will become with this legislation is a penal agent for foreign jurisdictions and, as I see it, we have a conflict between our role as that penal agent for Mexico or the United States and certain rights which we enjoy here, many of which are embodied in our Bill of Rights. We will enforce under this legislation judgments arrived at by means which may be repugnant to us. It may be that a Canadian in Mexico or the United States has been deprived of counsel. He may have been convicted and sentenced without due process. He may be sentenced to serve a term which goes far beyond anything we would find acceptable, according to our traditions. That individual may have been deprived of one of our basic rights embodied in section 1 of the Bill of Rights; that is, the right of the individual to liberty. In Canada that right may not be deprived except under due process of law. A Canadian may very well be deprived of exactly that due process, and we will accept persons in Canada who have been subjected, possibly, to what we would consider an arbitrary judicial process which would be unacceptable to us. Under this bill we have no real choice.

I want to emphasize this because inevitably there will be a situation where a Canadian imprisoned in Mexico will make application, Mexico and Canada will agree and that national will be returned to his homeland, at which point we will hear that he has been deprived of counsel, that he has been convicted without what we consider due process and that he has been sentenced to a term which flies in the face of what we consider to be justice. There will be a great deal of pressure, in the political sense, upon us to try to mitigate those very unhappy circumstances.

I have no answer except to say to the Parliamentary Secretary to the Solicitor General (Mr. Blaker) that we are going to have to be very diligent in explaining to that national and perhaps to his family exactly the situation in which we find ourselves under this legislation. There are those of my colleagues in the House who have had very good and happy experiences with consular representatives and with representatives of our foreign service who have assisted in these serious situations where our constituents' relatives may have been

incarcerated. There are those who have found that some of those representatives have not met the level of expertise and compassion we have expected. I suggest to the House that under this legislation we are going to have to be particularly diligent in ensuring that Canadian nationals incarcerated in foreign jurisdictions to whom this law may be applicable are told without equivocation what the situation is and that the Bill of Rights may have to be offended. However, we have no choice.

I think it is terribly important that Canadian nationals who are convicted and sentenced elsewhere and who apply for the provisions of this bill to apply to them be assisted so that we do not reap the undeserved benefits of headlines and television spectaculars about people who have been subjected to all kinds of things which are completely repugnant to us but which nevertheless under this legislation we must accept.

In fairness to the parliamentary secretary, I think I should say that there may be amendments, most of them of a technical nature, at the committee stage. The Solicitor General (Mr. Blais), his parliamentary secretary and his department would do the committee a great favour—because I think they know of a number of these technical amendments—if they would draft some amendments at the earliest possible date and make them available for study at the very first meeting of the committee considering this legislation. The parliamentary secretary is making a gesture which I think means "I agree" or "Je suis d'accord".

One point I would like to make on behalf of the hon. member for Kingston and the Islands (Miss MacDonald) is that the worst and most desperate offenders wind up at Millhaven. Those who have nothing more to lose are put into the special handling unit. The hon. member for Kingston and the Islands is naturally concerned because Millhaven is continually in a state of a certain amount of unrest. There are those who may have some reservations about our ability to handle people in this special handling unit. I file this one caveat which the hon. member for Kingston and The Islands has put to me with sincere concern. She wonders how much more pressure will be put on that particular institution.

I hope that at the committee stage departmental officials will be able to provide us with some statistical information, not just with respect to United States and Mexican nationals incarcerated here who may choose to avail themselves of the provisions of this legislation, but also Canadians in those two jurisdictions. In addition, I would like to have some information which is as detailed as is reasonably possible on Canadians who have been imprisoned in other jurisdictions. I think immediately of Italy, and I think also of Italian nationals who may be incarcerated here in Canada. I think also of the United Kingdom.

In terms of numbers I am not sure which country has the greatest number of visitors here in Canada who have gone afoul of the law and vice versa, but I hope a certain amount of that kind of information can be made available to the committee so that the committee can urge upon the Solicitor General, if it is deemed wise, that a certain amount of urgency be connected with coming to grips with treaties with certain other jurisdictions in addition to Mexico and the United States.

I would have liked to have taken a few more minutes on this legislation, but I am extremely anxious that we conclude it today. I am equally anxious that it gets into the committee, is studied diligently but expeditiously, and gets back into this House for passage. I look forward to hearing the remarks of the spokesman for the New Democratic Party, the hon. member for New Westminster (Mr. Leggatt). I know he wants to address himself to the provisions of this bill before the time runs out.

In conclusion, we in the official opposition support this legislation. We have certain pertinent questions to put, and we will seek information in the committee. However, we urge that the matter be treated as a matter of some urgency by that committee, that the bill come back to the House and become law, so that it will not be lost in the ashes of the next election.

• (1552)

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I would like to associate myself generally with the remarks of the two previous speakers. It is very unfortunate that when a piece of good legislation—as I think this is—is introduced by the government, the press will likely take no notice of it just because there does not happen to be any great conflict.

I might go further than the hon. member for Perth-Wilmot (Mr. Jarvis) and say that, in order to expedite its passage, we might give consideration to putting the bill through in committee of the whole rather than submitting it to the standing committee. I have examined the bill, as I know the hon. member for Perth-Wilmot has, and I have not come up with any amendments that would assist in effecting what the bill seeks to accomplish.

I am as nervous as the hon. member that we might have an election any day and that this useful piece of legislation might die on the order paper. If that should happen, there are people in prisons all over the world who will be severely affected.

An hon. Member: Pass it now, then.

Mr. Leggatt: The House will have my co-operation if you want to move it into committee of the whole.

I want to deal, Mr. Speaker, with a couple of aspects of the bill. First, there is an assumption inherent in the remarks made today that Canadians abroad are generally mistreated if they violate the laws of the country they are in. I am tired of the tear-jerking stories in my local newspapers about British Columbians who go to Mexico and get into the drug trade and then complain about their mistreatment in Mexican jails.

I think most members will agree that members of parliament have a reasonably good record in protecting the rights of citizens, but when people visit a foreign country, surely they should obey the laws of that country. I am a little disturbed about the Canadian chauvinism that is constantly played up in the newspapers to the effect that a Canadian in a Mexican jail will be abused, but that in a Canadian jail everything is roses.

My friends on the parliamentary sub-committee who looked at pretty well every prison in Canada could warn those people who are living in Mexico that if they think they are coming back to a sort of heaven on earth in a Canadian maximum security prison, they have a surprise in store. We do not have anything to write home about in regard to our prison system and the way offenders are treated in our maximum security prisons.

In any event, we will receive applications from Canadian offenders abroad. I would like to see a more aggressive approach by the Department of External Affairs to expand the number of countries involved in the treaties. The schedule lists the United States and Mexico, and I am sure more countries are involved. It seems to me that the Department of External Affairs should take a message from the speed with which we are willing to pass this legislation and adopt it into the law and make sure that they have treaties with countries all over the world so that the exchanges can be effected.

I do not want to take a lot of the time of the House on this, Mr. Speaker. This party has no amendments to submit at this point and will co-operate in every way to achieve speedy passage of the bill so that offenders have a chance to have their families visit them in Canada. It seems to me that the major asset of the bill is that the chance of rehabilitation is perhaps a little better in Canada because of the family situation. If the bill goes to committee I hope we can expedite it there. I am sure the hon. member for Perth-Wilmot and I could agree on moving it through committee expeditiously.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, since it is almost four o'clock, I presume there is unanimous consent to proceed now with private members' business, and I would therefore request unanimous consent so we may move to notice of motion No. 5, the hon. member for Egmont (Mr. MacDonald). I also call for unanimous consent to stand notice No. 4.

[*English*]

The Acting Speaker (Mr. Ethier): Hon. members have heard the Parliamentary Secretary to President of Privy Council recommend that we move to motion No. 5. Is this agreed?

Some hon. Members: Agreed.

PRIVATE MEMBERS' MOTIONS

[*English*]

FOOD

ADVISABILITY OF PROVIDING INTERNATIONAL AID

Mr. David MacDonald (Egmont) moved:

That, in the opinion of this House, the government should consider the advisability of providing (a) international food aid at the annual level at least equal in nutritional value to the amount by which Canadians consume more than the world's average *per capita* protein diet (b) international agricultural development assistance at an annual level at least equal to the gross revenues accruing to Canada from the world arms trade and the vigorous advancement of these initiatives for adoption and implementation by the United Nations.

Mr. Paproski: Mr. Speaker, much as I would appreciate seconding the hon. member's motion, I think the seconder is the hon. member for Edmonton-Strathcona (Mr. Roche).

The Acting Speaker (Mr. Ethier): There will be a correction. The seconder of the motion is Mr. Roche.

Mr. MacDonald (Egmont): Mr. Speaker, I am delighted to have the opportunity to speak to this motion, which I assume is one of the more unique motions on the order paper for this session. It brings together the issue of food needs, domestic and global, as well as the growing concern of the world toward the problem of disarmament and the international arms trade.

I do not want to speak at great length this afternoon. First of all, I would not be permitted to under the rules; second, I think it is important that as many members as possible express their view on what I think is a linking of two of the critical issues that face us in the late 1970s. Members from all sides have heard a good deal about global famine and world food needs in the past few years. Our memories do not have to be very long to recall the important world food conference that took place in 1974, at a time of world preoccupation with famine and massive international food shortages.

The fact that we are raising this issue again seems more consistent with the long term concern for the world food issue than the present situation. I think it is best summed up in the September 1977 issue of *The Economist* in an article entitled "While the Wheat is High". If some hon. members have read that story or others like it over the past few months, they will realize that the food cycle has come around to the point where we now have overproduction, at least in terms of endangerment of the domestic markets of countries like our own that engage in fairly large sales of wheat abroad.

• (1602)

Obviously between 1972 and 1974 we were in the midst of a food crisis. Uprecedented declines in production reduced food stocks to perilously low levels and drew attention to underlying factors such as the removal of land from production in some developed countries and the growing food dependence of those countries least developed.

I recall this, Mr. Speaker, because it is important to realize that there has been a cyclical phenomenon here. For the past

20 or more years we have seen a kind of boom and bust psychology. From time to time the alarm signals would go up about the dangers of massive international food shortages. Undoubtedly in the early 1970s there were crop failures. There was a particular failure with respect to adequate feed grain requirements for the Soviet Union. The fact that the U.S.S.R. moved into the American market in 1972 in a major way, removing something like 12 million to 15 million tons of grain from the American market at such short notice caused the price to increase by some 300 per cent. Of course, it had a major impact both on the domestic consumer in developed countries as well as the developing countries themselves and their own purchasing power with respect to food aid requirements. That has often been referred to as "the great grain robbery" by the Soviet Union.

The long term situation, in spite of the major increases in production in the last year or so, does remain bleak. Current projections by the International Food Research Institute show that the food deficit in the least developed countries, as well as many developed countries, will continue to grow. By the last quarter of this century the deficit of the least developed countries will have reached proportions that neither food aid nor affordable imports will be able to satisfy, resulting in vastly increased starvation possibilities.

To avoid that particular situation it is important that we turn our attention to the possibility of action now. One of the most impressive things about this particular issue of *The Economist* is that while recognizing the rumours of famine and the fears of famine in the 1972 to 1974 period, now, some 34 months later, world food supply is in glut. While there is still a famine for those who are unable to get food, elsewhere there is a surplus supply. The danger they point to is the one best represented by the action of the United States President, Mr. Carter, who has already indicated that he wants a 20 per cent cut in acreage for 1978, and will probably ask for a 10 per cent cut in acreage under animal feed grains. As *The Economist* said, this policy is a pity. I agree with that. The article goes on to say:

> One of the policies recommended at Rome could now be becoming a good one. It was for the building of a large international reserve of grain. During a supposed famine this planned withholding of supplies from the starving would have been crazy, but during a period of temporary world food surpluses it becomes plausible. The best decision would be not to cut American wheat acreage in 1978 but to distribute food stamps (which have worked surprisingly well in the United States) to the poor of the world. These food stamps should not be usable only for buying American (or other foreign) grain, but should also be reimbursable when they come into the hands of local farmers when they have sold grain, including rice, locally.

I will not go further into the details suggested by *The Economist*, except to mention that obviously the time is ripe for us to take some concrete action toward an effective international food bank and grain reserve system. Members will know that there has been intense and increased interest in this possibility over the past few months, but to date no satisfactory progress has in fact been achieved. I suppose the problem is really politics. The dangers to producing countries are so great that the political will has not been sufficient yet to mount an effective reserve program.

[Mr. MacDonald (Egmont).]

Without that political will there exists the temptation for processors to press for a cartel. Fears of this arose in January of last year when the new U.S. secretary of agriculture, Robert Bergland, initiated talks with our own officials. Since then these discussions have extended to other producers and have begun to include importing nations through the International Wheat Council. Obviously, Mr. Speaker, it is not just a question of establishing a food reserve system. We have to look at our own situation in Canada and see whether in the spirit of economy and conservation we are making satisfactory arrangements for our own food needs.

The reason that this particular motion has been phrased in the way it has is to emphasize the growing imbalance in terms of the consumption of both the renewable and non-renewable resources of this planet. It is quite shocking that 20 per cent of the world's population should consume and exploit 75 per cent of the world's resources. As Madam Gandhi at one point remarked, the developed countries produce 90 per cent of the world's garbage. Worse than that is the statistics for those who are in the poorest group. Some 60 per cent of the world's population are using only 10 to 12 per cent of the earth's resources. This imbalance continues to grow.

We know in our own country that food is wasted every day and is being consumed in the most expensive way possible. If this motion does nothing else, hopefully it will remind us that our number one problem is being responsible with respect to the tremendous resources that are produced and are available in this country, while two-thirds of the world's population goes to bed hungry every night. Our problems are best described by a sign which I saw in a medical clinic in Regina a few months ago. I believe this was a public health clinic which offered a variety of services to the people of Regina. At the top of the list the most prominent health service provided at this particular clinic was a weight reducing program. That is the problem we face today in Canada. It is not the problem of having sufficient or adequate food on a day to day basis, but of having it in such an amount that it is counterproductive to our own good health.

Another issue I wish to raise is the problem of disarmament. In going from the problem of food supply to arms expenditures one has the sensation of living in a mad world. I mean mad quite literally. The technical term used to describe the defence standoff relationship today between the Soviet Union and the United States is known as "mutual assured destruction". The three initials of the word spell MAD. Mutual assured destruction means that there is the nuclear capability in both countries to destroy the globe many times over.

A couple of years ago the international development subcommittee of this House, in looking at recommendations for the upcoming conference on trade aid development, said this:

> We are struck by the immensity of having to raise $5 billion for agricultural investment over the next several years until we recall that each year the world now spends about $300 billion in the purchase of weapons.

Actually that was understating it. Even at that time, according to the Peace Research Institute, in 1976 $334 billion was spent on military expenditures by the world community. This

amounted to about two-fifths of the gross domestic product of all developing countries and some 25 times the amount spent by all the member countries of the OECD on official development assistance. It is estimated that some 400,000 scientists and engineers are engaged in weapons related research and that this accounts for two-fifths of total world research and development expenditures. In short, it is reasonable to conclude that we devote more intellectual effort and money to the problem of how to kill each other than to any other subject. Presumably this is why we are called homo sapiens, or "sap" for short. It seems we live in a world that is rational in small things and absolutely mad in major issues.

The lion's share of this expenditure is still spent by the wealthier countries, in particular the two super powers. Between 1957 and 1976, 80 per cent of the $5.5 trillion spent on military expenditure came out of NATO and Warsaw countries; and two-thirds of that was spent by the United States and the Soviet Union. By comparison, during that period the developing countries spent only 7 per cent of the total. One of the more depressing aspects of increasing military expenditures is that whereas in 1957 their share was only 4 per cent in global terms, by 1977 military expenditures in developing countries had risen to 18 per cent. The rate of increase of military expenditures by developing countries over the past decade was 10 per cent annually compared to the world average of a 3 per cent increase. Some types of development have obviously caught fire and development spending has increasingly meant defence spending.

● (1612)

This militarization of our global community has been accomplished in no small part through the international arms trade. In 1976, 95 countries imported major weapons systems. The development countries, in another manifestation of dependency, accounted for 75 per cent of total imports. The major suppliers were the United States, the U.S.S.R., the United Kingdom and France, with the two superpowers again away out in front.

Canada is not just a minor player in this game and we should resist the temptation to heap scorn on other countries which engage in it. Since 1961 we have sold over $3 billion worth of arms internationally. On an annual basis, through the Department of Industry, Trade and Commerce we sell $300 million worth of arms, not to mention nuclear sales which are increasingly questionable in terms of their totally peaceful utilization. Canada ranks about eighth or ninth among all countries of the world in terms of continuing arms sales.

Given the absurdity of this situation and the terror it spawns, one might have anticipated a more lively debate in most western countries. In fact, the silence has been deafening. Except for certain small groups, disarmament has been, to use Alva Myrdal's description, a dead issue. It seems to me there are two main reasons for this. Until recently the public has pretty much accepted the official line that massive strategic and conventional armaments are essential to peace. At the same time, the fact that no great war has directly threatened us seemed to render the system useful in providing us with a certain amount of protection. In the third world, the increasing arms expenditures express the tensions and instability of the countries concerned.

When we look at the situation in the developing countries we realize that in far too many of them the over-all degree of militarization is disturbing. Beset by difficulties and attracted by the apparent simplicity of militarism, one third world country after another has been taken over by the generals. Not surprisingly, one of the priorities of such governments is the expenditure of increasing sums of arms. I shall not put the figures on record this afternoon but I would recommend to hon. members the annual report "World Military and Social Expenditures" published each year by Ruth Leger Sivard which documents the case I have been making.

I have raised this motion because I hope the issue is coming to a crunch. Later this spring there is to be a special assembly of the United Nations to deal with the issue of disarmament. For the first time in the history of the United Nations a special assembly is to focus specifically on this issue. There have been a series of special UN sessions, for instance, on food, on water, on the law of the sea, on habitation, on the environment and so on. There have been two special sessions dealing with the international economic order.

It is interesting that dislocation of social priorities brought about by national arms expenditures has not so far been dealt with even though this has been seen as an increasingly urgent problem by the developing nations. Hon. members may recall that when the fifth conference of the heads of state of non-aligned countries met in Colombo in 1976 the communiqué stated:

> The conference believes the arms race is inconsistent with the efforts aimed at achieving a new international economic order in view of the urgent need to divert the resources utilized for the acceleration of the arms race toward socio-economic development, particularly in the developing countries.

Undoubtedly both developed and developing countries alike realize, to quote the words of Alva Myrdal from an excellent book called *The Game of Disarmament*, that all countries are now "buying greater and greater insecurity at higher and higher cost".

Steps must be taken now to deal with the number one issue which is distracting us from the opportunity to feed ourselves and provide ourselves with real security and a peaceful relationship both internally and between nations. There is growing concern in the world about the trend of rising military expenditures, about the vast human and technological resources which are now desperately needed for economic and social development but which are being spent on arms. Hopefully at this upcoming session of the UN the international community will attempt to halt this trend and agree on approaches and measures designed to initiate a real process of disarmament, not a counterproductive one such as has been discussed from time to time over the last 20 years.

One of the more interesting motions to be discussed will be put forward by the Scandinavian countries; it relates to disarmament and development. It is my hope that our own govern-

ment, which is vitally concerned with these subjects, will, in addition to supporting the Scandinavian initiatives, make specific proposals of its own.

In conclusion, I wish to refer to the words of new volunteer groups in this country which are concerned with these issues, groups such as Project Ploughshare, an initiative of major Canadian churches, and the United Nations Association. They, too, in a recent pamphlet entitled *A Time to Disarm* recommend—and I whole-heartedly support this initiative—that the Canadian government in its statement should advocate a five-year program which would include financial support for public research into the problem of converting defence industries into civilian ones, the linking of development assistance policies with Canadian policies on disarmament, and collaboration with other countries embarking on studies linking disarmament with development. If we were to advocate a position of that kind we would contribute more substantially to the real needs of the world than is the case at present.

May I end by quoting Philip Noel-Baker, the 1959 Nobel Peace Laureate:

> There is really only one major problem for mankind and that is to demilitarize the governments and societies of the world. We must release the resources wasted on what is now called defence, when there is no defence, in order to solve our other problems.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, projections of world food supply and demand into 1985 indicate that food distribution between developed and developing countries will not correspond to needs. Food gaps, existing when domestic production and food imports are less than a country's total demand, will be most severe in the lowest-income developing countries. By 1985 the gap could be as wide as 100 million tonnes, yet total food aid pledges on a world basis are, at present, limited to ten million tonnes. The gap will disappear only when there are large increases in food production in the developing countries, for which there is potential, as well as better population control. Even so, the developing countries would still require substantial input for many years, a situation which might present an intolerable strain on the balance of payments of many nations.

There will be a continuing need for concessional transfers of food from developed countries complementary to other multilateral or bilateral assistance to help the developing nations to grow most, if not all, of the food they require. In the 1960s a major food aid objective was the directing of grain surpluses into channels which would not affect commercial markets. Gradually the emphasis switched to the delivery of food aid to multilateral organizations such as the World Food Program. By the 1970s the objectives of food aid policy were humanitarian and developmental in nature. Indeed, since 1974 all Canadian food grains directed to food aid, both multilateral and bilateral, could have been disposed of through commercial channels.

Food aid is an important part of Canadian development assistance. In times of drought, flood, famine, civil strike and general food shortages, food aid is indispensible to the livelihood and survival of millions in developing countries.

● (1622)

In 1975, some 462 million people, half of these children under five, were starving, according to United Nations Food and Agriculture organizations estimates. Since 1970, Canadian food aid to the third world has risen by over 19 per cent every year, to approximately $240 million, or about one quarter of all Canadian International Development Agency disbursements for fiscal year 1976-77.

In 1976-77, bilateral country-to-country food aid accounted for about 63 per cent of the total food aid program. Most of this was in the form of grain or grain equivalent, but substantial amounts of milk powder, beans, rapeseed oil, fish, egg powder and beef are also provided. Almost 80 per cent of that went to four Asiatic countries, namely India, Bangladesh, Pakistan and Sri Lanka.

During the same year, CIDA also provided $2 million in bilateral funds for international emergency relief assistance to 16 developing countries. The funds are given to the League of Red Cross Societies who offer medical and protective services, including food. When food is delivered to a developing country, Canada pays for the shipping costs. Most of the bilateral food aid is sold by the recipient government to its nationals. This is because the free distribution of food would disrupt internal production, creating a situation where food imports may be necessary indefinitely. The sale of food helps the recipient government generate funds for needed development projects.

Nearly 38 per cent or $89.1 million in food aid was offered multilaterally in 1976-77. Most of this went to the World Food Program. The remainder went to the UN Refugee and Works Agency and the United Nations Children's Fund. The World Food Program is the main focus of the UN's food aid activities, and it uses contributions from many national sources to organize projects that fall into three main categories: food for work projects, intended to help the recipient country improve its food production by offering food as a partial wage for workers engaged in development projects; vulnerable group feeding project, for children, nursing mothers, and the elderly; emergency relief projects, for victims of natural and civil disasters. For 1977-78, Canada pledged $150 million in food aid to the World Food Program, with an additional $50 million for 1978 should the need arise.

The food allocation, policy, and decision-making body of the World Food Program is the 30-member Committee of Food Aid Policies and Programs. Canada has been regularly elected as a member since the program's inception, and the newly elected Director General of the program is a Canadian.

In 1976-77, CIDA contributed over $35 million in matching grants to various Canadian and international non-governmental organizations. During that year, milk programs for the needy in third world countries were supported by six non-governmental organizations, including the Unitarian Service Committee, World Vision, Mennonite Central Committee,

Canadian Lutheran World Relief, Cansave, and Food for the Hungry. CIDA contributed $500,000 in skim milk powder to these non-governmental organizations.

Following the 1974 World Food Conference that called for increased commitments to agricultural assistance and food aid by the donor nations, a federal-provincial program was set up to augment Canada's existing international efforts in this field. Under this program, donations may be made by provincial governments, Canadian non-governmental organizations, joint federal-provincial funding, private companies or individuals. The program is administered at CIDA. For example, during its first year of operation 600 tons of white beans were donated by a province for the relief of victims in the Sahel region of Africa, and 10,500 cases of baby food were donated to a children's hospital in Haiti by a major food processing firm.

The International Grains Arrangement was reached in 1967 and includes the Food Aid Convention. The Food Aid Convention aims to share more equitably the food aid burden among the developed International Grains Arrangement countries and to prevent food aid from interfering with normal commercial transactions. It is renewed annually and has a commitment of 4.2 million tonnes, of which Canada's share is 12 per cent.

The "Rome Pledge" covers the three fiscal years from 1975-76, and was undertaken at a time when Canada could sell all its food grains at top prices. It commits us to provide one million tonnes of food grains and $45 million worth of non-grain food, 20 per cent through multilateral channels. The ten million tonne international target has been reached, but there is less progress on the proposed forward planning of food aid. CIDA has been successful in placing its multilateral allocation, but since the Rome Pledge there has been a growing demand for non-grain foods due to unforeseen increases in the grain production of least developing countries, and CIDA has thus encountered difficulty in placing its bilateral cereal allocation. The Emergency Food Reserve has been established, to which Canada is committed to supply 10 per cent of a total 500,000 tonne food grain target. Money has been set aside in this year's budget to this end and, although no rules have been agreed upon, it is foreseen that there will be financial obligations in the future for replenishment.

With regard to the World Food Program, Canada has made a pledge for calendar year 1977 and 1978; the 1978 pledge is $50 million in grains, non-grain foods and cash. To the United Nations Refugees and Works Agency Canada has made a commitment of $2.5 million in food and $1.65 million in cash in 1978. Finally, there is Canada's statement to the June 1977 meeting of the World Food Council, committing itself to forward planning of food aid. Canada was also part of a consensus advising increased concessional aid, enlarging the proportion of grant basis food aid to least developing countries in serious economic difficulties, and the attainment of a minimum annual international food aid level of ten million tonnes of cereal in 1977-78.

One of the criticisms respecting CIDA and food aid programs is with regard to the benefit to Canadians in overall food production. During times of high unemployment, there are many people who say to members of parliament that we should take care of our own house before going abroad to assist others. I am afraid we have not done a very good job of salesmanship. We must point out to average Canadians that in many cases we are assisting countries which have a per capita income of less that $300 per year. There are very few people in this country with such a low standard of living. However, that is the case in many least developing countries.

Those who criticize the government of Canada for assisting countries in perilous economic straits would do well to look at the earnings of people there. They will find they are much lower than those of Canadians. The people of Canada must with good conscience determine that it is of the ultimate benefit to Canada to provide a stability throughout the world, raising the standard of living of those who have deplorably low standards of living. There are economic benefits for Canada. If we cannot sell this with moral persuasion, perhaps we can discuss some of the benefits that can accrue to Canada.

Food aid is not large in relation to over-all Canadian food production, but the impact of moving grain and non-grain commodities can be significant to producers. Food aid also complements Canadian agricultural and fisheries stabilization programs. The two most direct benefits are reductions in excess commodities inventories, and value-added benefits which result from the use of excess capacity in food-processing industries. The indirect effects on employment, regional development, trade development, marketing and pricing, technology, energy use, foreign exchange and transport utilization are indeed difficult to measure, but nevertheless they have to be taken into account.

With the increasing emphasis on food aid and the interest shown by the public in the subject, CIDA has decided to concentrate its various activities in food aid on one Food Aid Responsibility Centre, which will be located in the multilateral branch.

At the national food strategy consultation which took place in February 1978, the Working Group on marketing and food aid came up with five recommendations relative to food aid. First, food aid should be an integral part of our national food strategy. Canada should place more emphasis on developing the indigenous food development capability of developing countries. Canada should play a greater role in emergency relief. Canada should also play a major role in food aid given to a country, taking into account its nutritional requirements; and finally, a domestic food aid program should be introduced into the strategy.

● (1632)

I commend the hon. member who brought this motion before the House. We have worked over a period of several years both in the Standing Committee on External Affairs and National Defence as well as at the seventh special session of the United Nations. I think he and I and many other members of this House would agree that if we are to play a significant role in the world dealing with food for the less developed countries of this globe, we must somehow make the urgency

known to those people who elect us to this House of Commons. I think it would be fair to say that many people across this country have no comprehension of the hunger, starvation and depravity that exists throughout the world.

I was talking about self-interest earlier. Surely it is in the self-interest of Canada to have a stable world populated by stable people who have a decent chance of living and a decent amount of food to satisfy their hunger.

The opposite, of course, is equally true. If we have a globe populated by people who do not have the basic necessities of life—food, clothing and shelter—are they not ripe for revolution, and are they not ripe to be taken over by groups of people who may not have their interests at heart but may use them as ploys in international world politics? If we as Canadians look at the global situation, we must come to the conclusion that if at least we are not humanitarians we should look after our own self-interest. That self-interest is to assist by means of increasing the agricultural expectations of other countries; that is, to grow their own grain and raise their own food and, in the meantime, provide a bridge until they are self-sufficient. I refer to a bridge by way of CIDA through food plans.

I trust that Canada does have that role to play. If we have nothing else but self-interest at heart, we should think of the tremendous good will Canada as a nation is able to achieve as a bridging agent, without asking that we have any concessions in these countries. We do not want to station troops in these various countries. We have no self-interest as far as territorial ambition is concerned. We have a role to play as a neutral party interested in the development of these countries. I cannot give the exact quotation, but if we throw bread upon the water, I wonder what will come back. I wonder if in the self-interest of Canada we should perhaps look at this more seriously. We should sell this message across Canada so that public opinion, instead of being, "My God, what is the government doing again, giving grain to Bangladesh or somebody else?" will be: "Yes, it is in our self-interest", regardless whether we are humanitarians.

If we cannot sell this concept on a humanitarian basis, perhaps we should sell it on a self-interest basis. But we have to sell it because, as someone once said, it is about one minute to midnight and we do not have much time left. We do not have the luxury of debating whether this is a good or a bad program. That time has passed. The time for action is certainly here, and that is why I commend the hon. member for bringing this subject forward in the House.

Coming from British Columbia I know it is not an easy subject to broach. Unfortunately, a member of the media in Vancouver—and since I have freedom of speech in the House of Commons I will mention the name of Mr. Murphy of CJOR—has done everything in his power to hinder everything that has been done by CIDA. To go to Vancouver at this particular time and discuss CIDA is almost to have a lynch mob after you, because there are groups of people in Canada, such a CJOR's Mr. Ed Murphy, who have done everything possible to foment hatred—and I use the word "hatred" against Canadian aid programs, using the most least plausible reason. If anything ever goes wrong, they tell you about that wrong in respect of these programs. Mr. Murphy has brought these wrongs to the attention of the people in that area.

That does not represent a balanced view because he is not giving the other side of the coin—the good these programs have done. All of us know it is difficult to operate these programs in areas where there is very little development. If things are going to go wrong, obviously they are going to go wrong in countries without transportation, where the communication is weak and where the infrastructure is not established. But that should not be a cause to decry these programs; rather it should be a plea to improve the situation in those countries, and it should be looked at in that context. We should not be emphasizing that something was late in being delivered and therefore something is wrong. If these countries had these systems in place I expect we would not be providing the aid to them in the first place.

I hope hon. members here will speak against the bigotry that does exist in certain parts of Canada. I suspect that only one argument is being heard. We are not hearing the good side of the story. It is important to the people of Canada that there be a balance and that the good side of these programs be brought out rather than negatived. I suspect, as a result of what has happened in the west, there are many people who do not appreciate the efforts made by CIDA and other non-governmental organizations. In the west we are now referred to as the bleeding hearts. If that is the case, so be it. It is my hope that there are more people in this country who will listen to their consciences rather than to the bigots of this country who will tell you that every dollar we spend to assist developing countries is being wasted and, therefore, must be stopped.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, even though this is a serious debate I hope I might be pardoned if I utter just a few words in a light vein. I should like to assure the hon. member for Egmont (Mr. MacDonald) that I am not one of those who ever frequents a weight reducing clinic.

Seriously, I want to commend the hon. member for Egmont for introducing this motion this afternoon. I want also to congratulate him on the excellent statement he made in opening the debate. Bearing in mind the profession that the hon. member and I share in common, I think I might say that he could well have made that statement as a sermon from any pulpit in any church in this country. If he had done that it would be expected of him to attach a text to the sermon. The text is a very obvious one, the words of which come ringing to us from across many centuries:

—they shall beat their swords into plowshares,
and their spears into pruninghooks:
nation shall not lift up sword against nation,
neither shall they learn war any more.

As I say, the challenge of those words comes across the centuries, and I doubt if any generation was ever confronted with that challenge more seriously than we are today. It is in that sense that I offer my warm congratulations to the hon.

member for combining these two serious problems; that of playing our part in meeting the food needs and the agricultural development needs of the world, and also playing our part in seeking effective disarmament. The statistics the hon. member gave this afternoon as to the amount we spend on research into how to kill each other as compared with what we spend on how to provide good health and a good life for all are shocking indeed.

● (1642)

I have listened with interest to the remarks of the hon. member for Comox-Alberni (Mr. Anderson). Like him, I am impressed with what Canada is doing in the field, but I am also impressed with the great need to do a lot more; and I am sure that my friend, the hon. member for Edmonton-Strathcona (Mr. Roche), if he gets the floor, will have something to say about how much more we should be doing. I also realize, especially since the hon. member comes from a constituency near Vancouver where strange things happen over radio stations, that he feels the need to emphasize the self-interest aspect of aid programs, and I suppose there are some who can be sold the program only on that basis. But I hope that our motive in trying to do something about the needs of the world and the rights of people around the world is more altruistic.

I support the appeal in this motion because it is right and I hope we shall proceed further with it. As I have already said, I think the hon. member combines in this motion two very important subjects which face our generation. If I may quote again the hon. member for Comox-Alberni, it could be one minute to midnight. If we are going to survive as a race, as a society, as a world, we have to solve the problem that faces us, with two-thirds of the world's people going to bed hungry every night while the healthy and developed nations spend their resources on ways and means to blow the world to bits.

So I think this is a good motion and we are having a good discussion this afternoon. I hope that the government will pay attention to the views that are being expressed during this debate on both sides of the House.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, as usual, the hon. member for Egmont (Mr. MacDonald) brought to the House a big concept and an important idea and has demonstrated that, as a politician and a public figure, he is consistent with the very fine traditions of Canadians who are concerned with what is happening to the less strong and sometimes less prepared members of the family of man on the planet on which we live. He has painted a rather vivid picture of what is happening throughout the world.

In terms of the madness in the arms race—

Mr. MacDonald (Egmont): Mr. Speaker, I wish to rise on a point of order, with the permission of the hon. member. Since the hon. member for Davenport (Mr. Caccia) and the hon. member for Edmonton-Strathcona (Mr. Roche) were both seeking Mr. Speaker's eye a moment ago, and since only 15 minutes are left, I wonder whether it would be fair to suggest to the hon. member for Davenport that the remaining time should be split so that both hon. members would have the opportunity to take part in the debate. I offer this by way of a suggestion because I know that they both have something useful to contribute to the debate.

The Acting Speaker (Mr. Ethier): It is up to the hon. member for Davenport to decide if he wants to share his time.

Mr. Caccia: Mr. Speaker, I do not know how the sharing of the time would affect the proceedings at five o'clock, and therefore I will put forward whatever thoughts I have without committing myself on the question of the sharing of the time, which evidently has a built in feature over which I would have no control on this side of the House. However, I appreciate the desire of the hon. member opposite to participate in this debate and I wish there were an easy answer to his request.

The motion before us today is an important one. It is good that the time of this parliament is taken up by the thought provoking opening statement of the hon. member for Egmont, and that we should devote time to this question, perhaps more frequently than we have so far. As I understand the motion, it raises two questions: First, how does the government provide food aid; and second, how does the government provide international agricultural development assistance? These are the two main components of the motion before us this afternoon.

The hon. member for Egmont in his motion provides a link between food help and the proteins consumed by Canadians. It is a rather intriguing connection and I have not come across such a concept before. I wonder whether such a link would provide the stimulus to increase food help which is being sought. Suppose that the consumption of protein by Canadians were to drop in years to come. We would achieve then, as a result of this guideline if it were to be adopted, an opposite effect.

Similarly, under part (b) of the motion, a link is established between international agricultural development assistance and the gross revenue accruing to Canada from the world's arms trade. If, as we all hope, the world's arms trade were to decline in the years to come, and therefore the gross revenue to Canada were to fall, then evidently such a guideline, if it were to be adopted, would result in less rather than more international agricultural development assistance, which I suspect is not the aim of this parliament nor of the government.

Therefore, I have some doubt whether these are the most effective guidelines that the government should adopt. In approaching this question of food aid and agricultural assistance, the following picture is painted, namely, that by the year 1985 a shortfall in world cereal production has been forecast to be as large as about 80 million to 100 million tons a year. In addition, this shortfall would seriously affect the developing countries which are short of foreign exchange and which would therefore find it difficult to acquire cereals on the world markets.

With a shortfall of this magnitude, food aid from surplus countries can only help the most seriously affected, and therefore it could be concluded that the solution lies in increasing indigenous production; that is, production within each nation.

In the case of grains, of course, Canada meets this challenge by looking to the future and assisting various nations in local cereal production programs with the supply of potash and know-how.

Looking, first of all, at the supply of potash by Canada, we know that we have around half of the world's reserves of potash. Therefore Canada is in the fortunate position of being an international supplier of first rank. Canada makes potash available either on the basis of a grant to the poorest country, such as Bangladesh, or through the concession of loans, as in the case of India. In addition to potash, Canada makes small amounts of other fertilizers available. They are small in quantity but crucial in the component required for agricultural development.

● (1652)

India is the largest of the food deficit countries, and it receives a substantial share of our fertilizer assistance. As we all know, Canada has an agency which specializes in foreign assistance of this kind, the Canadian International Development Agency or L'Agence Canadienne de Dévelopement International. As a nation we can take some credit for the enormous increases in cereal production India has been able to achieve in recent years. Last year India succeeded in producing an excess over consumption in cereals and is now in a position to stockpile. The contribution of Canadian potash to that success is recognized by India and its leaders.

In countries such as St. Vincent, CIDA has supplied fertilizers which have been sold to local producers, and the proceeds have been used to finance an agricultural credit project to permit still further agricultural improvement by the farmers and so to increase their productivity and their annual incomes.

Let us look for a moment at the other side of our efforts, namely, the provision of know-how to developing countries in need of assistance with regard to food. Here again, Canada can point with pride to a number of successes. For example, Tanzania asked for Canadian assistance in increasing wheat production some ten years ago, and there has been a team of Canadians working on this project ever since. Canadians have been simultaneously developing the technology required for an experimental station and assisting with its application on large wheat farms. With carefully selected varieties resistant to local rusts, with adequate weed control and moisture conservation in the dry season and with careful timing of seeding in relation to available moisture, the team has been successful in changing from a crop failure situation in the early years to bountiful harvests in the past two. Last year, 1977, the new farms using Canadian dry farming techniques and equipment supplied by Canada, with the assistance of a number of Canadian farmers, produced $2 million worth of additional wheat in Tanzania on land previously used simply for grazing.

By such efforts in Tanzania and fitting Canadian know-how to new situations we hope to be able to reduce slowly food aid shipments to Tanzania as local production makes them unnecessary, so that when the world's cereal shortage which is foreseen after 1985 occurs, Tanzania will be at least partially protected by a vigorous local wheat production program. President Nyerere of Tanzania was so impressed with the achievements of the wheat team last year that he presented each of the farm staff with a bonus of 1,000 shillings. The Canadian advisers contributed theirs to the purchase of recreational equipment for the children on that 10,000 acre state farm.

Let us take, for example, sugar-cane, a crop regarding which we have little know-how. However, a Canadian invention to separate the rind from the inner pith, which contains most of the sugar, led us to finance studies in the Caribbean in which Canadians determined that sugar-cane could be the base for cattle feed. The result is that in Barbados a dairy herd has been fed sugar-cane, urea and rapeseed meal for more than three years, and milk production has actually increased over what it was when the cattle were fed grass.

Under the auspices of CIDA a demonstration of a feedlot for commercial beef production is under way in Trinidad, again using Canadian know-how to introduce a new industry, the beef feedlot, to the Caribbean. With this new use for sugar-cane a new industry which takes advantage of the tremendous tonnage of sugar-cane which can be produced in tropical climates is foreseen. This development, which is peculiarly Canadian, is being watched with interest in other parts of the world. It is now being applied in central America and in Mexico, and CIDA hopes it will find application in many other countries where sugar-cane can be grown. Fortunately, rapeseed meal has been found to be a very satisfactory part of the sugar-cane based ration and makes still another Canadian input for additional food production in developing countries.

In India, most of the success of the so-called green revolution, about which we have read and which is based upon new dwarf wheat and rice varieties, was located in irrigated areas or where rainfall was plentiful. India was concerned that there were not similar technologies and benefits available to the farmers who had no irrigation in the semi-arid and dry areas of that country. So India asked CIDA for assistance, and Canada had a team there which was knowledgeable about western Canadian dry farming techniques. That was helpful in the production of sorghum, millet, beans and other Indian crops. The dry farming techniques are very successful and can double production at the experimental station.

The present CIDA team in India is now working with Indian agronomists on how to adapt the new techniques, which require good weed control for moisture conservation and seeds placed in the soil at precise depths. Neither of these is easy to achieve with the primitive ox-drawn implements which are used in these dry areas. New equipment which suits India's needs and economic conditions needs to be developed in future years, and hopefully Canada will participate in that as well.

We have heard today about Canadian inputs, about fertilizers and about Canadian know-how. However, we realize that the problem of fitting Canadian know-how into developing countries' situations is not easily solved.

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

Mr. Paproski: Mr. Speaker, I rise on a point of order. I would like to take this opportunity to thank the hon. member for Davenport (Mr. Caccia) for sharing his time with other members of this House, which he said he would do. It is unbelievable what this man would do.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on the same point of order, but in a different vein, I wonder if there could be unanimous agreement that Your Honour not see the clock for about ten minutes. There have been two speakers from the Liberal side but only one Conservative in this debate on a Conservative motion, and I think we would all like to give the hon. member for Edmonton-Strathcona about ten minutes.

[*Translation*]

Mr. Lachance: I rise on a point of order, Mr. Speaker. Although the suggestion made by the hon. member for Winnipeg North Centre (Mr. Knowles) may be valid in principle, since this debate can be pursued later this session, I do not see why we could not wait until then if other hon. members want to take part in the debate.

• (1702)

[*English*]

The Acting Speaker (Mr. Ethier): Hon. members have heard the suggestion that we not see the clock until ten after five. Is that agreed?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

Mr. Pinard: Mr. Speaker, as I understood the remarks made by the hon. member for Lafontaine-Rosemont (Mr. Lachance), he mentioned that hon. members would have the opportunity to deal with this subject later. So, if we draw the logical conclusion from his remarks, he refuses to give his consent.

The Acting Speaker (Mr. Ethier): Order, please. Since there is apparently not unanimous consent, the private members' hour is now over. It being five o'clock, the House stands adjourned until 2 p.m. Monday, pursuant to the provisions of Standing Order 2(1).

At 5.01 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 13, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

AIR CANADA URGED TO INCLUDE NEWFOUNDLAND AND SASKATCHEWAN IN PROMOTION OF TOURISM—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to move a motion under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The latest promotional program of Air Canada, called "Share Canada", under Maritime Explorer Tours, Atlantic Freedom, Canaplan, Canadapass, Canada Fly Drive, Summertime Spectaculars, Motorhome Camping Vacations, and others, extols the virtues of holidaying in every province but Newfoundland and Saskatchewan. I therefore move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House directs the Minister of Transport to correct this discriminatory oversight by Air Canada and that immediate appointments be made to the board of directors to include those provinces to ensure recognition of Newfoundland and Saskatchewan as important sectors of our nation in all phases of economic activity and to allow all Canadians to enjoy the beauty and attraction of those provinces, as well as the others.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

OFFICIAL LANGUAGES

SUGGESTION FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC NEGOTIATE FOR FRANCOPHONE MINORITIES—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity. Considering that it is important to grant to Francophone minorities a status at least similar to that granted to the English minority in Quebec; considering that an unbiased, conscientious and dynamic organization represents the entire Francophone community outside Quebec; and considering that the Fédération des Francophones hors Québec has taken in charge the fate of such minorities, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That the government recognize the Fédération des Francophones hors Québec as the valid party for any negotiation or agreement concerning Francophone minorities in each Canadian province.

Mr. Speaker: Order. Under the provisions of Standing Order 43, such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

HOUSE OF COMMONS

COMMONWEALTH DAY—PRESENCE IN GALLERY OF HIGH COMMISSIONERS

Mr. Speaker: Perhaps hon. members will join with me, before beginning question period, in calling attention to the significance of this day, Commonwealth Day. I have had the good fortune and honour, on behalf of parliament, of inviting some members of the House of Commons to a reception-luncheon to receive the High Commissioners of Commonwealth countries.

Perhaps we might pause for a moment before the question period to call attention to their presence in the gallery and to recognize the significance and value of our connection with the Commonwealth of Countries which all of us support and regard as an association of countries long past the historical sense and now having reached a voluntary association of peace-loving countries who espouse the best of all ideals between the developed and developing nations. It is an association between those who endeavour to reach out and help each other, which in that connection has some basis in history but, more importantly, in modern times it is a voluntary arrangement of friendship and association of the best ideas espoused by all of us in public life.

● (1412)

I hope that all members of the House will join me in signalling the presence of these Commonwealth High Commissioners, to call once more into attention and prominence the

importance of our birthright and our connection with the Commonwealth of Nations.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—PROSPECTUS FILED WITH U.S. SECURITIES AND EXCHANGE COMMISSION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. We have now had an opportunity to review the preliminary prospectus filed by Canada with the SEC in Washington, covering the issue of $750 million in foreign bonds to be sold in that country, and the prospectus indicates:

—the bonds will be free of all present and future taxes imposed by Canada or any province thereof or by any taxing authority thereof or therein—

In view of this, would the Minister of Finance indicate why it was felt advisable—indeed, even necessary—to propose such a luscious deal to those who might be buying these bonds?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, at this moment I do not have any comment. I will look into the matter. I do not have the text that has been used by the hon. member, and I would like to review it before I answer.

Mr. Stevens: I would have assumed that the Minister of Finance would have reviewed this prospectus thoroughly, and I am rather surprised he is using the "out" that he does not know the wording. Let me ask a further question. The prospectus also states that the underwriting agreement which presumably will be signed by the government and various underwriters will be conditional upon there being—

—no material adverse change or any development involving a prospective material adverse change in the financial, economic or political conditions of Canada from those set forth in the registration statement.

My question to the minister is whether officials in the Department of Finance have received an unqualified legal opinion that the deficit, which is estimated to be $14 billion in the current year, is not a material change which would break this contract, bearing in mind that such a deficit might be 50 per cent larger than the deficit disclosed in this prospectus.

Mr. Chrétien: I am glad that the market does not take the hon. member too seriously, because he is always throwing about some big figures and starting rumours that have no basis in reality. That is why I know those people do not pay too much attention to the hon. member.

Mr. Stevens: If the minister wishes to end the rumours to which he is referring, would he indicate in the House today the budgetary deficit for the fiscal year 1979?

[Mr. Speaker.]

Mr. Chrétien: I will be delighted to give that information to the House when I introduce my next budget.

REGISTRATION OF BONDS STATEMENT FILED WITH UNITED STATES SEC

Mr. James Gillies (Don Valley): My question is to the Minister of Finance: it relates to the prospectus issued by the government which states, on page 36, that a registration statement relating to the bonds on file with the Securities and Exchange Commission contains further information. Given the fact that last Wednesday the minister gave the unconditional guarantee that no information would be made available to the SEC which was not made available to the House of Commons—as reported at page 3562 of *Hansard*—will the minister now table in the House the registration statement relating to bonds so that we may have all the information available to the SEC?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when the time comes I will be delighted to give that information to the House.

● (1417)

Mr. Gillies: May I point out, with respect, Mr. Speaker, that the time has come. That statement has been made available to an agency of the U.S. government, the SEC; it is there now. The minister gave the unconditional guarantee that he would give no information to the SEC that he would not at the same time make available to the House. In keeping with the agreement the minister made in this House last Wednesday, I am asking him to table that statement in the House today.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I said in the House last week that any information provided to the Securities and Exchange Commission of the United States would already have been made public in Canada. I have not altered my opinion and in due time I will table that paper in the House.

[*English*]

Mr. Gillies: When will the minister make those documents available? They will be no good to us five weeks from now. I want them made available today because the minister guaranteed last Wednesday that he would. Last Wednesday the minister said that when information went to the SEC, nothing would go to the SEC that was not made available to the people of Canada through the House of Commons. That statement is in the hands of the SEC today and I want it tabled in the House of Commons this afternoon.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, the hon. member has no problem with humility; he wants to order me to table those things.

Mr. Gillies: You said you would.

Mr. Chrétien: I said that no information would be put into that document which would not be made public in this country. I will table that document in the House of Commons when it is appropriate to do so. I do not think it would be appropriate to do so today.

Mr. Gillies: You said you would.

* * *

ENERGY

GOVERNMENT GUIDELINES TO NEB ON GAS RESERVES FOR CANADIAN NEEDS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources regarding the announcement that Northwest Energy Corporation, a partner of Foothills in the construction of the northern pipeline, has just signed contracts for Alberta gas which will increase Canadian exports to the United States by 37 per cent. In view of the fact that Canada's long-term prospects for gas are not reassuring, what guidelines has the government given the National Energy Board regarding the amount of gas reserves which must be held to meet future Canadian needs, and what percentage will be declared surplus to our national requirements and allowed to be exported?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member's question is somewhat premature. The application has yet to be presented to the National Energy Board for a decision and, as I am sure the hon. member is also aware, it will depend a good deal on the Alberta government and the Alberta Energy Resources Conservation Board assessment of the reserves position in that province as to whether gas would be available for export on a swap basis.

I have noted the interest with respect to the application to move, as the hon. member has indicated, close to a billion cubic feet of gas to the United States. I understand that that particular proposal is on the basis of a swap arrangement whereby Canadians would have a call on future gas reserves from Alaska, and to that extent this proposal is consistent with the position the government has already made public.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, as the minister has said, this could mean the export of a billion cubic feet of gas per day to the United States under some type of swap arrangement. I therefore ask the minister if what we have been told, that the Alcan gas pipeline was to take Arctic gas to the United States, is now being put in second place, and the primary purpose of this pipeline now will be to take cheap Alberta gas to the United States in order to give Canadians the "privilege" of buying expensive Arctic gas in the future.

I ask the minister if that is the understanding which has been reached between the government, Foothills and Northwest Energy Corporation. Also, will he tell the House the terms upon which such as a swap arrangement will be made? Are we to buy dear gas and sell cheap gas: is that the swap arrangement the government has in mind?

Mr. Gillespie: Mr. Speaker, on the first point, quite clearly the government's interest in the Foothills (Yukon) pipeline in energy terms is to gain access to Canadian supplies at low cost. The option for Canada is that we will be able to move Canadian supplies to Canadian customers for less money than the United States will be able to move their gas to United States' customers. As to the details of the swap arrangement, I have to say that I do not believe they have got them worked out. The kind of guarantees the hon. member is seeking are very much present in our minds as well.

● (1422)

Mr. Douglas (Nanaimo-Cowichan-The Islands): A final supplementary question, Mr. Speaker. In view of the fact that the final arrangement would have to be approved by the cabinet, and in view of the fact that originally in the National Energy Board there was a stipulation that the government had to hold 21 years of gas in reserve, and that provision was taken out, I ask the minister if he will tell the House, in all fairness, the quantity of gas the National Energy Board will be asked to keep in Canada before declaring that any other gas is surplus to national requirements.

Surely that ought to be known. It is not a matter for the Alberta Energy Resources Conservation Board or any other agency. The Canadian government will have to approve any export of gas recommended by the National Energy Board, and this parliament has a right to know how much gas is to be held for the future requirements of the Canadian people.

Mr. Gillespie: As the hon. member knows, the National Energy Board is charged by parliament with this responsibility. We will be looking to the National Energy Board for advice on whether the gas that is proposed might be moved on some kind of accelerated or swap basis will in any way change the situation as far as that gas being surplus to Canadian needs is concerned. If it is on a swap basis—which I understand it is intended that gas would be—I cannot see that that would change in any way the whole question of surplus, or not surplus, to Canadian needs.

Mr. Douglas (Nanaimo-Cowichan-The Islands): The price will change.

* * *

[*Translation*]

HOUSING

INQUIRY WHETHER RRAP WILL BE INSTITUTED THROUGHOUT CANADA

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs.

Some time ago, the minister implied that RRAP would be extended throughout Canada without consideration for obstacles that could occur at provincial level. Could he say now to the House if he is going to institute that program? Will he also announce it soon?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker. Negotiations are currently going on with each province to extend designations under RRAP, more likely in all rural Canada and in a greater number of Canadian cities. RRAP already applies to almost all rural Canadian territory and, of course, that means we will have to increase considerably the funds available for such a program. That is what we will do and at the same time we will urge those who are responsible for the implementation of that program to serve first families which have lower incomes, second those who live in the oldest houses of the country, and third, they will be asked to give priority to people inhabiting regions already designated under this program.

Mr. Lambert (Bellechasse): Mr. Speaker, does that mean that it will no longer be necessary for a rural area to get the approval of the provincial government, and here I am thinking specially of the province of Quebec, because now the area must be designated by the provincial government? Will that provision disappear, and will that cover the whole area, as the minister just said, without having to get provincial authorization to determine an area?

Mr. Ouellet: Mr. Speaker, the approval of the provincial authorities will always be needed for designating purposes. Still, in the case which surely interests the hon. member, I can say that our negotiations with the provincial authorities have enabled us to extend designations widely to all rural areas of the province of Quebec.

REQUEST FOR FURTHER FUNDS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, as this matter is extremely important, and in view of the numerous requests we get in this regard, will the funds be increased considerably to allow approval of a rather large number of requests so that more people can benefit from this program I consider absolutely marvellous? An hon. member of the opposition does not often say things like that!

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, naturally we will increase considerably the funds allotted to each province of Canada for the application of this program. But as we suspect that those funds will not be sufficient to meet the demand, we are therefore recommending that applications from low-income earners be dealt with first, and secondly those of people who live in the oldest houses in the country, and thirdly, those from areas that were first designated. Nothwithstanding those three basic recommendations, obviously we will have to increase, probably double, or even triple, the funds allotted to each province: we hope to be in a position to do so.

● (1427)

[*English*]

THE CANADIAN ECONOMY

MONITORING AGENCY FOR POST-CONTROLS PERIOD

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is to the Minister of Finance. The Prime Minister, in a press conference over the weekend, confirmed that the Economic Council of Canada will be acting as a monitoring agency in the post-control strategy of the government after the Anti-Inflation Board finishes its mandate. He also confirmed that the agency will not have any authority to inquire into or act upon specific wage and price increases.

I would like to ask the minister, in light of the paradox that this proposes for an agency which will be acting *post facto*—in other words, before it can report to the government, it will have to identify wage and price increases in a specific sector or company—what agency does the government intend to use to act on such wage or price increases that have been so identified by the ECC, in view of the fact there will be no legislative authority after the AIB mandate finishes on April 15?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have said that after April 14 we are going back to the market-place and we do not intend to have legislation that will give power to the government to roll back either wages or price increases.

Mr. McGrath: Mr. Speaker, could the minister explain to the House why the Economic Council of Canada has not been given the legislative authority to examine or investigate areas of potential wage and price increases that would go beyond the guidelines? In other words, the only role they will have will be to analyse statistics which are already in the public domain, the statistics from Statistics Canada, a role which the cabinet itself could carry out. I ask the minister why the Economic Council has not been given the legislative authority that the Food and Prices Review Board had, to inquire into and open up the books in areas where the guidelines have been exceeded.

Mr. Chrétien: Mr. Speaker, we have decided that after April 14 we will not have controls. The hon. member is trying to find a way to keep controls. Members of the opposition should make up their minds. They have been asking us to remove controls for the past two years.

Mr. McGrath: What the minister is telling the House and the country is that the government, in fact, has no post-control strategy. That is the situation facing us today. I ask the minister to tell the House what authority or what method of operation the government has in mind once a problem area has been identified by the ECC as going beyond the guidelines.

How would the government act, faced with such a report by the ECC?

Mr. Chrétien: Mr. Speaker, we are not planning to have a roll-back provision in any legislation. We are hoping people will understand the consequences of being under controls. We are removing controls. The Economic Council of Canada will look at price and wage developments and make comments. If it sees a difficult situation, perhaps we can have a specific inquiry. We are going to back in the market-place. We hope the public will react as we have some indication they will; they are very responsible.

* * *

● (1432)

NATIONAL DEFENCE

REASON DEPARTMENT DOES NOT EMPLOY WOMEN PILOTS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Minister of National Defence. As Your Honour mentioned, today is the anniversary of the Commonwealth. Today is also the sixty-fifth anniversary of the first woman obtaining a pilot's licence in Canada. Eileen Vollick received her pilot's licence on this date in 1913, flying a Curtis Jenny biplane. In view of the fact that women have been licensed as pilots for the past 65 years in Canada, can the minister explain why it is still the policy of the Department of National Defence not to have any women pilots in National Defence, in view of their obvious acceptance by the Ministry of Transport for over 50 years?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, this is a subject that is constantly under review.

Some hon. Members: Oh, oh!

Mr. Danson: The difficulty really resolves itself in relation to women serving in combat, which is something, quite frankly, we have not come to grips with: no western nation really has. Our pilots are versatile and must perform many roles. It does create a problem—one which we are examining—in so far as women serving in combat is concerned. We have not yet made a decision as to what is an appropriate role, after the experience of other nations which have tried that and found it quite demoralizing, not because women cannot stand it but because men in combat with them emotionally are not able to accept it.

Some hon. Members: Oh, oh!

Mr. MacDonald (Egmont): Mr. Speaker, this must establish a new record of constant review, having gone on for 65 years. Combat is only one of the areas where women pilots in other countries have performed with remarkable effectiveness and skill. What steps is the department actually taking to resolve this very serious anomaly in its structures? In view of the constant review that has been going on for over half a century, can the minister indicate when the review will be brought to a satisfactory conclusion?

Mr. Danson: Mr. Speaker, the constant review has resulted in concrete results in the armed forces, where women are increasingly effective in the roles in which they are serving. Just this past week I announced the addition of women to the advisory council to the Canadian military colleges. This matter has received active consideration. I have spent a great deal of time with my officials and senior commanders in all areas, and women are increasing their role in the Canadian armed forces. We have not made the decision to put them in roles where they either have to be in combat or rotate with those in combat, due to the manning ratios we have to live with.

Mr. MacDonald (Egmont): In view of the concern expressed by a number of young women who in recent years have applied for admission to the armed forces in a variety of skills and tasks, is the minister prepared to table in this House within the next few weeks a statement as to the number of trades and skills that are still prohibited from the interests of women? Will he also give some indication, in terms of the career and officer training program with respect to military colleges, in view of the comment he just made, of how soon there may be a satisfactory resolution of the very real discrimination that exists with respect to complete training facilities for women in Canada's armed forces?

Mr. Danson: Mr. Speaker, there certainly is no secret in this respect and there is no difficulty in tabling a document. However, it would be much more fruitful for the hon. member to come to the Standing Committee on External Affairs and National Defence tomorrow evening, where I will be delighted to answer those questions.

* * *

POST OFFICE

TESTING OF LEGALITY OF RATE INCREASES

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I wish to direct a question to the Postmaster General. The Canadian Periodical Publishers Association will ask the Supreme Court of Ontario this week to declare current postal rates for letters and magazines invalid. Is the Postmaster General aware of this, and the fact that it will throw considerable doubt on the federal government's right to collect the increase on first- and second-class postage rates scheduled for April 1?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I suggest I replied last Friday to this question about the legality of the postal rate increases. I am aware that Mr. Rosenberg and his corporation is contesting their legality, and that there is a lot of conflicting opinion among counsels involved, even his own. The purpose is also to better balance the costs of the Post Office operation between Canadian

taxpayers and users. I know that these increases will yield some $125 million in additional revenues to the Post Office, which will result in Canadian taxpayers paying less and users paying more. In my opinion, this is only fair.

[*English*]

Mr. Darling: Will the Postmaster General table the opinion of the law officers of the Crown to which he referred in his reply to the hon. member for Brandon-Souris last Friday, in order to avoid continuing confusion?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I indicated last Friday that we had obtained a legal opinion from the Department of Justice which is fully in our favour, and I suggest we are under no obligation to make it public at this time, and that we need to protect it, should a contestation arise, in order to defend our point of view better.

* * *

[*English*]

NATIONAL DEFENCE

RESEARCH CENTRE AT WINNIPEG, MAN.—INTENTIONS RESPECTING CONSTRUCTION

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of National Defence. In last Saturday's *Free Press*, the Minister of National Revenue was quoted as saying that the federal government would be scrapping its plans to build a new Defence research centre in Winnipeg. Can the Minister of National Defence confirm whether that statement is true and, if so, can he explain why the government has dropped its plans, which will cost at least 200 jobs locally?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the need for that establishment was not sufficiently well established. There was a proposed use for it some time ago. On review, that use is no longer valid; it meant closing down other establishments in the west. There was also some difficulty in obtaining land to the satisfaction of the city. I spoke personally to the mayor who agreed that this was not an appropriate establishment for the location proposed. The hon. member will know that we announced the permanent establishment of a new Air Command headquarters in Winnipeg. This will be a very major establishment on a permanent basis. With other facilities, it will bring some $105 million a year into Winnipeg. That is a very significant benefit from the military to the city of Winnipeg.

Mr. McKenzie: Mr. Speaker, with regard to buying land in the city of Winnipeg, that is just an excuse; the federal government has many acres of land throughout Manitoba. The predecessor of the Minister of National Defence stated that there was an absolute need for this research centre. He said it was not a political promise and that the need still exists. This statement was made by him last Friday. In light of the federal government having land there, and the former minister saying there is a need, will the minister explain why there is this confusion?

Mr. Danson: Mr. Speaker, there was a need perceived a couple of years ago when that announcement was made. On the best advice I had, and after examining the situation rather thoroughly for somewhat over a year since I have been in this portfolio, it is not my view, as the current minister, that it is required. It is my view that a new Air Command headquarters is required in Winnipeg.

EXPENSES IN CONNECTION WITH SEARCH FOR SOVIET COSMOS SATELLITE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I have a two-part question for the Minister of National Defence with regard to the Cosmos satellite. First, has the minister read outer space treaties Nos. 6 and 7, and is he satisfied that we have complied with both treaties? Second, the minister assured the House on January 30 that he was keeping a careful record of expenses. Can he inform the House what the expenses of the search have been so far?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I have not read those treaties recently. The first time I read them, I thought it was quite enough. My advice is that we are complying with them. With regard to the second part of the question, we are keeping track of the expenses. The total recovery cost, from the point of view of the Department of National Defence, is in excess of $4.7 million at this time. That does not include other departments of the federal government.

Mr. McKinnon: I asked the minister if he had read the treaties, because they clearly differentiate between the cost of the search and the expenses and costs of damages. It seems the government has never been able to learn this clear differentiation. We seem to have convinced the Russians that they are to pay for the damages, which are nil, and they have convinced us we are to pay for the expenses, which will be nearly $5 million. This kind of a deal we can do without. Does the minister plan to point out to his colleague, the Secretary of State for External Affairs, that the expenses are no part of the damages and it says so in the treaty?

Mr. Danson: Mr. Speaker, that is clearly understood. There are two different parts. Certainly, the actual physical damage is somewhat limited, but the cost of determining the ecological damage, the danger to the environment and people, and recovering the parts is rather substantial. We consider that to be very much part of the damage, and it is related to the recovery of the satellite or parts thereof. That is very significant and we are making claims with regard to it, in addition to whatever the amount may be in relation to damage.

● (1442)

EXTERNAL AFFAIRS

SLAYING OF ISRAELI CIVILIANS—GOVERNMENT STATEMENT

Mr. Bob Kaplan (York Centre): Mr. Speaker, my question is for the Deputy Prime Minister. Has the Government of Canada made any statement following the brutal slaughter of Israeli civilians, including children, on a holiday bus over the weekend, for which the Palestine Liberation Organization has apparently claimed full credit?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): The question asked by the hon. gentleman gives me the opportunity to express the view of the government. We feel a sense of shock at this tragic and senseless act of violence involving the loss of innocent human lives. In addition to expressing this sense of shock, I should like to add the hope that the occurrence will not imperil current efforts to achieve a just and lasting peace which is the paramount objective of all parties concerned in the Middle East.

* * *

GOVERNMENT EXPENDITURES

PROCEDURE IN DEALING WITH SUPPLY—REQUEST FOR STATEMENT MADE BY FORMER OFFICIAL

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question is directed to the Deputy Prime Minister. In light of the fact that there is presently on the order paper, in the hon. gentleman's name, a motion asking the House to short-circuit some of the rules so as to pass supplementary estimates and grant interim supply, will the Deputy Prime Minister try to obtain for members of the House, or table before next Wednesday when this motion becomes due, a copy of the remarks of Mr. Douglas Hartle, a former official of Treasury Board, who speaking in Toronto over the weekend to members of the Liberal party gave examples of mismanagement and expenditure on the part of the government which shocked even some case-hardened Liberals?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): There is no effort to short-circuit the rules of the House. There is an effort to provide an additional day not provided for under the rules, so that hon. members may be able to debate interim supply. That proposal has already been cleared and has received the sanction of representatives of all parties in the House. So we are operating in an open and democratic manner, which ought to appeal to even a case-hardened Tory like the hon. member.

Some hon. Members: Oh, oh!

Mr. Baldwin: Now that the hon. gentleman has had a chance to collect his thoughts, perhaps he could give some attention to attempting to answer the question I put to him. Would he try to answer that question, for my sake and for the sake of hon. members generally, and at the same time deal with the other statement made by Mr. Hartle when he said ministers were successfully evading Treasury Board, and what I characterize as the pack rat mentality of the government in hiding examples of their mismanagement and extravagance?

Mr. MacEachen: Mr. Speaker, I am not sure what the hon. member wants me to do. Maybe it is to provide him with a copy of Mr. Hartle's speech given, as I gather, to the Liberal Association. Perhaps he would like to be put on the mailing list for all Liberal publications, which would be a very useful contribution to rectifying the hon. member's deficient education.

* * *

POST OFFICE

GOVERNMENT VIEW OF LEGALITY OF RATE INCREASES

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is to the Postmaster General and is supplementary to that asked by the hon. member for Parry Sound-Muskoka. Why is the hon. gentleman ignoring the unanimous report of the committee on statutory instruments and regulations, an all-party committee chaired by the distinguished constitutional and legal authority, Senator Forsey, and the former hon. member for Halifax, Mr. McCleave, which indicated that to increase postal rates other than by amending the Post Office Act is strictly illegal?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I could give several answers to the numerous questions contained in the statement of the hon. member for Brandon-Souris. I can tell him that I have never rejected the possibility of forming at a given moment an inter-parliamentary committee to study the question of the Post Office. But, at the present time, I think it would be perhaps premature to make public the decisions of the ongoing conciliation. It would be wiser to wait for the conciliation report to be tabled, for its results to be known; then we will see how we must act.

As for the illegality of raising the fees from 12 cents to 14 cents, I think the members of the opposition would show a much greater sense of co-operation if they tried to help us make the public understand that the increase is to relieve the taxpayers from a deficit of $125 million in the Post Office by charging it partly to the very users of postal services.

[*English*]

Mr. Dinsdale: That was an interesting statement by the Postmaster General, but it did not answer the question I posed. There were Liberals on the committee on statutory instruments and regulations, and while there might be a need for increasing postal rates to deal with the rising deficit brought about by maladministration and the other problems which are all too evident in the Post Office, why does the hon. gentleman not proceed by the legal route rather than by the illegal route?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, we will comply with the law and avail ourselves of section 13 of the Financial Administration Act.

* * *

[*English*]

AGRICULTURE

GOVERNMENT POLICY ON SUBSIDIES FOR SKIM MILK POWDER

Mr. Wally Firth (Northwest Territories): Mr. Speaker, in the absence of the Minister of Agriculture, I should like to direct my question to his parliamentary secretary. It has to do with subsidies on skim milk. In view of the fact that a litre of 2 per cent milk in Yellowknife costs $1.58, $2.90 in Norman Wells, and at Tuktoyaktuk a litre of milk, when it is available, costs $1.86—three pounds of powdered milk costs more than $5—does the parliamentary secretary have anything to report to the House regarding government policy as it concerns northerners, in relation to skim milk subsidies?

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, funds for the skim milk subvention program were cut off the 1978 budget mainly because it failed to meet its objectives; in fact, low income families did not avail themselves of the program.

I want to say to the hon. member that approximately $589 million are still available for low income families, through various support programs.

[*English*]

Mr. Firth: Mr. Speaker, I should like to bring a couple of facts to the attention of the parliamentary secretary, in the hope he might be able to advise the House what he plans to do. The subsidization of skim milk powder is extremely important to the Northwest Territories. Many of the people who live there are poor, and the cost of living generally is very high. Could the hon. gentleman tell us whether the government has any plans to meet the particular needs of the north in these circumstances?

[*Translation*]

Mr. Caron: Mr. Speaker, I take note of the hon. member's question about remote areas and I will submit it to the minister.

* * *

[*English*]

GOVERNMENT EXPENDITURES

COST OF CABINET MEMBERS' VISIT TO WESTERN CANADA—POSSIBLE VISIT TO EASTERN PROVINCES

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Deputy Prime Minister. Over the weekend the Prime Minister explained that his western junket was taking government to the people. Also, the Deputy Prime Minister told us on Friday that he would be doing government business in the west. So that the people might have a better chance to judge the value of this type of excursion, does the government agree that the taxpayers have a right to know what this excursion is costing them?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): We have never sought to conceal information with regard to the cost of travel once a question was put on the order paper.

Mr. Nowlan: I can assure the hon. gentleman there will be several questions on the order paper. Hopefully, we shall get answers before parliament dissolves.

Mr. Speaker, my supplementary question is of particular interest to the Deputy Prime Minister. After ten years, like Rip Van Winkle, the cabinet and the Prime Minister eloped and went west. Does the Deputy Prime Minister know whether there are plans to take this political road show into Atlantic Canada, where there is very real economic disparity and a real need for the government to communicate with the people?

Mr. MacEachen: Mr. Speaker, that proposal is under consideration, but I am not sure the hon. member would survive the impact.

Some hon. Members: Oh, oh!

* * *

REGIONAL ECONOMIC EXPANSION

GOVERNMENT ACTION TO ASSIST AREAS OF DISPARITY

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion. In view of the serious and rising unemployment conditions as reported, for example, in today's *Globe and Mail*—with particular reference to Glasgow, Nova Scotia—what new initiative does the minister have in mind to focus more specifically his department's resources in the critical areas of disparity in this country, particularly bearing in mind the decline in real terms of his departmental budget?

● (1452)

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): As always, Mr. Speaker, there is intensive work done in analyzing and examining with industrialists and the governments of the four Atlantic provinces every project likely to yield valid economic results. Those are constant analyses, and we have recently signed agreements with these governments. I believe that in the few weeks to come, and indeed

within a few days I hope, we will have the opportunity to go to New Brunswick where we will indicate the federal government's commitments through DREE with the New Brunswick government, which will allow for the creation of jobs and the economic development of a particular Atlantic province.

[*English*]

Mr. MacKay: Mr. Speaker, I have every desire to see New Brunswick helped as much as possible, but my question was directed toward Nova Scotia specifically. I ask the minister whether he will take under serious advisement the setting out of funds to supply low interest, or non-interest bearing loans to create the promotion of permanent jobs to supplement the necessary temporary approach to creating jobs which we find in LIP and Canada Works?

Would the minister consider that as a policy option, and would he also consider checking to see whether the advertising campaign which seems to be run—for example, in the city of Montreal—to encourage people to take advantage of department opportunities, could also be extended to areas of just as great need, that is, in the Atlantic area?

[*Translation*]

Mr. Lessard: Mr. Speaker, we will consider the hon. member's suggestion.

* * *

[*English*]

NORTHERN AFFAIRS

REQUEST FOR SUBMITTING OF REPORT BY DIGBY HUNT TO COMMITTEE

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. In view of the indictment of federal government practices in respect of northern development as documented in a report of the Science Council of Canada released last week, a report which questions a statement made by one Digby Hunt, then in charge of Northern Affairs programs, to the Standing Committee on Indian Affairs and Northern Development, and in view of the fact that Mr. Hunt has now denied the statement that he attempted to mislead the committee, is the minister prepared to submit this report to that standing committee for consideration and, if necessary, have Mr. Hunt appear before it?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, this matter has not been brought to my attention, but I will look into it and report to the hon. member.

REPORT ON INDIAN SCHOOLS IN SASKATCHEWAN—GOVERNMENT IMPLEMENTATION OF RECOMMENDATIONS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is to the Minister of Indian Affairs and Northern Development. It concerns the report by the Saskatchewan Cultural College on a survey of Indian schools in that province which showed that of 60 schools, 41 have inadequate sewage systems and 18 used a jet pump which spewed raw sewage over the playgrounds. Will the minister, whose department has copies of this report, tell the House why it has taken no action to bring to an end a situation which can only be described as shameful?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I do not disagree at all with the hon. member's assessment of the conditions. In fact, at our meetings in Saskatchewan on Friday and Saturday, we had an opportunity to meet with the Federation of Saskatchewan Indians and the Métis non-status people. We had some two hours of very good sessions, and these were the issues raised. I think we all resolved to go back and try to improve this situation.

There has been some improvement in recent years: I think the hon. member would agree with that. No one could be satisfied with the conditions, not only in respect of schools but in respect of health delivery services and a whole range of things on Saskatchewan reserves. Unfortunately, the problem is not confined to Saskatchewan reserves. I will be going over this problem with members of the committee when we discuss my estimates.

Mr. Hnatyshyn: Mr. Speaker, I am afraid the minister was probably involved in a farewell tour of western Canada with members of this administration.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: Last year, an Indian boy died in a sewage lagoon, a direct result of these appalling practices. The survey also indicated that fire safety systems were well below standard in all but 10 of the 60 schools. Will the minister tell this House how his department allowed this sort of disgraceful situation to arise, and whether he will now, aside from discussing it internally, embark upon a nationwide study of the problems we are facing with regard to young Indian children which is, as I termed before, a disgraceful situation that should be given immediate priority?

Mr. Faulkner: Mr. Speaker, our assessment of our visit to Saskatchewan is quite different from that of the hon. member. I can understand that he is slightly chagrined by the warmth of the reception we received in Saskatchewan, Manitoba and Alberta.

Some hon. Members: Hear, hear!

Mr. Faulkner: I am not sure I can associate this side of the House with the suggestion that, given a compelling human problem of this kind, the Tory response would be to conduct a nationwide study. I think what we should try to do is deal with the problem, and not conduct another study.

Oral Questions

FISHERIES

STORM DAMAGE TO FACILITIES—GOVERNMENT POLICY TO ASSIST FISHERMEN

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is for the Minister of Fisheries, after a 900-mile trip to the seal hunt which was aborted. I wonder whether the minister has had a discussion with the provincial government regarding the increasing and recurring storm damage to gear and small craft harbour facilities along the western coast and, indeed, in all the Atlantic regions, which is stultifying the ability of fishermen to get back into the fishery, particularly with the high cost of gear which they cannot afford to replace. Are there any plans to formulate a program with the provinces?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I welcome the hon. member back. I am sorry that the direction of ice-floes did not allow him to be present and show his support for the seal hunters—one of whom, by the way, died recently on an ice-floe.

Having regard to the second point, Mr. Speaker, the problem of damage to wharves and harbours is being dealt with by the department. In fact, we have identified funds to undertake the work as soon as conditions allow us to do so. In the matter of gear and damage to fishermen's equipment, this has to be the subject of co-operation between the two levels of government: the disaster formula, as the hon. member knows very well, has to be triggered by provincial authorities. We are assessing the damage, but I have had no contact yet from the provincial government indicating that it wishes to trigger the disaster formula.

Mr. Marshall: Mr. Speaker, in view of the fact that the report of that survey shows extensive damage to gear, and in view of the fact the minister of fisheries for the province has indicated an approach to the federal government in order to prevent this recurring stultification to fishermen getting back into the fishery, I wonder whether the minister would deem this as an emergency situation and initiate discussions with the provinces in an attempt to resolve this very serious problem.

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I will certainly undertake to do what I can to accelerate progress.

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THE CANADIAN ECONOMY

REQUEST HOUSE BE ADVISED OF ALL DETAILS FILED WITH U.S. SECURITIES AND EXCHANGE COMMISSION

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question for the Minister of Finance is similar to questions asked by the hon. member for Don Valley and the minister's clear implication then, and again on March 8, 1978, that the Parliament of Canada would be as fully informed as the Securities and Exchange Commission of the United States on this venture into the American market.

[Mr. Faulkner.]

In view of the fact that there appears, on the face of the agreement, to be a private file in the SEC, and in view of the undertaking the minister has given to the House about full disclosure, will he indicate whether there is an impediment to full disclosure placed upon him by the Securities and Exchange Commission of the United States and, if so, what is that impediment? If there is no impediment, as the minister seemed to imply, especially on March 8 and in his answer today, can he undertake to the House—it is important that we know as much as the Americans—when he will be making the information available he has made available to the Securities and Exchange Commission of the United States?

● (1502)

Hon. Jean Chrétien (Minister of Finance): Mr.Speaker, first I should like to repeat that all information we gave in that prospectus which has found its way into the hands of members of the opposition is preliminary: it is a preliminary, not a final document, and is subject to some changes. So I would not like to move on the document at this moment. We will have to file the complete document. When everything is completed, I will be very happy to give that information.

I would like to inform the House also that, as usual, when the hon. member for York-Simcoe read from parts of the prospectus, he judged it useful to himself to quote only two lines and not to give the full explanation, thus creating an impression that has no basis in reality. In all legal documents there are some conditions which apply to the people who will be holding the bonds in the U.S. Taxes and all those elements have been verified by government lawyers. I think the hon. member again tried to mislead the House in quoting only parts of a long and complicated document.

Mr. Stevens: Explain.

Mr. Baker (Grenville-Carleton): I want to assure the Minister of Finance that the questions are not to mislead; they are to elicit information and we would appreciate some reciprocity from the minister. The minister has indicated that this is a preliminary prospectus which indicates the government's intentions at the moment. One of those intentions is that future legislatures are bound, for a period of up to 20 years, by the commitment that these bonds will be free from all taxes, present and future, imposed by Canada or any province. This must involve some form of undertaking, either existing or contemplated, by the Government of Canada. Because there is $720 million worth of interest involved, is the government contemplating indemnity provisions to make these interest-free bonds, and is there something else the minister intends to disclose when he makes the full disclosure to which he has referred?

Mr. Chrétien: I repeat what I have said, that this is an extract from a long paragraph explaining the situation in terms of taxes for people who will be holding bonds outside the borders of Canada, and there is a provision there because there are some tax agreements between nations, and so on. This is a very complex legal document which the opposition is trying to

drag out in parts and pieces. It has been examined very thoroughly by government advisers in terms of legislation. There is absolutely nothing unusual about it. When the final prospectus is agreed upon and tabled, I will be making this document available to the House. I want to say, again, that there is nothing in the document, in terms of information, that is not known to knowledgeable people in Canada. Obviously, there are none on the other side.

Mr. Baker (Grenville-Carleton): Now that the government has indicated by this scheme, whatever it turns out to be when we see the final information, that it is engaging in the practice of tax-free bonds—

Mr. Chrétien: No.

Mr. Baker (Grenville-Carleton): Until I see otherwise, I am subject to being convinced that it is otherwise. But that is the position, or at least so it appears. Is the government considering giving a similar right to municipalities in Canada to issue tax-free bonds so that Canadian municipalities will have the advantages which at least appear on the face of this document to be given to investors and donors in other areas?

Mr. Chrétien: I think the hon. member is trying to create a very false impression. It is not that at all. If he would read this document carefully—he is supposed to be a lawyer—he would understand that there are some tax laws in the United States and in Canada that do not apply in the same way. If you receive interest in the U.S., you pay your taxes there, and if you receive interest in Canada, you pay your taxes in Canada. Perhaps it is too complicated for the hon. member to understand.

Mr. Speaker: Order, please. In the course of answering the first question of the three put by the hon. member for Grenville-Carleton, the Minister of Finance said that the hon. member for York-Simcoe had tried to mislead the House. I am sure, from the text of the question and from the context, that he did not intend to say that; that he intended to say he may have misled the House, or something less odious. The fact that he used the word "tried" makes it appear to be a deliberate attempt, and I think perhaps it might be better if that word were removed from the record.

Mr. Chrétien: Mr. Speaker, I wanted to say that the hon. member would have given better information to the House if he had read out more than 2½ lines of a paragraph about 30 lines long, but he judged not to do so. This creates an impression that is not very close to the truth. But he had the truth in front of him, which he did not want to use.

Mr. Stevens: Mr. Speaker, before you made your comments, I intended to rise on a question of privilege, in that I would like the Minister of Finance to indicate in what way he feels I tried to mislead the House. I referred to a paragraph that is in the preliminary prospectus filed by the government in Washington. The paragraph reads:

Solar Energy

The bonds . . . will be free of all present and future taxes imposed by Canada or any province thereof or by any taxing authority thereof or therein—

Then it goes on to state that it is not applicable to Canadians. In other words, Canadians will be taxable, yet they will be tax-free as far as foreigners are concerned. The other two paragraphs deal with entirely different subjects. They deal with the effect of succession duties in Canada and with the effect of taxation in the U.S. My point, as you have said in your remarks, is that in no way have I tried to mislead the House. I asked a very simple question: why was it necessary for the government to offer this rather luscious tax treatment with respect to these bonds?

Mr. Chrétien: Mr. Speaker, I think there is a difference of opinion between the hon. member and myself about the meaning of that clause; that is all. I said it would have been advisable to read more of it. I do not want to imply some devilish intention in the words of the hon. member. Perhaps I did not use the right word. The facts speak for themselves. I think my explanation clarifies the situation.

Mr. Speaker: The minister has put an explanation on the record. He indicated, as I hoped he would, that he was saying that perhaps the full text might have a different interpretation than that put by the hon. member. I think he has endeavoured to indicate to the House that he did not attempt to accuse the hon. member of any ill will or anything else.

ROUTINE PROCEEDINGS

[*English*]

CANADIAN SOLAR ENERGY INSTITUTE

MEASURE TO ESTABLISH

Mr. Chas. L. Caccia (Davenport) moved for leave to introduce Bill C-425, to establish the Canadian Solar Energy Institute.

Some hon. Members: Explain.

Mr. Caccia: Mr. Speaker, this bill calls for the creation of a Canadian solar energy institute. It was introduced in the knowledge that conventional fuel supplies on this planet are diminishing. The proposed Canadian solar energy institute would play a key role in the establishment of a Canadian solar equipment industry, leading to the creation of new jobs. It would encourage and promote the use of renewable energy resources and help to reduce our dependence and that of future generations of Canadians on non-renewable sources of energy.

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

Supply

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

AMENDMENT CONCERNING RIDINGS OF BONAVENTURE-ÎLES-DE-LA-MADELEINE AND MATAPÉDIA-MATANE

Mr. Pierre De Bané (Matane) moved for leave to introduce Bill C-426, respecting the Electoral Boundaries Readjustment Act, Bonaventure-Îles-de-la-Madeleine and Matapédia-Matane.

Some hon. Members: Explain.

Mr. De Bané: Mr. Speaker, the purpose of this bill is to change slightly the electoral boundaries for Matapédia-Matane to avoid the division of one village between two ridings.

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

* * *

[*English*]

SUPPLY

SUPPLEMENTARY ESTIMATES AND PASSAGE OF INTERIM SUPPLY

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in accordance with a pre-arranged and pre-negotiated understanding I would like to call the following motion, which I trust will be passed, in accordance with the understanding, without any debate. I move:

That, notwithstanding any Standing Order, on Wednesday, March 15, 1978, being the final allotted day in the present supply period, at fifteen minutes before the ordinary time of adjournment, proceedings then in progress shall be interrupted and every question as may be necessary to dispose of any item or items of supplementary estimates, the restoration or reinstatement of any item in the supplementary estimates, or any opposed item in the supplementary estimates, and for the passage of any bill based thereon shall be put forthwith successively, without amendment or debate;

That, immediately thereafter, the questions on a motion to grant interim supply and for first reading of a bill based thereon shall be put forthwith successively, without amendment or debate; and

That, on Thursday, March 16, 1978, the business taken up shall be the second reading, consideration in committee of the whole, report stage and third reading of the bill based upon the motion for interim supply and that, at fifteen minutes before the ordinary time of adjournment on that day, proceedings then in progress shall be interrupted and every question necessary for the disposal of the said bill shall be put forthwith successively, without amendment or debate;

Provided that, on both the aforementioned days, the House shall not adjourn until all business referred to in this Order is disposed of.

Mr. Speaker: The motion in the name of the Deputy Prime Minister (Mr. MacEachen) can be dealt with now only upon the consent of the House. Does the minister have consent to move that motion at this time?

Some hon. Members: Agreed.

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

[Mr. Caccia.]

Some hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, the following questions will be answered today: 554, 712, 1,175 and 1,190.

[*Text*]

RENEWABLE RESOURCES IN RESPECT TO ENERGY

Question No. 554—**Mr. Howie:**

During the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what amount was spent by the government on (i) in-house (ii) outside house research and development, in respect to energy derived from renewable resources?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): In so far as the National Research Council is concerned:

Federal Government Funding of Renewable Energy R & D

Fiscal Year Ending March, 31	Dollars	Per cent Extramural
(a) 1975	855,000	(not available for this fiscal year)
(b) 1976	1,578,000	(not available for this fiscal year)
(c) 1977	4,433,000	64 per cent

SOLAR HEATING SYSTEMS IN HOUSES

Question No. 712—**Mr. Howie:**

1. How many contracts have been awarded by the government for the design and installation of solar heating systems in houses in Canada?

2. What was the value of each contract?

3. In what locations are the heating systems being installed?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): In so far as the National Research Council is concerned the reply is as follows:
1. 18.

2 and 3.

	Name of house and/or contractor	Location	Value of contracts for design, installation and monitoring
1.	Canadian British Consultants	Charlettotown P.E.I.	20,930
2.	Penney	Halifax, N.S.	14,939
3.	Murray	St. John, N.B.	13,190
4.	ADI Ltd.	Fredericton, N.B.	12,630
5.	Fenco Cons. Ltd.	Laval, P.Q.	19,965
6.	Ives	Hudson, P.Q.	15,865
7.	D.E.A.	Sherbrooke, P.Q.	10,534
8.	Proctor & Redfern	Thunderbay, Ont.	22,904
9.	Wardrop	Winnipeg, Man.	23,530
10.	Borden	White City, Sask.	16,750
11.	Nu-West	Calgary, Alta.	22,310
12.	Hardy	Calgary, Alta.	12,530

	Name of house and/or contractor	Location	Value of contracts for design, installation and monitoring
13.	Delmarco	Vancouver, B.C.	19,830
14.	Thompson	Victoria, B.C.	10,513
15.	Gananoque Solar House Gregory Allen	Gananoque, Ont.	15,516
16.	Provident House, Envorigetics Ltd.	King City, Ont.	110,690
17.	Mississauga Solar House	Mississauga, Ont.	70,492
18.	Aylmer Senior Citizens Apartment	Aylmer, Ont.	100,000

CROWN'S FINANCIAL INTEREST IN RADIO ENGINEERING PRODUCTS LIMITED

Question No. 1,175—**Mr. Andre:**

1. What is the Crown's precise financial interest in Radio Engineering Products Limited as administered by the Department of National Revenue and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Joseph-Philippe Guay (Minister of National Revenue): 1. The Crown's financial interest in Radio Engineering Products Ltd. is 1,996,350 shares of Radio Engineering Products Ltd. The shares were acquired by the Crown on July 13, 1972. No payments were made by the Crown for the acquisition of the shares. The confidentiality provisions of the Income Tax Act prevent disclosure of the reasons for the acquisition of the shares by the Crown.

2. The confidentiality provisions of the Income Tax Act prevent disclosure of the book value of the Crown's equity on the date of acquisition and the latest estimated book value.

3. The Department of National Revenue has made no contributions to operating funds nor has it forgiven debts as a consequence of acquiring shares of Radio Engineering Products Ltd.

4. (a) Since the Crown's acquisition of the shares on July 13, 1972, the Crown's interest has been represented on the Board of Directors through appointment to the Board of Directors of senior officials of the Department of Industry, Trade and Commerce, the Department of Supply and Services and the Department of National Revenue. (b) The Crown's interest has been represented in senior management of the company through membership on the Board of Directors of representatives of the three Departments mentioned previously.

5. Yes. Treasury Board approved voluntary bankruptcy of the company at a Treasury Board meeting November 20, 1975.

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LIMITED

Question No. 1,190—**Mr. Andre:**

1. What is the Crown's precise financial interest in Canadian National (West Indies) Steamships Limited as administered by the Department of Transport and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Otto E. Lang (Minister of Transport): 1. The Crown's precise financial interest is 100%. This interest was acquired on February 4, 1960, at no additional cost to the Crown (see item 2 below). Due to the cessation of shipping operations and for ease of administration and control, it was considered appropriate to transfer the company to the Federal Government.

2. The book value of the Crown's equity at December 31, 1959, was $5,150,025 and the value at December 31, 1977, was $228,720.

3. The Crown's total investment including equity costs since December 31, 1959, is nil. The contribution to operating funds is nil. Debt forgiveness is nil. The change in equity between 1959 and 1977 (refer 2 above) is accounted by the following: Capital Stock, $1,600,000; Surplus, 3,550,025; Total Book Value of Equity at December 31, 1959: 5,150,025. 1960 Dividend paid to Federal Government, (1,789,233); 1961 Dividend paid to Federal Government, (2,277,885); 1962 Reduction of Capital Stock (Paid to Federal Government), (1,599,-024); 1960—1977 Miscellaneous Income (Net), 694,837; Total: $228,720.

4. (a) All Directors are public servants. (b) All Officers are public servants.

5. No policy decision has been made with respect to future disposition.

* * *

[*English*]

STARRED QUESTION

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, would you be so kind as to call starred question No. 914?

[*Text*]

*AIR CANADA FLIGHT FROM WINNIPEG TO CHICAGO

Question No. 914—**Mr. McKenzie:**

Does Air Canada have the right to fly from Winnipeg to Chicago and return and (a) if so, on what date will the flight be inaugurated (b) if not, is it their intention to secure the right?

● (1512)

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the management of Air Canada provides the following information: From April 30, 1978: (a) the airline company has not yet established a plan to operate this route but it will continue to evaluate the market concerned; (b) Air Canada acquired this right by obtaining the appropriate permits.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

AERONAUTICS ACT

AMENDMENTS RESPECTING CHARGES FOR USE OF AIRPORTS, ETC.

The House proceeded to the consideration of Bill C-4, to amend the Aeronautics Act, as reported (with amendments) from the Standing Committee on Transport and Communications.

Mr. Don Mazankowski (Vegreville) moved:

That Bill C-4, on Act to amend the Aeronautics Act, be amended in Clause 2 by adding immediately after line 9 at page 2 the following:

"(2) (*a*) All regulations made pursuant to this section are subject to negative resolution of the House of Commons.

(*b*) Notwithstanding paragraph (*a*), where a motion for the consideration of the House of Commons, signed by not less that twenty Members of the House, is filed with the Speaker to the effect that regulations made pursuant to this section be referred to a Standing Committee of the House so that witnesses may be heard and a report may be made to the House, the House of Commons shall, within the first fifteen days next after the motion is filed that the House is sitting, in accordance with the rules of the House, take up and consider the motion, and if the motion, with or without amendments, is approved by the House such regulations shall be so referred to the Committee.

(*c*) Where regulations are referred to a Committee pursuant to paragraph (*b*) and the Committee makes a report thereon, such report shall be tabled in the House of Commons and following a debate of no longer than four hours, there shall immediately be a vote on the motion to approve the regulations with or without amendments."

He said: Mr. Speaker, I am compelled to move this amendment at this time because Bill C-4, numbered Bill C-40 in the last session of this parliament, is a classic illustration of how a paternalistic government, tainted with arrogance, will use a sledgehammer approach to correct a technical deficiency in a piece of legislation and, in the process, impose some very repressive terms and conditions upon innocent victims who are very seriously implicated and affected by such changes. This piece of legislation is clearly an example of an overpowering government flexing its bureaucratic muscle without having any regard for the people it will affect.

Just to review the history of this bill briefly, it was introduced into the House of Commons for second reading last June. At that time the minister stated that the bill was of a highly technical nature and that it was needed to deal more effectively with the safety and licensing administration as it relates to aircraft, operators of aircraft, and facilities which are licensed pursuant to the terms and conditions which are spelled out by the Ministry of Transport.

The minister went on to say that the bill was needed for the purpose of improving the method of collection of fees for services rendered by the Ministry of Transport, that the bill would provide for the imposition of interest charges on past due accounts arising therefrom, and also would provide a mechanism for the provision of a security bond, a contract or a letter of credit reference for anyone using the services and facilities of the Ministry of Transport. Quite frankly, some clauses of the bill are aimed at tightening up the collection process. Further, the bill provides for mechanisms with respect to dealing with zoning and development of land in and around airport facilities.

Because this bill is of a rather highly technical nature, ostensibly termed as a housekeeping measure, the minister sought concurrence from the House to proceed through all stages of this legislation, which would have meant that it would have passed second reading, committee stage, and third reading all within the walls of the chamber of the House of Commons. This party denied that concurrence and pointed out that the bill should be referred to the committee and witnesses called in order that there be a better understanding and thorough explanation of the legislation.

● (1522)

It became obvious very quickly at committee that the bill contained some very undesirable features relating to general aviation, particularly in the small aircraft sector. It soon became apparent to members of his party that major amendments would be required. In all, some eight witnesses appeared before the committee. All struck the same theme—that this bill delivered far too much monopolistic authority into the hands of the minister and the Department of Transport and that there was no provision for adequate consultation with the aviation industry. Even more important, there was no provision for appealing the imposition of any regulation that might be detrimental to the industry.

As a result of the hearings and consultation with the members of the government, it was agreed that seven amendments would be advanced, and these were accepted. The amendment we are dealing with now is one that was not accepted at committee stage but it is one about which this party feels very strongly. That is why I have taken this opportunity to introduce it to the House.

I should like now to recap some of the proceedings and review some of the deliberations on the points to which we took exception. One problem was with respect to the provision to

tighten up the collection procedure for services rendered to owners and operators of aircraft. It was discovered immediately that the major problem was collection of fees for inflight services—and landing fees and other related services—which was challenged by three foreign carriers which, for many years, have protested the principle that Canada has the right to charge for such services. These inflight service fees are known as the north Atlantic route fee, the Polar route fee, and the telecommunications fee, which are charged by Canada.

The issue is not late payment of accounts, but rather whether Canada has the right to impose such charges in the first place. What has happened is that in this bill the minister has conveniently gathered together the whole aviation industry—the giants, the commercial operators, and the small operators—and with the old sledgehammer approach has taken it upon himself to correct the problem once and for all. The question, as it relates to the three foreign air carriers and non-payment of their accounts, is currently before the Federal Court of Canada. As a matter of fact, a statement of claim was filed on August 1, 1975. The case has not been heard. What is strange is that it is not the Government of Canada that has taken the foreign air carriers to court over non-payment of fees, but the Pan American Airways Incorporated has taken the Government of Canada to court claiming the sum of $4.5 million it has paid under protest, representing charges made for en route facilities and services fees over the Atlantic, and the telecommunications fee.

Pan American, supported by other foreign carriers, contends that these charges were imposed in violation of the International Civil Aviation Association Chicago Convention; it contends that the charges are in violation of our National Transportation Act, and it contends that the charges contravene the principle of equity. The United States does not impose similar charges on Canadian air carriers while in transit over the United States and its territorial seas.

This is the scenario, Mr. Speaker. Since April, 1975, the three U.S. air carriers, namely, Pan American Airways, Trans World and Seaboard have discontinued payment of the en route facilities and services fees and telecommunication fees, and have run up a bill of $5.8 million to January 31, 1978. It is this account that has prompted the government to move with this legislation and, in so doing, to bring in the whole area of aviation rather than simply dealing with the question of the foreign air carriers. The $5.8 million which has accrued since April of 1975 is separate and apart from the $4.5 million that Pan American claims from the Government of Canada and which has been paid under protest since 1968.

In the midst of the turmoil the Department of Transport resorted to this heavy handed tactic, decreeing that all aircraft owners and operators be required to provide a security bond or satisfactory letter of credit to the minister before being allowed to use the facilities and services of the department.

The bill would provide that the Department of Transport could place a lien on such aircraft for non-payment of charges and the aircraft would be subject to seizure. Also, any account due over 60 days would be subject to interest charges.

This was all done because of the confusion on the question of law and the non-payment and refusal to pay huge amounts of money by these three foreign air carriers. It can be classified as nothing less than gross incompetence and bungling of the highest order. The minister and his department have undertaken to lay the blame on the whole industry. It is fair to say general aviation, and particularly those who are owners and operators of light aircraft, have been subjected to this heavy handed tactic of the Ministry of Transport all too often. Even to impose this heavy handed approach on commercial air carriers is fundamentally wrong. That really is not the source of the problem.

I am not sure why the Ministry of Transport wants to take it out on the small operators. This remains a mystery to me because the small aircraft operator in general aviation is usually not the culprit. That point is clearly substantiated by information we received during consideration of this bill in committee.

● (1532)

A review of the accounts receivable for services and facilities which have been provided by the Ministry of Transport, as at March 31, 1977, show the total outstanding amount past due over 60 days at $6.3 million. At that time the total amount which was outstanding with the three U.S. foreign air carriers amounted to $3.6 million, leaving a balance of $2.6 million past due. Of that, Mr. Speaker, there were only 11 private aircraft operators' accounts beyond the 60-day limit. That should hardly necessitate the Ministry of Transport moving in with the sledgehammer tactic and compelling the private operators to provide satisfactory security bonds or letters of credit. I am sure that is not an alarming amount. The bureaucratic red tape which would be involved in trying to administer and police that sort of an undertaking is certainly not worth dealing with the 11 past due accounts. It is really no wonder that legislation of this nature has caused the owners and operators of small aircraft to become rather disturbed and bounce back with some relatively harsh criticism of the government of the day, the minister and the ministry in particular.

I am prompted to read into the record an editorial which appeared in the January-February edition of *Canadian Flight*. This article was signed by Margaret Carson, who describes herself as a former Liberal supporter. Concerning the trend in the aviation industry as administered by the current Minister of Transport (Mr. Lang) and the current Prime Minister (Mr. Trudeau), she had this to say:

> Our free enterprise system is going down the drain and anyone who is not in one level of government or another, or in organized labour, appears to be considered a "capitalist". General aviation and private aircraft ownership ("capitalist toys") are being discouraged by every means possible, including restrictive legislation, higher taxes, user fees, landing fees and general harassment. Recent statements attributed to government officials on private aircraft ownership include: "What gives you the right to own an airplane?", "Let's legislate hell out of them"; and "We're out to stop the business jet as long as our government-owned airline is flying over the same route with empty seats".
>
> What happened to the "Just Society" and "Participatory Democracy" we were promised by Trudeau during his election campaign? Canada has become a socialist bureaucracy and, as an indication of Trudeau's ideals and objectives, we should not forget his widely publicised statements on a visit to Cuba:

I will not read the next few lines as some hon. members across the way will think I am becoming partisan. These are not my words, but the words of a former Liberal supporter. I will skip a few lines and you can accuse me, Mr. Speaker, of quoting out of context, but I find it almost embarrassing to quote the two or three lines which are missing. Perhaps those who want to read it for themselves can find it in this particular issue of *Canadian Flight* dated January-February, 1978. It goes on:

> When new legislation affecting aviation is proposed, the various associations are sometimes asked for comments but this now appears to be only a formality and the final result is, in most cases we suspect, predetermined. Commissions are being appointed left and right, at great expense to the taxpayer, to investigate various matters but the results of these also appear to be the same.
>
> Dealing with the present government and its bureaucratic "civil servants" is becoming increasingly difficult and all aviation associations are experiencing the same reaction to their representations. Business and industry generally are also getting similar reactions to their representations.

I could go on and on, Mr. Speaker. Quite frankly, that guest editorial summarizes the opinions and views of many who are involved in the aviation industry.

Through the efforts of the committee we have been able to make improvements to this bill. Some provisions were modified with respect to the question of providing for a security deposit, the ability to place a lien on an aircraft, and the imposition of interest. Concerning aircraft which are classified under the 12,500 pound class range these provisions were removed and their removal was naturally welcomed by the aviation industry, particularly the light aircraft owners and operators. The Air Transport Association of Canada quoted in its winter 1978 *Air News* that the provision still goes far beyond that which is really necessary. I quote a passage from that particular periodical:

> The proposed Clause 2 amendments to the Aeronautics Act would strengthen the power of the Minister of Transport in the area of user charges. The amendments to provide for a security deposit, for liens on aircraft and to require interest on overdue charges (something the government itself doesn't pay) would enhance the monopolistic power of the Minister of Transport and prevent or inhibit sincere negotiations toward the imposition of charges that are reasonable and in the public interest.

The latter remark is a phrase which this government continues to overlook—the question of being reasonable, the imposition of charges which are reasonable and in the public interest. The article continues:

> The decision in the Committee to modify the proposed requirement for a bond or letter of credit by deleting reference to aircraft under 12,500 pounds is welcomed. However, the provisions in this clause still go far beyond what is necessary for other Canadian carriers, and because the main concern voiced by the government was to strengthen the Act in order to collect transAtlantic en route charges from three U.S. carriers, it is hoped that this clause will be eliminated or further modified when it is dealt with by the House and Senate.

That summarizes the collective opinion of the Air Transport Association of Canada which is an organization of small commercial as well as the major commercial air carriers of the nation. I can describe this exercise in no other way but to call it "autocratic" and I spell the word "Ottocratic". This symbolizes the attitude of the minister, and with regret I have to say it also reflects the attitude of the Department of Transport. Therefore I believe this amendment which is before the House at this time is important. What I have outlined here is not a new revelation, it confirms the imperious attitude of the minister and his subordinates.

• (1542)

We should not forget that the minister and the Ministry of Transport tried to impose, by regulation, a 530 per cent increase in user charges in 1976 without prior consultation with the industry. This was eventually altered because of the tremendous amount of opposition that was levelled by members of parliament and members of the aviation community.

We must not forget the mess the minister created when he was trying to set up the airport car rental program. Finally, it is going to be resolved in the courts. This is again as a result of a lack of effective consultation with the parties involved.

Mr. MacKay: How many times was he sued?

Mr. Mazankowski: The hon. member for Central Nova (Mr. MacKay) asks how many times the minister has been sued. Perhaps when he speaks, he will elaborate on that. I think it has been quite often. As minister in charge of transport, he handles himself in the same way in setting an example with his user pay policy. He expects everyone to pay except himself.

Mr. Alexander: Right.

Mr. Mazankowski: The effect of this inadequate consultation results in regulation and legislation by edict. We also cannot forget or overlook the bureaucratic bungling that occurred in the recent past in the stipulation of the requirement of a certain type of ELT to be installed in all aircraft at a cost well in excess of $3 million. The removal of these ELT's has now been ordered because of certain defects. Is the Ministry of Transport going to come to the aid of these owners and operators who were compelled to install these ELT's? No. Who is going to pay for the mistake? The owners and operators will have to pay for this mistake, in spite of the warnings of the industry.

Here again is a classic example of lack of consultation. It is the edict from on high, the "we know best" paternalistic attitude. When dealing with the subject of user charges, we must not forget the very heavy charges placed upon the users of the air terminal facilities, these very exotic air terminal facilities such as Mirabel which will operate at a $50 million deficit this year.

An hon. Member: What about Calgary?

Mr. Mazankowski: Calgary is another one. It is certainly the kind of facility that does not serve the interest of the users. It serves the users of the political fortunes of the Liberal party. Here again is a lack of adequate consultation with the industry with regard to their recommendation in so far as it relates to the function and design of the facilities.

There is unilateral decree. No wonder the Air Transport Association of Canada, when it appeared before the committee

with its testimony, stated that the carriers view themselves as captive customers of a monopolistic landlord, as they have little alternative but to use the facilities designed and constructed by Transport Canada, along with services provided at prices imposed. The relations between most sections of the aviation industry and the Ministry of Transport have become so strained that the Canadian Owners and Pilots Association, known as COPA, is considering suing the government, with some justification. On November 24, that organization sent a letter to the Minister of Transport. I quote from that letter:

> We strenuously object to the proposal that private aircraft be subject to a fee representing a 450 per cent increase in the levy on aviation gasoline sold at DOT airports and what is especially upsetting is Transport Canada's suggestion that such an increase be even considered before making a thorough study of the heavy contribution which general aviation is already making to government revenues. This is akin to saying: "We don't know how much you're paying now but we're going to make sure that you pay much more."

It goes on to point out the impact and the effect of the bungling with regard to the regulation requiring the installation of ELT's which now have to be taken out. In the February 8 edition of *Canadian Eastern Aviation News*, there is an article headed "COPA May Sue Government". I understand they are well on their way to appointing legal counsel. In fact I believe this has been done. The March edition of *Canadian Eastern Aviation News* indicates that the COPA board has obtained a firm of lawyers and is very seriously considering taking the government to court over its bungling and the fact that, through its mistakes, it has placed very severe financial impositions upon the aviation industry.

Having said that, it becomes increasingly clear that there is a need for an effective mechanism and adequate appeal provision with regard to the imposition of regulations as it relates to the utilization of terminal facilities and airport user charges for owners and operators of aircraft. The Air Transport Association of Canada said that a very serious defect is now in place in the present review procedures regarding user charges. An adequate appeal provision is not available.

We have come part way in this bill by inserting an amendment which would call for a 90 day consultative period. As I said in committee, this in no way provides for an effective appeal or for the industry to be heard in a formal way. That was a very consistent theme throughout the proceedings. It was raised by every witness who appeared before that committee.

There are various kinds of consultation. If there is not a formal mechanism or structured consultation format established, the Ministry of Transport or the government simply has to ride out the objections of the industry. In the final analysis, after a period of 90 days, the regulation is imposed and becomes law. What I am saying is that there should be a further appeal provision.

Bill C-4 is, in effect, legislation by regulation. To balance the overwhelming powers and to provide a safety valve, this amendment would provide the opportunity for a specific number of members of parliament, 20 to be exact, to refer those regulations which may be seriously objectionable back to the House for a vote. I am not suggesting that all regulations would automatically go before a committee for a review and back to the House. I refer only to those regulations that may be found highly objectionable.

It is interesting to note that in the committee Mr. McLeish, the head of air transportation, indicated that the best forum for the aviation industry is in fact the Standing Committee on Transport and Communications. If that is the best place for them to get their point across, surely it is almost imperative that, with any regulation that may be objectionable, the industry should have the right to have its say or have the opportunity to be heard before that committee. Witnesses could be called and heard, and a report submitted back to the House at which time there would be a limited debate and a vote taken.

This provision is a very fundamental part of our democratic process. We rely far too much on legislation by regulation, government orders in council, and one dollar votes. We have reached the point where we are being governed largely by government edict without ample opportunity for appeal.

We have had a proliferation of government orders in council. In 1976, 3,326 were introduced, and 653 appeared in the Canada *Gazette*. We have had a proliferation of commissions, task forces, boards and study groups, all making decisions. We have decision making bodies all over the place. However, the decision making body is supposed to be this institution. I am trying, through this amendment, to get some of that decision making power back into the House where it rightfully belongs, in the hands of the elected representatives. In that way it gets the power back to the people, and that is where it belongs.

● (1552)

I have introduced this amendment because I believe it constitutes a necessary check over the excessive unilateral authority which has been exerted all too often by a government which is overly domineering, a government which has penetrated deeper and deeper into our lives every day, in a repressive fashion such as we have not experienced in the last 110 years. This, to my mind, is not democracy; it is government by bureaucratic rule, and it must be brought into line. It must be checked.

As for the aviation community, it will be a long time, given the experience it has had with this administration, before its members forget the high-handed approach the government has taken against them in dealing with their affairs. Mr. Speaker, it is obvious the government has waged an out and out war against general aviation over the last five years. I really hope hon. members on the other side are listening keenly to this. I know the parliamentary secretary is doing so. I have a great deal of admiration for him. He has worked very hard to make this a better bill, and I respect him for that. He certainly has the ear of the industry to a much more positive extent than has the minister. But it seems to me that if the government does not want to accept my amendment we must expect a continuance of the war against general aviation, as in the past.

Acceptance of the amendment would at least constitute a gesture on the part of the government that it intends to sicken

off somewhat its campaign against aviation. I ask the government to consider my proposal seriously in the name of the democratic process and of providing the checks and balances needed to govern effectively in the interest of general aviation.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, it is always a pleasure to speak after the hon. member for Vegreville (Mr. Mazankowski), and in particular to urge the House to consider carefully the excellent speech he has made in support of his amendment. It is one which I myself support very enthusiastically. It seems to me that parliamentarians ought to be more concerned about some of the initiatives we can take in this chamber to keep a tether, as it were, on some of the departmental officials who, in some cases, I think it is clear, would like to carry a sceptre and wear a crown if only the House of Commons were to give them sufficient latitude to enable them to do so.

I believe it became obvious throughout the committee hearings, both this session and last session after hearing the witnesses who appeared, that there was not sufficient consultation with those who are most directly concerned with the effects of this bill and that there was insufficient realization of the practical problems it would create for the industry. The Canadian Owners and Pilots Association representing approximately 11,000 operators in Canada complained three times in the committee about the lack of consultation. Furthermore, once the bureaucrats have drafted a bill, they are not disposed to change their minds about it. This opinion was stated on July 11 last year.

It has become an article of faith among high civil servants that if they can implement regulations to frustrate the obvious intent of parliament, they will do so. In this connection, I recall a memorable speech by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) in which he set out some of the very unjust things which had been done to orphan children who had been denied, by bureaucratic regulation, the benefits which this chamber intended they should enjoy. There are many other examples which could be brought to light with a little research.

A spokesman for COPA stated on July 11, 1977:

> We had no advance notice of this bill and certainly no consultation on it. We do not understand why, and we think we should have been advised well ahead of time so that we might have been able to be helpful in the construction of it, because once the bill is drafted and read then it is case-hardened. Somebody, whether it is the minister or the guy who wrote it, or maybe a lot of people, including the government, feels called upon to defend it. And even though they might hear evidence at meetings such as this, which point up discrepancies in it, or problems with it, and so on they find themselves impelled to defend it because they were the ones who wrote it in the first place and they do not want to admit that they goofed.

Unfortunately, that is the truth. It is becoming increasingly evident that this chamber is losing authority every day relative to the ministers and the attempts of some of the bureaucrats, who mean well but who, like the government at times, are seized with an "edifice" complex—and we have seen some of the edifices they are pushing on the Canadian people.

For instance, for some time now the ministry has been occupied with the concept of cabin safety inspection, and no doubt in future we shall see the installation of yet another layer of inspectors in our aircraft in the absence of consultation with, or support from, the industry itself. In addition to the flight attendants telling us to place our briefcases in the precise spot designated by the ministry, we shall see some other official, full of self importance, giving the benefit of his superior knowledge on the question of precisely how a briefcase should be secured, and all at the expense of the taxpayer. And, no doubt, the air industry will be still further harassed and compelled to fix up the resulting public relations problems with the travelling public simply because somebody or other thought they should foist their grandiose ideas of what should be done, upon the travelling public.

As things are, members of parliament have little or nothing to say about these things and that is why it seems to me the amendment put forward by the hon. member for Vegreville is so deserving of support. As I say, it allows the House of Commons to keep a tether on the bureaucrats. In somewhat the same way as under the AIB legislation, action can be taken if members feel that regulations are unnecessarily regressive or impractical in their effect upon aviation. This is surely something which hon. members, regardless of political affiliation, ought to welcome. I am sure they would welcome some way for this chamber to keep, in a general way, the power to oversee and check, if necessary, a particularly inappropriate piece of regulatory work by some civil servant.

• (1602)

To indicate further the lack of respect the government, through this minister, traditionally has for that kind of consultation with industry, it is a matter of record that on June 13 last year the Minister of Transport (Mr. Lang) tried, with unanimous consent, to make this whole series of committee hearings superfluous. He asked at that time:

> —if hon. members would be willing to change the second reading motion, to provide for the bill to be referred to committee of the whole, so that it may proceed through all stages.

What did a former deputy minister of transport and later president of Air Canada think about this? It is very interesting that Mr. John R. Baldwin, who presented a paper to a senior staff seminar of the Canadian Transport Commission, said as follows:

> Most important, a difficult psychological change in the attitude of government officials responsible for providing facilities must take place. If it is future government intent to recover all or a major portion of facility costs, then the user who pays requires a larger voice in the decision as to what is provided.

He went on to state there has always been consultation with users, but government has taken a paternalistic attitude, retaining the right of final decisions as to what it will provide and at what costs, and often enough deciding against the views of users. Mirabel is a good example. Certainly there was consultation and some user views were accepted. However, the Mirabel terminal concept was what federal planners wanted, not the users. Similar problems obviously exist in Calgary.

My point is that even though in the course of time the government planners may prove to have been wise, if the user is to pay all or the major part of the costs, his views should be

paramount, and he has the prime right to decide, even if he is wrong. A major change in attitude is necessary to achieve this result.

It is pretty obvious this amendment that has been advanced by my colleague, the hon. member for Vegreville, will do quite a bit in practical and psychological terms to restrain some of these people, like Mr. McLeish, who no doubt feel they in their wisdom are the ones to pronounce in absolute terms what is best for the Canadian aviation industry. There is no doubt in the world that these people are well qualified, and in some instances no doubt they are right. However, in a democracy such as ours it is very alarming to see the trend being established more and more so that this place legislates, but the real muscle and the real practical effects of what is done do not emanate from the legislation itself but from the regulations the Public Service decides to bring in from time to time.

If there is no opportunity for the industry of the people affected and, indeed, for members of parliament, to have some sort of check or balance on these regulations which are becoming more and more repressive and numerous, then it becomes almost anti-climactic for us to worry too much about the principles involved in aviation or anything else.

I was interested in what the hon. member for Vegreville said about the opportunity to obtain information, and he quoted Mr. McLeish at the committee. I am very pleased that Mr. McLeish, the administrator of the Canadian air transport administration, feels that way toward the committee. I asked him two questions. The first question was about the results of his department's decision to test the DC-10 in California last September which, according to reliable reports, damaged this aircraft which belonged to Air New Zealand to the extent of $500,000, causing all sorts of complications and expenditures. I do not know how many lawsuits might originate from this experiment or who ultimately will have to pay the cost. When I attempted to get some information from him about this I was unable to do so.

I also asked him one other simple question about his attitude toward constant pilot monitoring and whether there had been any meaningful consultation with the Canadian Airlines Pilots' Association, and what sort of concept he had in mind. I was not able to get any information. The first question occupied Mr. McLeish's attention to the point that he seemed to get very upset that the matter was brought up at all, and he never did get around to answering the second one about constant pilot monitoring.

It seems to me, without belabouring the point and without repeating some of the things that were so ably put forward by the hon. member for Vegreville, this amendment will allow us to have the best of all possible worlds in so far as parliament is concerned. It will remove the absolute authority, the crown and sceptre complex, if I may use that phrase, which tends to permeate some of the upper echelons, particularly of the department involved. It will enable this place, by the participation of 20 members, to give vent to the wishes, the fears or whatever of the industry or the public, by giving us a tether or a rein on some of these regulations which otherwise would be passed with absolute impunity.

Through you, sir, I would urge all members of the House to give careful consideration to the amendment put forward by the hon. member for Vegreville on behalf of our party. It is the type of measure that, in a real way, can further the spirit of co-operation among members of parliament of all parties in a way which existed, for example, in respect of the subcommittee of that special joint committee on penitentiary services. It will allow us, as members of parliament, irrespective of our political party feelings, to join together and advance the position and the authority of the House of Commons, which ultimately is the only forum and institution that ought to be responsible for measures affecting large numbers of the travelling public, or key sectors of our industry.

Mr. J. Larry Condon (Middlesex-London-Lambton): Mr. Speaker, I will be very brief regarding this amendment moved by the hon. member for Vegreville (Mr. Mazankowski). On many occasions when bills are put before this House they are dragged out by the opposition, and I do not want to follow that example.

I assume that the thought behind this amendment was that it would obviously involve something that would be good for the industry. One of my main concerns is with the fact that any bills the government brings forward are all or partially wrong in so far as the opposition is concerned. The opposition goes on year after year complaining, never putting up anything constructive, just trying to tear down legislation that is good not only for the individual but for the whole country. I do not suggest that every bill this government puts before the House is perfect, but I am certain that the criticism of the opposition is also less than perfect.

One thing opposition members should remember is that when bills are presented to this House there is an opportunity available to all hon. members to contact the people who are concerned. One thing I have learned on this side from some of the more senior members, and I was taught this when I first came down in 1974, is that when bills are presented you should make sure you get a copy to the people involved and get their comments. It is quite obvious to me that it is in this respect members of the opposition are lacking. I know for a fact that when this bill was originally presented I contacted people in Ontario, including the Ontario Flying Farmers and other groups. I gave them an opportunity to speak and react before the bill went to the committee.

During my last three and a half years I have tried to make sure that all people, if they are to be affected by a bill, have an opportunity to speak. I found it to be very successful. In the last three and a half years, whenever I have voiced opposition to a bill, it has been long before members of the opposition have brought their points to the attention not only of the minister concerned but of my colleagues on the back benches and my colleagues in the cabinet. I have been able to present to them some of the problems and sometimes the lack of knowledge about the legislation of the people whom the bills

propose to help. Obviously this is a problem that crops up from time to time.

● (1612)

I am not too critical of the media, but sometimes you read in the local newspaper, or even a national newspaper, a headline condemning some bill that has been presented in the House. When you read the article and then you look at the bill, you find there is quite a difference between what is said in the newspaper and what the government proposes to do in the bill. I am sure hon. members opposite realize that, when bills are presented, they are not picked out of the hat for somebody's convenience. Bills are presented to help people who are affected in certain areas, such as transport, health and welfare, or any other area under federal government jurisdiction, and to make sure these people know exactly what the problems are so that the government can help them. If this is not what the government is supposed to be doing, then I am afraid both sides of the House are redundant. For the last three and a half years the government has endeavoured to ensure that the people have been heard and that they are helped through legislation.

I was quite surprised when one of the opposition members—I think it was the hon. member for Vegreville—mentioned something about the AIB and said that people have nobody to whom to protest. I can assure him that members on this side whose constituents have had problems with AIB have been helped by this side, although people in the outside world might think that backbenchers are just fellows who stand up at the end of a string at vote time. Some people think that, but I think my colleagues around me realize that the work we do for our constituents and the people of Canada consists sometimes in needling the cabinet by bringing to their attention problems in different constituencies when these bills are presented.

I have marked down something that was said by the hon. member for Vegreville and, if I am incorrect, I hope he will correct me. He said that landing fees seem to be imposed on people with smaller aircraft. If he checked the record of the committee meetings, the hon. member would see that when the minister proposed the legislation, landing fees were proposed, not imposed. What is the minister doing? He is laying down a bill before the House for comment, not only from members on this side or in the opposition but from people all over Canada who would be affected by the bill. Is this not what democracy is all about? We lay down a bill before the House, we give an opportunity to debate it and for amendments to be proposed to improve the bill so as to help the people better in areas where such help is needed.

Mr. Mazankowski: Mr. Speaker, I rise on a point of order. The hon. member invited me to correct him if he was wrong, and certainly I want to take that opportunity because it is pointed out very clearly in the bill that the charges are imposed rather than proposed.

Mr. Condon: I think the hon. member for Vegreville misunderstood me. The connotation he put on it was that the government was imposing this bill upon the people. I think hon. members will recognize that when a bill is put before the House, it is proposed rather than imposed.

Mr. Alexander: That was shifty. It is called reversing gears.

Mr. Condon: Mr. Speaker, I am affected when I hear criticism from the other side and I appreciate it.

In closing I should like to say, as one hon. member said, that this bill is not a sexy bill which will get headlines, a bill which will receive much media coverage. The bill has been proposed to help the industry, to help it regulate itself through participation with the people who will be affected.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, this might seem like a very minor bill for the prestigious House of Commons to be considering, but the amendment proposed to it has changed that. The amendment has put before the House the salient question: does this House have any guts left? The amendment simply asks that in matters concerning the safety of aircraft, as proposed in the amendments to the Aeronautics Act, the House have the power to check the regulations. To make absolutely certain that no member of the House and, I hope, no person who travels on an aircraft or on any helicopter in Canada misunderstands the situation, I will put it in terms that everyone can understand.

I suggest that hon. members look at the amendment to clause 3 on page 2, which I will read slowly, following which I will deliver my remarks on it loud and clear. The clause reads:

> 3. The said Act is further amended by adding thereto, immediately after section 5.1 thereof, the following section:
>
> "5.2 For the protection of passengers, property and persons on the ground the Governor in Council may make regulations requiring the owners and operators of privately registered aircraft to subscribe for and carry liability insurance, and fixing the minimum amount of such insurance".

On reading that clause probably everyone feels reassured that parliament is giving to cabinet the power to make regulations, if it wishes, to protect passengers—is it not wonderful because we might be flying in an aircraft some day—property and persons on the ground. That is what it sounds like, but what is the reality? Throwing away the rights of parliament in that type of hypocritical amendment is nothing else but hypocrisy of the highest order, window dressing. Let me give you an example in plain terms.

Everyone of us flies on Air Canada, CPA, Transair, Okanagan Helicopters or any type of aircraft which carry more than the number of pounds mentioned in the legislation. We should read the small print in the bills. If we did, we would find that whenever we travel by Air Canada or CPA, we are insured, whether we know it or not, for $75,000. That has been there in similar type of legislation for years and those airlines are not exempt, but name me one person in all these years that the legislation has been there, put on by so called responsible parliamentarians, that a single person has ever received that insurance. That is what I mean by hypocrisy. Surely after all these years of tragic air crashes across this country, all these years of mothers and children waiting for something that never

comes—insurance is supposed to be guaranteed as implied in the legislation—some money should have been paid out.

Because we are parliamentarians, we think we are doing a job when we sit here and let government backbenchers, like the hon. member for Middlesex-London-Lambton (Mr. Condon), say that the government consults everybody. With whom is the government consulting—morons? Anyone who knows what is going on in this field in this country should be ashamed of himself to see legislation like this going through the House. All this amendment asks is that parliament have some of the power it used to have with regard to air safety, that the regulations put through by the governor in council which are drafted by civil servants are examined by us and that they be put into plain language which even lawyers could not muck up.

● (1622)

What is being done here? Parliament thinks it is passing, in the example I am using, power to the cabinet to make regulations to see to it that people who fly in aircraft are protected, but in fact they are not protected. A passenger is happy when he realizes that there will be insurance in the event of his death and that his family will be independent for life. However, when his estate goes to the insurance company to collect $75,000 or $40,000—whatever the minimum regulations call for—the insurance company says, as insurance companies do year after year, that it will be glad to pay if the estate can prove who caused the accident. How in God's name, when there were 300 passengers on an aircraft and you were sitting in the last seat—and when you are dead—can you prove how the accident happened? Even if you are a survivor, you cannot prove that.

When insurance companies ask for that proof, they are just grinning because they realize that there are a bunch of stupid people in the civil service and in parliament who allow this type of legislation to pass unchanged. This is the type of crap that destroys the credibility of parliament. This is the type of hypocrisy which make us all ashamed when we know about it. All we are asking is that this parliament be allowed to look at the facts. I challenge anyone to name me one person who has ever received this insurance. The insurance companies are ripping off the owners of aircraft who are compelled by this legislation to buy insurance. The insurance companies look at the regulations put through by civil servants, and never pay.

I want to be very specific. Everyone remembers the crash at Toronto several years ago. I challenge anyone to name one family of any of those 100 passengers who died that night which has received any insurance. Yet under the regulations passed by the governor in council with the authority of parliament, there had to be insurance.

This is not a matter of an academic discussion of a fine point of law. What we are discussing here is the stupidity of parliamentarians who sit back and say that because they are on the government side they will surrender their souls to the civil service mandarins and put through whatever they ask.

The hon. member for Vegreville (Mr. Mazankowski) is proposing that since the civil service has failed to write regulations which are clear enough to demand what parliament wants to be done and since the governor in council is so busy and tired that there is not enough time to do this properly, we should bring it to parliament, and parliament should do the extra work to make sure that if we are going to be held responsible for the legislation, we should see the regulations which are being put out under this legislation. This deals with the safety of those who travel by air. Let us remember where the fault lies. It lies right here in parliament where we have said that we are so busy we have no time to deal with regulations or orders in council. Here we have an amendment proposed by the hon. member for Vegreville which says that we will take time when the safety of the travelling public is concerned. I think we should pass this amendment so that we can have some of our credibility restored.

Let us get rid of some of the awful shame which hangs over us all by saying that in this field we will take time and see to it that the regulations are examined by the representatives of the people and not by the paid incompetents who write these regulations and who, I confess, are mostly lawyers who should not be in the job.

Mr. Hnatyshyn: Is this a party vote?

Mr. Hamilton (Qu'Appelle-Moose Mountain): The solution is very simple. Let us put this amendment through. This amendment would give us the power to overrule regulations. Then the civil servant who drafts the regulations and takes them to the governor in council to have them approved will notice what has been said here and will make certain that the regulations are put into clear English which does not allow insurance companies to continue this rip-off.

The insurance companies rip off the owners of Air Canada, Canadian Pacific, Okanagan Helicopters and anyone else who rents out an aircraft which weighs more than the prescribed weight. However, the families of those who die are the real victims of the rip-off. If we want solutions, let us put this through. I suggest that the regulations be put into plain terms such as "It is the desire of parliament that passengers shall be protected" and none of this "may" stuff.

The regulations should require that insurance be paid the minute there is proof of death or injury, and let the insurance companies use the dollars they collect in premiums to find out who is responsible. Let them try to collect their money from the negligent party.

Let us go back to that Toronto Air Canada crash. Obviously the facts show that either the Ministry of Transport, the employees of Air Canada, or both, were responsible for that awful crash. It was not the fault of any passenger. Why, then, should the families of over 100 passengers, innocent of any fault, have to wait all these years for the long and dragged out procedure in two courts? They have to go after Air Canada in one court and the Ministry of Transport in another. One is a Crown department; the other is just an agency of the Crown. This means that the poor fellow who is taking action to find out who is to blame in order to collect his legitimate liability insurance has to have enough money to get actions started in

two courts simultaneously. The minimum fee to get started in either of those courts is about $50,000. Over four years it mounts up and mounts up, even if "Rockefeller" is his name.

I speak with obvious feeling when I say that we condemn ourselves by letting this type of slipshod clause get through. Knowing the facts as they have been for the last ten or 20 years, why should we repeat it all over again? I suggest that none of us would be hurt very much by amending this legislation in order to let us examine the regulations to see if we understand them. I am very sure that parliamentarians of all parties would make sure that if we say that insurance protection should be provided to passengers who fly on our aircraft, somebody will pay if there is an accident. However, the present situation in which families of deceased are asked to prove negligence, should not be allowed to continue.

I was talking about an accident which occurred right in the middle of a crowded area, Toronto. What about other accidents all over the country, and accidents in remote places where no one even knows they happen? There is hardly ever any chance of proving which party is negligent. In the case of the recent crash at Cranbrook, they are rushing to find out who was negligent. Before that is resolved there will be a lengthy legal case. The families of the people who died will wait for their insurance for years, and it may never come because the case will never be completely resolved. Indeed, most of the families will not know there was insurance because that fact is not advertised. There is plenty of advertising if the company is supporting the Hamilton Tiger Cats or something like that, but we do not advertise to tell people that insurance is available through order-in-council. It is kept a deep secret. In the event that someone should find out about it, however, it is not likely they will receive anything.

● (1632)

I suggest, Mr. Speaker, that we should accept the amendment proposed by the hon. member for Vegreville, which reads in part as follows:

All regulations made pursuant to this section are subject to negative resolution of the House of Commons.

That is very simple, Mr. Speaker. I do not want, any more than anyone else, to overload this House with details of management and administration, but on no subject have we greater reason to ask to take back some of the power turned over to the governor in council, than on this one. They have failed to do their duty through ignorance and maybe through fatigue.

It is not only in the field of air safety that troubles arise, Mr. Speaker. Many members here have heard me speak on the subject I am about to touch upon. I have felt very sorry for ministers of finance in this parliament. Since the days of Walter Harris I have seen them destroyed, one after the other, because they did not know enough about what was wrong with the economic theories that civil servants were following, to change them. And even if they did know, they were not able to change them.

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

We saw good men knocked down—colleagues of ours, people who were liked—because rightly or wrongly the mandarins in the Department of Finance told them, "This is the way, and this is what you will do." The way has been proven, quantitatively, to be wrong. I have seen these ministers destroyed as human beings through not knowing enough to cope with the charm and persuasion of mandarins who want to cling to power even though they are following the wrong economic road.

Perhaps that is understandable with the involved subject of finance. Safety of air passengers is a subject we all understand, however. People who do not want to think about safety should not fly. On this simple matter that we do understand, we as parliamentarians should make it clear to Canadians that we intend to take this power back and take full responsibility for seeing that regulations are drafted to ensure that what we want will be accomplished. The present regulations regarding the liability insurance that I have used as an example, are not being applied as parliament must have wished when the legislation was passed.

It is not just the question of safety that concerns me, Mr. Speaker. Just a few moments ago a minister of the Crown left the chamber. When he was minister of national health and welfare he was very proud of the fact that he introduced legislation which was passed by all parties in this House calling for a family allowance of $20 per month for every child, regardless of the means of the parent. But when the regulations were published, they did not carry out this promise of parliament. The regulations provided that all children, regardless of the wealth of their parents, should receive $20 per month—except if a child had lost both parents. Apparently, according to the mandarins in the Department of National Health and Welfare, an orphan is no longer a child but is an adult. Under the regulations passed by governor in council this parliament must sit quietly by whilst every orphaned child in this country is barred from receiving the family allowance that we voted.

I took this matter up with the then minister, and I think he was just as shocked as I was. The senior civil servant concerned with this told us, however, that the regulations could not be changed and that if an orphan, whether three years of age, or seven years of age, was paid $20 per month, it would destroy the tax balance of the budget. He maintained it would hurt the country financially by disturbing the balance of ways and means. In parliament we thought we were voting $20 per month for every child under 16 years of age without regard to wealth, but the civil servants decided that orphans were to be excluded. A child who loses one parent would still receive $20 per month, but a child who loses both parents would lose everything, by regulation. And parliament had nothing to say in the matter. When the minister had this brought to his attention—

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

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Thank you, Mr. Speaker; I have just a sentence or two left. I raised the matter of the family allowance because it is understandable. We all know what an orphan is. In parliament we thought we had done something worth while to help families have children by paying an allowance of $20 per month. We find, however, that by regulations passed without the knowledge of parliament—not brought back to parliament but passed by the governor in council—this is not the case. When we protest, as parliamentarians, we are simply told that the civil service knows what is right and what is wrong.

The question of public safety on aircraft is not that much more difficult to understand. We know that we are not likely to survive the crash of one of these fast aircraft. The chances of any crash being fatal are very high. I think we owe it to everyone who flies in an aircraft in Canada to ensure that if we say, as parliamentarians, that they should be insured, then the family that is supposed to be protected by that insurance receives that protection. I think parliamentarians are smart enough to do that. We may not be able to come up with the latest theories in finance, but in matters such as I have referred to with practical examples, we should be able to ensure protection for our citizens.

I think I have made a solid case for supporting the amendment of the hon. member for Vegreville that on the question of air safety we should give parliament the right to approve or disapprove regulations, and not leave it to the governor in council alone.

Some hon. Members: Hear, hear!

Mr. G. W. Baldwin (Peace River): Mr. Speaker, you will notice that I hesitated for a moment before commencing the few words I am going to deliver. After that powerful and moving speech by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) I thought the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe) would have gone outside to communicate with his minister and then come back to indicate his willingness to accept this reasonable and sensible amendment.

I am looking hard at the parliamentary secretary, and I do not see him nod, so I have to assume he has not been able to get consent. If he had, it would have saved this House a lot of time and we could have dealt with more pressing matters, such as the economy. Unfortunately, no matter where the heart of the parliamentary secretary may be, he is in the position of having to do what he is told. I am sorry hon. members are in a position where they are compelled to occupy positions of parliamentary secretaries. I am sure they would be much happier over on this side conducting the kind of spirited defence for the rights of the public which the hon. member for Vegreville (Mr. Mazankowski), the hon. member for Qu'Appelle-Moose Mountain, and the hon. member for Central Nova (Mr. MacKay) have carried out. If the hon. parliamentary secretary is fortunate enough to come back to the House after the next election, he will have the useful experience of sitting on this side and trying to repair some of the damage he has helped cause.

● (1642)

The hon. member for Middlesex-London-Lambton (Mr. Condon) spoke about whether situations are proposed or imposed. It is an issue which concerns us all. For example, are estimates and spending proposals imposed or proposed? What about orders in council or regulations of this kind? Are they proposed or imposed? I could go on, Mr. Speaker, and ask, what about penal institutions? Are they imposed or proposed? I am sure the hon. member will be able to answer that question. Who will know whether penal institutions are proposed or imposed upon hon. members and upon their constituencies?

We now come to the question of regulations. The hon. member for Qu'Appelle-Moose Mountain and I fought this battle many times. I believe we started off with the Aeronautics Act and the original transportation act which included references to aeronautics. At that time the hon. member for Crowfoot (Mr. Horner), who had not that time been elevated to his present position, was sitting on this side of the House in a greater degree of respectability than he now has. He joined with us at that time in opposing with vigor the legislative proposals of the government, of which he has since become a member. He objected to regulations in the transportation act, to regulations in the act dealing with farm legislation and marketing. He was a tiger when it came to opposing proposals which gave to the government, to the ministers, to the governor in council acting on the advice of their advisers and officials, the power to act, just as this particular legislation will give to the officials of the Department of Transport. The hon. member for Crowfoot is now actively engaged in enforcing regulations of a kind which he once opposed. That will be very interesting reading at some time.

On this side of the House we are concerned. Personally I have been concerned for a long time. We have passed bill after bill in this House, vesting in the government, in the governor in council, in a minister, in an agency, the power act by regulation and order in council. My hon. friend from Vegreville referred to the fact that there were well over 3,000 passed during the past year. It is true that there is some opportunity to examine those through the medium of the statutory instruments committee. Our examinations are only conducted as to form. We do not go into the merits, or into the policy which lies behind the promulgation, the enactment of these orders in council. We have examined a great many of them and we have put in some reports.

In the second report of that committee dealing with orders in council we placed a very reasoned argument, buttressed by facts and by law. I am glad to see the Postmaster General (Mr. Lamontagne) here. The Post Office was in breach of law in trying to secure increases in postal rates by order in council. We supported that argument by references to decisions of the courts, by references to people who were supposed to be

experts in connection with the business of enacting orders in council. This was the second report of the Joint Standing Committee on Regulations and Other Statutory Instruments which was unanimously approved, supported by members from the other House.

That report was brought in, left in this House and never objected to by the government. Here we find the government now in complete disregard for a report of a very powerful and effective committee of this House saying that it intends to pay no attention to it. The government is going to keep on increasing postal rates by regulation and order in council despite the fact that the law, the facts, common sense and equity all say no. This is why my hon. friend from Vegreville and other members from this side of the House and I hope that some members on the other side will rise to the occasion with a display of intestinal fortitude which may be alien to their political faith to say, "So far as we are concerned we agree with the hon. member for Vegreville and we will not stand idly by and see vested in the government this sort of power."

I have looked at most of the statutes on the order paper. As I sat here listening to the speeches made I went through the order paper which contains, in the Orders of the Day, a list of the government bills. I would venture to say that two out of every three bills contain vast enabling powers which the government is asking this House to give to a minister, to the governor in council or to an agency. All members and all practical people know that in the kind of world we live in it is not possible for this House to deal in detail with every possible contingency which might arise by which it is necessary for the government and/or its officials to deal with areas covered or encompassed by legislation. We all understand and accept that it is necessary to deal with some of those difficult situations by the media of orders in council and regulations. All we ask, and I think it is a very reasonable request, is that it be vested in this House and when we give this power away we retain some form of liaison, in order that we can call the matter back if we have to do that.

I have spoken to the hon. member for Vegreville on this matter. We have no intention of engaging in, and no sensible or responsible opposition party or member would for one moment contemplate, a wholesale practice of calling back for discussion in this House, through the means of the amendment suggested by the hon. member for Vegreville, every issue and item covered by an order in council. There must be some protection. As my hon. friend from Qu'Appelle-Moose Mountain has said, we are in a better position than all the highly paid civil servants in this country. I am not disparaging them when I say that.

Through the daily and weekly contacts we have with our constituents and the public of Canada we are in a better position to realize what may be the impact of an order in council drafted somewhere in one of the ivory tower complexes with which this city is infested. These public servants do not have the slightest idea. They may be only 2,000 miles away from St. John's or 3,000 miles away from Peace River. In terms of knowledge of what goes on they are thousands of light years away.

Mr. McGrath: Another galaxy.

● (1652)

Mr. Baldwin: Canada has many nostrums for the settlement of its problems. They have been put in place. God knows we are saddled with them for some time. I have great respect for most public servants, but many of them who will rise to the top positions have an affinity with ministers who sit in cabinet. They understand them because, unfortunately for the country, they have the same kind of mentality.

It is not good enough just to give this power to the government. I would like ministers here to answer honestly in how much detail they study the list of orders in council which come before them. To what extent are those orders in council supported by documents and papers which will show their effect? I believe it is very little. This situation will be remedied when we switch sides after the election.

That is the problem we face. It is what the hon. member for Vegreville is asking. Surely it is not too much to ask for support from the government people so that when an order in council is relevant and important and may have an unexpected or unusual practice, it will come before this House of Commons for discussion. The very fact that the power exists will, in my judgment, impose upon public servants a greater measure of care, caution, and scrutiny of the proposals they make. When regulations finally are enacted, they will be of a higher quality, having been drafted with one eye to the possibility of them being brought into this House.

I practised law for many years. I say to the hon. member for Qu'Appelle-Moose Mountain, who has now left the Chamber, that my 20 years' experience in the House of Commons will probably purge me of all my sins as a lawyer. I say that as a result of a comment he made.

Throughout that period of practising law, I only had occasion three times to use the application for a writ of habeas corpus. However, the fact that that right exists, brought down to us over hundreds of years' experience under the parliamentary system of government, is a most salutary and useful restraint on government improperly taking custody of people in an illegal way without going through the law. I know the War Measures Act is a variation of that. It took a special kind of government and a special kind of Prime Minister (Mr. Trudeau) to invoke the War Measures Act.

Mr. LeBlanc (Westmorland-Kent): With the opposition supporting it.

Mr. Baldwin: That is a different story. When it is written, we will have more to say about that.

Some members opposite say that with our political process, why worry about bringing into the House of Commons for debate and discussion orders in council, as suggested by the hon. member for Vegreville? With an election every four

years, the people can decide through the political process what will happen. I will suggest to hon. members what happens.

We are now going into an election. This party will be making very strong representations, as will my friends to my left, in a different vein, on the questions of the economy, inflation, unemployment and the sagging dollar. On the other hand, the government, in an unfortunate predicament because of these same issues, will have only one political argument. They are going to send out their rather shop-worn figure of a leader. They sent him to the cleaners to be de-spotted. They will run him up the masthead and say, "This is our policy". They may get in that way. If they do, it will be the greatest con job since Barnum and Bailey introduced the bearded lady into show business. In an election of that kind, there is no opportunity for intelligent and rational debate on the issues.

The hon. member for Vegreville has given illustrations where the government has acted most improperly and abruptly with regard to some regulations dealing with aircraft, the costs to be paid in connection with those aircraft, and the impact that will make in an election if the events occurred two or three years previously. It simply is not good enough. We must have a day-to-day, month-to-month, year-to-year analysis and study of what goes on under the guise of these regulations in order to protect the people of this land.

I close on another high note. I have before me a copy of today's Ottawa *Citizen* which contains an article entitled "Bureaucracy, Waste 'Sickened' Former PS". I quote from the article:

> A former official of the federal Treasury Board said Saturday he was "heartsick" at the government waste he witnessed during his years in the job.
>
> Douglas Hartle, a former deputy-secretary of Treasury Board, told a workshop at the Ontario Liberal party's annual meeting that he saw "too many public servants chasing not enough work, some of them grossly over-paid." . . . When times were good in the early 1970's, Hartle said the government always had more money at its disposal than it knew what to do with.

I am sure the hon. member for St. John's East (Mr. McGrath) will be most interested in that comment bearing in mind the situation which prevails in his constituency, a situation which developed because there were not adequate funds, when there should have been, to deal with those issues. The article continues:

> "Treasury Board deals mainly with Mickey Mouse matters," he said. "When all is said and done, the bureaucrat is eventually told to shut up. I'd had my say and the minister would decide."

That is the situation which prevails. We all know it exists. We have been here long enough. All the hon. member for Vegreville is asking in his very simple and reasonable amendment is that there be left in this House the ultimate right to have considered, when justified, an order in council which goes to the root of the problem dealt with in this act.

The Acting Speaker (Mr. Turner): The hon. member for Winnipeg South Centre (Mr. McKenzie).

Mr. McKenzie: May I call it five o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for York-Simcoe (Mr. Stevens)—The Canadian economy—Value of Canadian dollar—International investment in Canada; the hon. member for Winnipeg South Centre (Mr. McKenzie)—Transport—Government action to reduce airline disasters; the hon. member for Kootenay West (Mr. Brisco)—Environmental Affairs—Akamina-Kishinena, B.C.—Protection of wildlife.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills. I understand there is unanimous consent to stand motion No. 4 in the name of the hon. member for Ottawa West (Mr. Francis) and motion No. 11 in the name of the hon. member for Don Valley (Mr. Gillies). Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): It is so ordered. We will now proceed to motion No. 19.

* * *

GOVERNMENT ORGANIZATION ACT

SUGGESTED AMENDMENT TO PROVIDE FOR SEPARATE DEPARTMENT OF FISHERIES

Mr. James A. McGrath (St. John's East) moved:

> That, in the opinion of this House, the government should consider the advisability of bringing in legislation to amend the Government Organization Act providing for a separate Department of Fisheries.

He said: Mr. Speaker, I believe this is the third time this resolution has been brought before the House. It is and has been as a result of the government re-organization of 1971 when the Department of Fisheries, as it then was, was merged with a number of government agencies. The Environmental Protection agency, the Canadian Wildlife agency and the Meteorological agency are three that come to mind. They were merged to form the new Department of the Environment.

● (1702)

As a result of our opposition to the bill and as a result of some reasonable heads prevailing, there was agreement at the time and the minister became known as the Minister of

Fisheries and the Environment. This was at a crucial time in our negotiations with other countries in connection with the Law of the Sea and it ensured that one of the major fishing nations of the world would continue to have a minister of fisheries. However, the department became the Department of the Environment, and the Department of Fisheries became merely the fisheries service of the Department of the Environment. In my opinion that has never been a very satisfactory arrangement, and events have shown that this view is well founded.

All we need do is examine, for example, the budget of the Department of the Environment to find that 50 per cent or more of the department in terms of personnel and budget is made up of fisheries services. This is not to suggest for a moment that environmental questions are not important. Indeed they are, and they should receive the priority they deserve. Today, of course, we have a minister responsible for the environment, a minister of state, who answers to the Minister of the Environment who is now the Minister of Fisheries (Mr. LeBlanc). That is the way we get around the legality of the arrangement because, until the government brings in an amendment to the Government Organization Act, we shall continue this very unsatisfactory arrangement.

To put the matter in historical perspective, this all started back in 1971. Even the Liberal party was never very happy about what was done. The Liberal convention of 1973 passed a resolution as follows:

> In view of the immense importance of the fishing industry to Canada, particularly to the coastal provinces, that there be established immediately a department to take charge of this area to be known as the Department of Fisheries and Marine Resources.

That resolution was adopted by the Liberal convention of 1973. It followed a similar resolution adopted by Conservative candidates from the Atlantic provinces in 1972 and again in 1974. I might add that Liberal candidates in the Atlantic provinces at a meeting in 1974 adopted a similar resolution.

The only action to flow from all this was a move by the Prime Minister (Mr. Trudeau) in 1974 to give us half of what he had promised by appointing a Minister of State for Fisheries. That office was filled by the present Minister of the Environment. The Minister of State for Fisheries had to operate within and under the authority of the Minister of the Environment. All this was happening, unfortunately, at a most critical time in the history of Canada, at a time when the Law of the Sea situation was coming to a head; a consensus was developing that ocean states had the right and the responsibility to manage their offshore resources. As a result of this emerging consensus the 200-mile limit was unilaterally imposed by the government and took effect in January, 1977.

Again, in the fall of last year, the Prime Minister promised, and I quote, "We shall separate the two departments as soon as we have the legislation passed." That was in September of 1977. Now we are at the end of the present session and of this present parliament. It is obvious to me that, notwithstanding the promise made by the Prime Minister in 1977 and during the election campaign of 1974, and the resolution of the Liberal party in 1973 and again in 1974, repeated at the last convention a few months ago, the government has not seen fit, because it does not consider this to be a matter of priority, to bring legislation before the House amending the Government Organization Act, to redress this serious anomaly by once again creating a fully-fledged Department of Fisheries.

Thus, we shall have to continue during this parliament and beyond the next election and well into the next parliament before obtaining legislative sanction for what is the de facto situation—in my opinion a most unsatisfactory one. It is unsatisfactory because, on the verge of the most exciting time in the history of the fishing industry in Canada, we are beginning to realize, as a result of the action we took a year ago, the tremendous potential for expansion there is in the industry for the benefit of the nation as a whole and particularly of the Atlantic provinces. In the past year, for the first time in our history, the market value of the product exceeded $1 billion—it is now $1.2 billion. This makes the industry a very important one, one which merits a fully-fledged department with the undivided attention of a fully-fledged minister.

There is an even more important point which should be made. The Department of Fisheries, unlike any other department in the government, is directly responsible for the lives of thousands of people engaged in the industry. The Minister of Agriculture (Mr. Whelan) is in the nearest comparable situation but he has nothing like the responsibility for the lives of human beings as is found within the Department of Fisheries in respect of our fishermen and the ancient industry which they so bravely and energetically pursue. Yet the government does not consider this to be a matter of priority. I say this to the Prime Minister and to the Minister of Fisheries and the Environment: my province considers this to be a matter of first priority. It is the number one priority in Newfoundland, it has a very high priority in Nova Scotia and, I suspect, in the minister's own province of New Brunswick.

It is number one priority in my province because we see in the fishing industry an opportunity for self-sufficiency for the first time. The industry presently employs about 20,000 people in the province. There is a tremendous potential for expansion if we manage the resource properly, if we develop new markets and operate under an umbrella of federal-provincial co-operation. The minister must not forget for a single moment that this is an area of shared jurisdiction. The minister may nod his head, and *Hansard* may not record that nod.

● (1712)

The fact of the matter is, there is a shared jurisdiction here. The fish that swim over the banks of Newfoundland within the 200-mile limit are just as much a resource of the province of Newfoundland as the oil that seeps from the tar sands of Alberta is a resource of the province of Alberta. The minister all too often forgets that very important fact. That is why we are concerned over the propensity of this minister, who is competent and whose heart is in the right place, but whose competence and charity are only exceeded by his arrogance—

Some hon. Members: Oh, oh!

Mr. McGrath: I say that regretfully because I have great personal respect for the minister. When it comes to dealing with the provinces and his provincial counterparts in Newfoundland, where this industry is our principal primary industry, or with his Liberal counterpart in the province of Nova Scotia, the minister demonstrates an arrogance that regretfully exemplifies the attitude of this tired government.

Some hon. Members: Oh, oh!

Mr. McGrath: I say that in great sadness, sorrow, and in great anger. What has this meant? It has meant confrontation with the province of Newfoundland and confrontation with the province of Nova Scotia, the two principal provinces involved, at a time when the provinces and the federal government should be working together to maximize the tremendous potential and expanded opportunities that are ours in the 200-mile limit.

We know about the development program put together by the minister of fisheries for Nova Scotia and the Newfoundland minister of fisheries, and the attitude of this minister toward that program. We know of the attitude of the minister with regard to bilateral agreements to give away our exploitable surplus catches without so much as a by-your-leave to the provinces concerned; without any consultation whatsoever. I say that with great sadness because the minister has within his department a great team, competent in every respect. They are able to deal with the situation and anxious to get on with the job of working with the provinces. I only hope the minister has learned something from the experience of the past year.

It strikes me as passing strange, for example, that the Americans on the eastern seaboard, with nothing close to the potential we have, are not entering into bilateral agreements to give away surplus stocks as we are doing. On the contrary, they are planning on phasing out all foreign fishing off the eastern seaboard. They are building trawlers in preparation for that day when they will have the total situation in terms of the exploitation of the resource. What are we doing in Canada? How many foreign trawlers have we licensed; 500, 550? We have issued over 500 licences for foreigners to come and fish within our 200-mile limit. Just two weeks ago we entered into an agreement with the Spaniards, bowing to international blackmail. The Spaniards said they would co-operate in ICNAF areas if we would give them the right to catch 20,000 metric tons within our 200-mile limit.

Mr. LeBlanc (Westmorland-Kent): No way.

Mr. McGrath: Of course, we gave them 5,000 tons. We should not have given them anything. The figures certainly bear me out because I quote the total allowable catches for cod in two areas, 2GH and 2J+3KL. Those are the two areas with regard to cod.

Mr. LeBlanc (Westmorland-Kent): Within the 200-mile limit?

Mr. McGrath: Within the 200-mile limit. I give the figures for the total allowable catch of cod of 155,000 metric tons, and we have in 1978 given away 52,000 metric tons to foreigners. Every time we give away surplus quotas we give away the potential for creating more jobs. This is at a time when we should now be taking steps to place orders in our idle shipyards in Halifax, Saint John and Pictou, to renew the fleet, and our fleet needs renewal. Most of our trawlers are 20 years old.

Mr. LeBlanc (Westmorland-Kent): Nine.

Mr. McGrath: O.K. Our side trawlers are on an average of 20 years old and our stern trawlers are on an average of nine or ten years old. So we have to talk about fleet replacement. What are we doing about that? I suggest we are doing absolutely nothing.

I just address these problems to indicate to you that we are at a time when we should in fact have the total, complete and undivided attention of the minister and a department that deals exclusively with this very serious problem regarding the fishing industry.

I know the minister will deny this but I happen to believe that the evidence suggests we have been using our surplus quotas within our 200-mile limit in exchange for commodity agreements for other Canadian commodities on the European market.

Mr. LeBlanc (Westmorland-Kent): I deny that; I flatly deny it.

Mr. McGrath: It is not without coincidence that in respect of five countries where we have bilateral agreements for surplus quotas we have a total of $2.5 million in commodity agreements. That may be a coincidence, but I suspect we are using our unexploited surplus quotas to barter for commodity agreements, and that, in my estimation, is scandalous, especially when you consider that this is being done without any consultation whatsoever with the province that is to be directly affected. Of course, the province that is directly affected in most of these bilateral agreements is the province of Newfoundland.

I say there should be no bilateral agreements, apart from those bilaterals we entered into, because we had to honour them in terms of phasing out historical treaty rights. That was an obvious and necessary prelude to taking the unilateral action we took in imposing the 200-mile economic zone. Apart from that, there should be absolutely no bilateral agreements whatsoever. This is our resource and we question and challenge the right of the federal government to give away one single metric ton of that resource without consulting us first.

Mr. LeBlanc (Westmorland-Kent): We do.

Mr. McGrath: You do not, sir. The minister does not and there has not been consultation on these bilateral agreements. So much for what is the regrettable minister's arrogant approach.

The minister has a competence which augurs well for the future, and he has around him very competent people. I suppose the minister's future is limited in the extreme, certain-

ly to the next election, but, for God's sake, I say to him, in the few months he has left he has an opportunity to enshrine his name in the marine and fisheries annals of this nation by putting in place the new plans that are necessary if we are to maximize the returns that are there for us in the fishing industry.

We require fleet replacement, and the department should do something about these small craft harbours, a budget which has been cut year after year, to the point where we are sadly deficient in terms of wharves, breakwaters, and on-shore facilities. The department should do something about the development of new markets. That may not be the minister's direct responsibility, but obviously he does have some responsibility in this regard. We must do something about market development so we will not have the situation—

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

Some hon. Members: Agreed.

Mr. McGrath: Obviously, Mr. Speaker, I do not want to talk out my own motion, though I could continue until six o'clock. I will very quickly bring my remarks to a close by saying to the minister through you, Mr. Speaker, that the people of Newfoundland, of Nova Scotia and the Atlantic provinces generally, including eastern Quebec and the Gaspé, are looking to the government for leadership. The first manifestation of this leadership will be a move by the minister's colleague, the hon. government House leader, to bring in an amendment to the Government Organization Act, setting up in law a separate department of fisheries which would provide the minister with the opportunity of making a major statement in this House. That is something we have not had since the imposition of the 200-mile limit on just exactly where we are and where we are going, and what is the potential for this tremendous industry.

● (1722)

Coming from a province where the unemployment rate is twice the national average, where there are pockets of unemployment in excess of 25 per cent, we see, and especially our young people in the fishing industry see, opportunities which we have never had before. The world is starving for the protein that is off our shores in abundance and which we now control by virtue of the 200-mile zone. We must ensure that the returns from that industry are maximized for our people. I would say to the minister that time is running out and I hope the government will give us some indication of exactly where we are going.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am very happy to participate in this debate. My esteem for the hon. member for St. John's East (Mr. McGrath) makes me regret that he does not participate in debates more often. Of course, no blame is attached to him in what I say because I know how busy he is in committees other than the Standing Committee on Fisheries and Forestry, where I think he would agree we are responding to what he described at the beginning of his remarks as exciting times.

The hon. member has accused me of arrogance. This is not the first time, and I regret it, because I hope he does not confuse arrogance and firmness. There are areas of responsibilities which I cannot delegate, and in fact, fishermen, through their organizations and their spokesmen, have asked me to be firm in the development of this new opportunity which is presented to us in the 200-mile zone.

I might say to the hon. member that bilateral agreements with other countries have absolutely nothing to do with commodity agreements, and I state this flatly. I might also add that members of the industry and members of provincial governments, either through their deputy ministers or otherwise, were apprised of the bilateral negotiations.

The hon. member gives short shrift to a very important Canadian interest, that is, fish outside the 200-miles which move in and out of the zone and which are so important to the hon. member's province. Obviously international co-operation requires us not to take a dog in the manger attitude with regard to anything in our own zone that is surplus to our needs. It is for that reason that we are willing to look at the allocation of our surplus to those countries that co-operate with us.

Also, the hon. member forgets very quickly that there are stocks which are of interest to countries which have had traditional fishing rights and which, because of the existence of St. Pierre and Miquelon, for example, are obviously of great interest to metropolitan France.

However, I meant to give quite a different tone to my remarks. I agree with the hon. member that a fisheries debate would be very useful because, owing to pressure of other business and at times owing to the overloading of the parliamentary calendar, we have not had a full fisheries discussion in the House for some time.

I am happy to speak to the motion of the hon. member because it suggests the establishment of a separate department of fisheries. Indeed, the hon. member is echoing an earlier announcement by the Prime Minister (Mr. Trudeau) of the intention of the government to do just that. The suggestion that a separate fisheries department should be established is not a new one. It entails a reorganization which now makes sense in view of the extension of our jurisdiction to 200 miles which became effective on January 1, 1977. This, and coupled with it a series of bilateral fishery agreements with foreign countries, were important elements in the recovery of the Atlantic fisheries. Of course, other actions taken by the government in the area of fisheries make this step desirable.

[*Translation*]

It is true that ground fisheries have experienced serious difficulties from 1974 to 1977. Those difficulties have shown that it was necessary to alter the policy, the operations and the attitudes to save Canadian fisheries and promote their long term productivity. In 1975, the government set forth compre-

hensive directions to develop Canadian fisheries. Those directions concerned the development of resources, the conditioning of fish, the marketing of products and social growth. As a result, various recovery programs directly connected with the policy were organized.

[*English*]

Through a substantial subsidy program amounting to some $130 million over four years, the federal government has successfully assisted the Atlantic fishing industry to survive through a very difficult period. In fact the picture at the present time—and I agree with the hon. member that these are exciting times—does inspire real optimism. So far as the Atlantic fisheries are concerned, particularly the groundfish species, the first priority is to build up stocks to something like their former levels of abundance, and it is for that reason that I have resisted a large and too quick expansion. I am confident that, with proper management and conservation, we will see the total allowable catch of Atlantic groundfish available to Canadian fishermen doubled by 1985, compared with the catch in 1976.

At the same time that the government was responding to the crisis in the Atlantic fisheries, it was directing significant attention to the Pacific fisheries. We are looking to a doubling of the production of the Pacific salmon by the 1990's as a result of our salmon enhancement program which is now, as hon. members know, in the first year of the five year phase.

New hatcheries, spawning channels, fishways, lake fertilization and stream improvement facilities will be put in place on the British Columbia mainland and Vancouver Island.

Another bright spot on the Pacific coast is the fast growing and highly lucrative herring roe fishery which will probably bring in $100 million this year.

It is significant that the total market value of Canada's fisheries, as the hon. member has pointed out, has now gone over the $1 billion mark. This means that for the first time in history we have attained and passed this $1 billion figure. This means also increased employment, higher returns to fishermen, and expanding export trade, all of which represent one of the brightest spots in Canada's economic scene, and this was recognized at the recent meeting of first ministers. This change in emphasis from recovery to development will be possible because of new management approaches, including such matters as entry control, stock management units, more efficient use of processing plants, and new marketing emphasis.

Fisheries management is, however, directly dependent on the sound scientific capability that Canada has established. The ocean and aquatic sciences component of our department has been conducting extensive scientific activity associated with the chemical, physical, and biological aspects of the aquatic ecosystem. This strong link between science and fisheries management has been central in past management practices and will be a key in the future.

It is essential to recognize that fisheries has not been neglected under the arrangement that has existed over the past few years. But our thinking here must be dynamic, and the Prime Minister indicated last September that the time has come to adjust our organizational posture respecting fisheries and to create a separate department. The resolution of this issue is, however, not as simple as one might suspect.

Having decided that the concept of establishing a separate department would now be timely, it was important to look at the respective mandates which should emerge for the fisheries and environment departments and to ensure that the division of responsibilities is consistent with the job to be done. I am glad to say that this task is almost complete and, we hope, with the support that seems so evident from the other side, the necessary amendments to the Government Organization Act can soon be introduced.

The shaping of the new department provides us with the opportunity to review the fisheries needs which exist throughout Canada. Fisheries management is evidently the basic concern of any fisheries department. In its narrowest sense, however, fisheries management is not just a matter of setting quotas and licensing fishermen. It requires science and research, a knowledge of what, where and when to fish and an understanding of the factors which affect stock health and abundance. It involves the preservation of the aquatic entourage, the prevention and control of pollution and a positive enhancement to increase nature's stocks.

● (1732)

In my view, the management and conservation of the living resources of the sea are inseparable from the management of the ocean as the habitat for these resources. We have looked at the responsibilities of other departments and have found that my department has the prime responsibility for the aquatic and ecosystem aspects of the oceans. With the approval of parliament the new department would be known as the department of fisheries and oceans. This title is clear and brings the basic responsibilities sharply into focus for the public. This is important because the public of the Atlantic and Pacific coastal provinces understands the relationship between fisheries and the oceans and expects a strong and clear government response to problems and opportunities in this sector. The discussion by first ministers about fisheries serves as a good indication that provincial governments share the views of the federal government about the importance of this sector.

Perhaps I might indicate more specifically the responsibilities that a new department of fisheries and oceans would have. These are: first, management of all Canada's ocean fisheries and some inland fisheries; second, fisheries, oceanographic and freshwater research contributing to the understanding, management and optimum utilization of renewable aquatic resources; third, hydrographic surveying and charting; fourth, administration of small craft harbours; fifth, conduct of environmental impact studies on activities affecting aquatic renewable resources; and sixth, administration of international treaties and agreements covering management of fisheries and other aquatic renewable resources and the quality of the marine environment.

The proposed department of fisheries and oceans would provide the focal point in the Government of Canada for the management of Canada's oceans and marine resources. The creation of a separate department demonstrates the priority the government attaches to enhancing the Canadian fishery, to our growing ocean management responsibilities and to the need for a comprehensive approach to fisheries and ocean issues.

I would like to make it very clear that many other departments, such as the Department of National Defence, the Department of Transport, the Department of Energy, Mines and Resources and the Department of the Environment, will retain strong, legitimate concerns and authority with respect to marine matters.

The proposed department of fisheries and oceans would be responsible for providing leadership in the development of our marine policies, posture and capabilities and for acting as the focal point for the exercise of Canada's marine responsibilities, but in a manner that would seek to concert and to co-ordinate rather than to replace the roles and authorities of other departments in marine affairs.

I should like to speak briefly about ocean sciences to reassure those who may not be aware of the commitment of the Canadian government to ocean sciences. Contrary to perceptions held by some people, ocean sciences programs in Canada have been characterized by a very healthy growth in recent years. In the short span of 18 years we now have in Canada six major centres of outstanding excellence in ocean and aquatic sciences, encompassing physical, chemical and biological sciences, whose replacement cost would easily exceed half a billion dollars. Since 1973, despite a period of fiscal restraint, the ocean and aquatic science division of the fisheries and marine service has seen its annual budget grow from $33.7 million to $57 million. Canada's ratio of ocean science expenditure as a percentage of gross national product shows the following comparisons with other advanced maritime nations: in 1974 Canada spent 1.7 times as much as the U.S.A., five times as much as each of the U.K., France and Japan and 5.5 times as much as Australia.

I would be remiss, however, if I did not speak more specifically of some ocean science activities in order to illustrate their importance in the past and their potential for the future. It is noteworthy that the majority of ocean science and survey activities are closely related to the fisheries. Examples of these are relatively large-scale projects on both coasts to study the physical, chemical and biological aspects of the water masses over the continental shelves.

The hydrographic service of the Department of Fisheries and the Environment is now working closely with the Ministry of Transport in developing and providing more precise aids to navigation and positioning systems which contribute to the more effective management of the 200-mile fishing zone and the prevention of destruction of the fisheries resource by transportation accidents. These responsibilities would continue within the new department of fisheries and oceans.

[Mr. LeBlanc (Westmorland-Kent).]

I have spoken at some length on this issue because I believe it is of great interest and importance to Canadians, especially those who rely on the fisheries and oceans for their livelihood. I have restricted my comments to the fisheries and marine side of things, as that is my area of responsibility. I might say, however, that while I have spoken of the establishment of a strong department of fisheries and oceans, I support the need for the Department of the Environment and the contribution that it will be required to make to assist in the management of renewable resources and in the protection of the Canadian environment. Additionally, the strong links which have grown up between the various components of the present department must continue to thrive under any new organizational arrangement.

In summary, I am convinced that the time which has been taken to work out a clear mandate for each of the new departments has been time well spent. I hope that we will be able to move quickly and to put in place the legislative and administrative arrangements associated with this major government initiative.

The potential of our fisheries—a clear federal jurisdiction since Confederation—and the potential of our three oceans are quite inseparable. The challenge of the new department of fisheries and oceans and the Government of Canada would be to take full advantage of the opportunities which are open to us.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I commend the hon. member for St. John's East (Mr. McGrath) for the persistence with which he has pressed for the establishing of a separate department of fisheries. I suspect that he enjoyed those days when he was able to debate with great oratory and demand that something be done even more than he has enjoyed his speech today, but this is his big day. His plea has at last been met by the statement which has been made by the present Minister of Fisheries and the Environment (Mr. LeBlanc).

I am sure that the excellent announcement which has just been made by the minister will be welcomed by all members of all parties from the Atlantic provinces and the Pacific coast and wherever there is interest in Canada's fisheries. All of us realize that things have been a bit awkward for a number of years. For a while we had a minister of the environment. That was his full title, except that under certain conditions he was also Canada's minister of fisheries. Then we had a minister of the environment with a minister of state for fisheries. For a while now we have had the Minister of Fisheries and the Environment with a Minister of State (Environment) (Mr. Marchand). I suspect that that confusion has carried over into the department as well.

However, just as soon as what the minister has announced today can be put into legislative form, that will be sorted out, and I think we all welcome very warmly what the minister has said. I believe his idea of a department of fisheries and oceans does cover the broader responsibilities of that department, and we welcome most heartily what he has said.

I am sorry that the hon. member for St. John's East has had to step out for a moment because I want to say something about one remark he made. I always enjoy his speeches, and many a time I find myself getting up as soon as I can afterwards to endorse and support what he has said. However, he said one thing today which really made me smile. He accused the Minister of Fisheries and the Environment of being arrogant. Sir, if the level of arrogance of all the cabinet ministers was no higher than that of the Minister of Fisheries and the Environment, they would be a human bunch over there.

Some hon. Members: Hear, hear!

● (1742)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, this minister has displayed not only decency and fair play in his dealings with members of the House, but has shown extreme competence in his department. I suppose it is particularly easy to give him this bit of commendation now that he has come through with his excellent statement.

This is an occasion when it does not matter whether the motion is talked out. The purpose in moving it has been achieved. I am sure the implementation of what the minister announced today will be good for the people engaged in the fishing industry and good for the people of Canada. We all welcome it most warmly.

Some hon. Members: Hear, hear!

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, in putting forward the idea of a separate department I am sure the hon. member realizes that he has been preaching to the converted, or the about to be converted as soon as the machinery can be set in motion for the actual change. I think hon. members will agree that, having taken over the 63,000 square miles with the 200-mile fisheries zone, we will have plenty of water for the baptism of the new department.

All this goes to show that the fishery is big in area. It is also big in economic importance. The people of Canada need a fisheries department equipped to handle the job and identified specifically for the job. Without the separate identification of a fisheries department, the fishermen feel, in a way, cheated. The sea fishermen know that theirs is probably the one occupation in Canada that is, at almost every level, under the direct control of the federal government. I believe fishermen feel the government should dedicate a department to the care of fishermen who are so important to the economy.

I should like to say of few words about the fishing industry, particularly in British Columbia. This province is fortunate to be positioned on the Pacific rim. A quarter of the world's population, a billion people or so, live on the Pacific rim. On our side of it there is a relative abundance of fish and relatively few people. Across the Pacific the situation is the opposite. There is no abundance of fish, but there is a large population. That is why it is important for Canada to develop good marketing relationships with Pacific rim countries.

Contrary to what the hon. member for St. John's East (Mr. McGrath) said, Canadians—and I am speaking of those on the Pacific coast—have a responsibility. If we are unable to catch a variety of fish because it is uneconomic for our fishermen, I submit we do not have the right to take a dog in the manger attitude and say that if we cannot fish a species, then no one else can. This is not only a moral question, but is in the best interests of Canada from a practical point of view. Surely it is in our interests to develop relationships with Asian countries that are short of protein. Trust and confidence should be built not at the expense of the Canadian fisherman but to ensure that where there is a species he does not catch, he does not lose money.

That is not to say that we should not develop these species in the future. However, at a time when they are uneconomic for him I applaud the system that has been established for the licensing of foreign vessels, which can come into specific areas on the west coast for specific catches and be monitored by the Department of Fisheries. It would not be in our interests to do less.

I should like to mention the importance of the salmon industry in British Columbia, Mr. Speaker. This government—I hope I am not being partisan—is recognized—

Some hon. Members: Never.

Mr. Anderson: I knew that would be the response, Mr. Speaker. This government is recognized on the west coast as being one of the most progressive governments since Confederation.

An hon. Member: I withdraw.

Mr. Anderson: There is the 200-mile limit and the salmon enhancement program. These might not be important to members from Saskatchewan or Manitoba, but in British Columbia they are looked upon as a God-send for future developments that will bring untold wealth to the province.

The fourth largest industry in British Columbia is salmon fishing. That has nothing to do with herring or halibut. The third largest industry is tourism. Last year the minister announced a $150 million five-year program to enhance salmon stock in British Columbia. That was in addition to the 200-mile fishing limit established in January 1977. That is why I say this government will be recognized in British Columbia as having a great economic impact on the future of the province. I am proud to be part of a government which has brought in this forward looking legislation and programs which will benefit the people in my area—and all people in British Columbia.

I should like to mention some of the problems associated with the 200-mile limit and why I think Canada must take a rational approach when dealing with foreign nations. For some unknown reason the salmon has no respect for the 200-mile limit. It roams the Pacific and can be fished on the high seas

by other nations. We have the 200-mile limit but we should also protect salmon on the high seas. This government has worked and fought for several years at the law of the sea conferences to have a salmon article included in the combined negotiating text that would allow protection of salmon on the high seas and ensure they can be fished only within the economic zone of the country of origin.

The hon. member for St. John's East brought up the question of foreign fleets. I believe that if we do not allow foreign fleets to fish surplus Canadian stocks which we are not ourselves fishing at the present time, it will be much more difficult to get agreement in regard to the high seas. If we allow surplus stocks to be fished by other nations, we are in a better position to get agreement on other vital issues, such as stocks of Canadian fish that go past the 200-mile limit. This refers not only to salmon but to other stocks off the east coast of Canada. It is also important to the trollers of British Columbia that fish off the coasts of Washington and Oregon states and to British Columbia fishermen who fish off the Gulf of Alaska for halibut.

We are not operating in a vacuum. The hon. member for St. John's East would have us believe that Canada can make decisions without taking into account how those decisions affect our trading partners. I am not speaking of the trade off of merchandise goods. If we show co-operation in the fishing of surplus stocks, it will obviously be to our long-term benefit in establishing relations with foreign fishing fleets and their governments so that markets for Canadian products can be opened up. This is important. It is all very well to have a source of fish on both the east and west coasts but markets for that fish must exist. We do not consume the fish ourselves. We consume about 10 per cent of the total catch and 90 per cent is exported. In our dealings with these nations it is imperative that we be fair-minded in order to develop these markets. We should be opening up markets with the Japanese, the Spanish and the EEC for our products.

● (1752)

The Japanese are allowed at the present time to catch certain kinds of groundfish off the west coast of Canada. Our fishermen are concerned that at some time in the future they will want to catch those stocks themselves. I applaud them for this, as I hope they do. But if there are surpluses in the future, these surpluses should be shared with other nations of the world. Canadian fishermen should have first opportunity and this principle should be written in stone. But if Canadian fishermen do not wish to take a stock for one reason or another, one cannot close the gates and say that no one else can.

I see the hon. Minister of Fisheries and the Environment (Mr. LeBlanc) is in the House and I would like to direct one suggestion to him. I understand the remarks which he made regarding the naming of the new department. For some time now I have thought that the perfect name to describe a new department and his title would be the ministry of aquaculture and minister of aquaculture. When it comes to dealing with farms, land and livestock we have a Minister of Agriculture. The Minister of Agriculture (Mr. Whelan) has many responsibilities besides farms and land; he deals with agricultural exhibits, but he is called the Minister of Agriculture. In the same way that we cultivate the land we are trying to cultivate the oceans, so I suggest it would be appropriate that his department be renamed the ministry of aquaculture. It would also lead to a better title for the hon. minister.

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): Mr. Speaker, I would like to offer my congratulations to the hon. member for St. John's East (Mr. McGrath) for asking the government to amend the Government Organization Act of 1970 in order to set up a separate department of fisheries. We are glad of his support in this matter since it is already a declared policy of this government.

I would also like to offer to lend my Oxford dictionary to the hon. member. Apparently he is not aware of what the word "arrogant" means. If he were aware of what it means he would cut out his tongue before he would apply that word to the Minister of Fisheries and the Environment (Mr. LeBlanc).

No doubt the hon. member will recall the swearing in ceremony on September 16 last year, when the hon. member for Kamloops-Cariboo (Mr. Marchand) became the Minister of State (Environment). At a press conference the Prime Minister (Mr. Trudeau) stated, and I quote:

> We will separate the two departments as soon as we can get the legislation passed. In the meantime, Mr. LeBlanc will work with Mr. Marchand: one on the fisheries side, one on the environment side.

This made the government's intentions pretty clear. It was a first step in the process of separation. The next step is for the House to approve the change through a new Government Organization Act. It is good to know that we can anticipate the hon. member's support when such a bill is introduced. I would like to assure the House the details are being diligently worked out by department officials and advisers to the Prime Minister. However, there are other more pressing matters which take precedence over this particular act. Such priority legislation must come first before the House.

With this in mind, I feel sure that the hon. member and his colleagues will be eager to facilitate passage of the pending legislation. Then this matter, in which the hon. member has demonstrated such an interest, can come forward sooner. Of course, while officials are hard at work defining the exact outlines of the new departments, the Minister of Fisheries and the Environment will be concentrating his efforts on fisheries matters while the Minister of State (Environment) will be looking after the environment side.

In working out the details of this organizational change we must examine, Mr. Speaker, in practical terms, just what part of the present department's responsibilities should be allocated to each of the new departments. The hon. member has already demonstrated his interest in the operations of the department a number of times. Thus I am sure I do not have to explain to him how complex it is, nor explain the number of interrelated

functions which have a bearing on both fisheries and environment.

I am sure everyone will agree that work should not be disrupted within the department during the separation of functions. Hon. members can appreciate that disruption at this or at any time could be critical if it affects either the fishing industry or the environment. Another consideration is the maintenance of links that already exist, and even the creation of new links. Two departments with so many common interests should continue to work in harmony and in a spirit of co-operation. In my opinion such a spirit will be even more productive than regulated interdepartmental structures.

In deciding where particular sections or units should go, whether to fisheries or to environment, we have to consider the effect not only on the unit or section but also on each department. More important, the public we serve must not be allowed to suffer from any disruption in the services we offer.

The aim of this exercise is to end up with two stronger departments, each more efficient than the combined department. The capabilities of these two new departments are expected to be greater than those of the former single ministry. I must emphasize this is the salient point in splitting the functions. We are seeking more efficiency and it is our belief that a proper division will accomplish just that. Do not expect to see any dilution of the present programs. Indeed, the result will be a distinct sharpening of focus. The mandates for work in both departments already exist; reorganization will allow us to refine and to re-emphasize them.

Within the environment there will have to be a strong emphasis on the watch dog role and there is a need to follow this through. There is a research role in environment, as there is in fisheries. This role may well prove to be one area where sharing and co-operation will be most profitable to both departments.

There are continuing demands for more research on the effects of climate variations; on the threats to human, animal and plant life from countless contaminants; on the capacity of air, water and soil to break these contaminants down into harmless substances; and on economical, practical means to control or eliminate industrial or domestic wastes which are harmful to the environment.

The need for research goes beyond pollution control. New technology needs to be developed to capture and re-use wastes as part of a policy of energy and other resource conservation. Therefore, there must be a stepping up of the research and development role. There will be concrete efforts made to transfer new technology to the provinces and to industry. There is an urgent need to share such new knowledge.

The government just recently renewed its commitment to one major resource sector, the forestry industry, in order to provide it with urgently needed research. This was specifically requested by the provinces at the recent meeting of premiers. We are already committed to research on the spruce budworm, the scourge of our forests. We plan to invest some $3 million in such research. The United States is spending $5 million in co-ordinated research which will complement our work.

As you know, Mr. Speaker, there has been considerable pressure for a separate fisheries department. Perhaps less vocal, but strong nevertheless, has been the movement to have a separate department to serve as a focus for the concerns of the environment and environmentalists. I use the term "environmentalist" here to indicate those who are not only concerned about the environment but who speak up for it and do something about it. It is the difference between being active rather than passive. Nearly everyone today is concerned to a degree about the environment—

The Acting Speaker (Mr. Turner): Order, please. I have to interrupt the hon. member because the time allotted to private members' business has now expired. I do now leave the chair till eight o'clock.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

AERONAUTICS ACT

AMENDMENTS RESPECTING CHARGES FOR USE OF AIRPORTS, ETC.

The House resumed consideration of Bill C-4, to amend the Aeronautics Act, as reported (with amendments) from the Standing Committee on Transport and Communications, and the motion of Mr. Mazankowski.

The Acting Speaker (Mr. Turner): At five o'clock the hon. member for Winnipeg South Centre (Mr. McKenzie) had the floor. He has 20 minutes remaining.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I welcome the opportunity to participate in the debate on Bill C-4, to amend the Aeronautics Act. I wish to speak on clause 4 which deals with the licensing of pilots and other persons engaged in the navigation of aircraft and of persons engaged in the design and manufacture of aircraft and aeronautical products. It has a lot to do with air safety.

This has been a matter of concern over the past number of years, particularly the last six months. It has been raised repeatedly by opposition members both in the House and in committee. We have received assurance after assurance that there is nothing to worry about, that everything is under control. I am sorry to say that is not the case in Canada today

with regard to air safety. This is not a pleasant task I have this evening, but it is something that must be brought out into the open.

One of the last occasions when I raised this matter of air safety in Canada was on February 15 of this year. Part of my question to the Minister of Transport (Mr. Lang) was as follows:

I ask what measures the minister's department has taken to see that airlines are adhering to MOT standards and that operational control procedures are up to standard?

I commented with regard to a recent crash at Pickle Lake. I pointed out at that time, and I quote:

Inspection and enforcement actions by Transport Canada was not effective in correcting the deficiencies of the carrier.

I asked when the Ministry of Transport would start enforcing and correcting safety regulations relating to Canadian airlines. The minister replied in part as follows:

Action has been taken since that time. I wish the hon. member would not try to mislead the public with regard to that matter. This action is important.

That action certainly is important. However, the minister is unfortunately not being fully informed by the Ministry of Transport, or is not being completely honest with members of the House and the Canadian public, with regard to problems in his department. I do not believe he is fully informed of all that is going on in his department. The minister went on to say:

We are trying to do that with an extremely able group of transport officials, inspectors and agents throughout the country.

I have no quarrel with that. The officials of MOT are an exceedingly competent group. The problem lies with the senior officials in the Ministry of Transport. This is causing serious concern. The minister further stated:

As a result, I think it is fair to say that we have a safer aviation system in this country than any country of the world.

● (2012)

Well, I would question that, Mr. Speaker. A matter was brought to my attention recently with regard to flight engineers. I have a document here which states:

At present the airlines are operating with unlicensed personnel in the flight engineer positions, contrary to various aircraft type approvals but acceptable in accordance with air navigation order series VII, No. 2.

This document is dated March 22, 1976. Here we find first documentation of the fact that flight engineers were not properly licensed. This situation has continued right up until last week and I can inform the House when corrective measures are to be taken: they are to be taken some time in the future.

Another government memorandum headed "Personnel Licensing Handbook" states:

New standards are proposed because there is an increase in the number of airplanes in Canada whose type approval or type certificate requires that a flight engineer be included as a member of the flight crew. We are concerned about the legal aspects since the present licence status of second officers fulfilling the flight engineers duties is contrary to the requirements of specific aircraft type approvals or type certificates ond consequently of the flight crew requirements contained in the relevant approved flight manuals.

[Mr. McKenzie.]

Hon. members will have noticed the reference to "legal aspects". All I can understand by that phrase is that, in the event of a crash involving loss of life, if it transpired that all the personnel on the plane were not properly licensed it would cost the Canadian taxpayers a tremendous amount of money. The tab would not be picked up by the insurance company but by the Canadian taxpayers. I do not understand how such a situation to which attention was called back in 1976 could go uncorrected.

An MOT regulation referring to flight engineer licenses states:

An applicant shall have reached his 21st birthday and shall have completed the following medical requirements in accordance with medical standards—

It goes on and on; the regulations set out in detail the qualifications these individuals must possess.

A further document makes the point that there is an apparent contravention of air regulations, ANOs and type certificates for B-747s, B-727s by Air Canada and CP Air. This is a memorandum from a civil aviation inspector to an inspector in Toronto. It states:

It has come to my attention that Air Canada and possibly CP Air are operating in contravention of Air Regulation 400, A.N.O.VII No.2, Part IV Section 38(1)(a) and 2, the aircraft type certificate and the aircraft flight manual.

Air Regulation 400 states "No person shall fly or attempt to fly as a crew member of an aircraft unless he is the holder of a valid and subsisting licence or permit appropriate to his duties."

This memorandum, Mr. Speaker, is dated February 20, 1978. This shows that the problem which was first identified in 1976 is still with us. It goes on to say:

If these apparent contraventions are allowed to continue, an accident or incident could result in acute embarrassment to Transport Canada and possibly a substantial loss to the Canadian taxpayer in any resulting court action.

Embarrassment to the minister and to the department! We are talking about air safety and the protection of people's lives, and all this document is interested in is possible embarrassment to the ministry. This matter goes back to a telex which was sent out on May 12, 1977 with regard to examining the operating certificates of various airlines. This communication states that there might be a case for charges under the provision of air navigation order series III, (7) and so on. This document is a directive to safety inspectors across Canada. It came from the inspection branch, aeronautical licensing, and contains the following words: "When carrying out your duties you must fully consider the possibility of embarrassment to the minister and any other potential political implications." Can you imagine such a state of affairs, Mr. Speaker? We are supposed to be talking about air safety. This could only happen under a Liberal government. Politics are being placed above air safety. According to this document, the main concern is not to embarrass Transport Canada. But what about the possible loss of 150 lives? Wouldn't that be an embarrassment, too? The situation to which I am calling attention has existed unchanged for the last two years. That is typical Liberalism.

I have here also another Government of Canada memorandum. It comes from the MOT office in Montreal and is

directed to Ottawa. The subject is minimum flight crew—Boeing B-727 aircraft, and the document states:

The Acting Superintendent, Air Carrier Inspection and Certification division, has brought to my attention what appears to be an illegal practice by our national carrier, namely Air Canada.

The minimum flight crew requirements as per the Boeing B727 FAA Approved Flight Manual is quote: "pilot, co-pilot and flight engineer" unquote; however, Air Canada's flight crew for this aircraft consists of a pilot, co-pilot and second officer.

Article 400 of the Air Regulations, as well as Series VII, No. 2 of the Air Navigation Orders, are both very explicit in that the flight crew of any aircraft must conform to the requirements of the Approved Flight Manual and hold valid licences appropriate to their duties.

Since I am not aware any exceptions or dispensations to the Air Regulations regarding this matter, I have no alternative but to assume that Air Canada's Boeing B-727 operation is illegal.

I do not know the exact number of Boeing 727s that Air Canada is operating tonight, but according to this government document they are flying illegally. But that's all right; we don't want to do anything to embarrass the minister. Here we go again:

Considering the political implications of any action against our national carrier and the embarrassment to Transport-Canada that this may cause, I submit this problem to your attention for guidance and/or action. I must however, impress on you the urgency of this matter.

I myself would certainly think there was some urgency attached to this. "Don't do anything to embarrass the minister", flight inspectors are told. But what about the Canadian public? It is not the safety inspectors who are at fault, it is the senior officials. It is unfortunate the minister is not here tonight. I suggest to him that he should make some inquiries of his senior staff to find out what on earth is going on in his department. We have pointed out these infractions in respect of air safety in Canada time and time again. I have here further evidence of this fact, yet the government is worried about its political skin rather than the safety of the Canadian flying public. I am worried about the flying public.

● (2022)

I first became involved in air safety back in 1973. I was pretty naive in those days when I first came down here. Some evidence was brought to my attention about air safety and I wrote the then minister of transport. I received a most ridiculous answer indicating that I had produced no evidence and there was nothing to confirm my charges. I became angry and I raised the matter regarding air safety before the committee. I thought this was a subject that should be discussed in camera. However, the Liberal members of the committee were not going to have this matter discussed in camera. I thought that was the proper place to discuss air safety, but they were not having any of that.

At this time we are going to discuss this matter in the open, and I will continue to discuss it until corrective measures are taken. In the operations manual, section 38(1) under the heading "Crew Member Requirements" states:

No carrier may use a person as a flight crew member unless that person

(a) holds a valid licence issued under the Air Regulations appropriate to the duties to be performed; and

(b) is otherwise qualified in accordance with this Order.

This problem has been with us for at least two years, and apparently it was brought to the attention again of Air Canada last week in a letter dated March 9 to the vice-president, flight operations, Air Canada, Montreal International Airport, which points out:

This letter is in reference to the licensing of personnel assigned to flight engineer duties in your aircraft.

There has been a considerable increase in numbers of aircraft with flight engineer crew positions. We are concerned about legal aspects—

They are concerned about the legal aspects! The letter goes on to state:

We are concerned about legal aspects since the present licence status of second officers—

Some hon. Members: Oh, oh!

Mr. McKenzie: Just listen to those two jokers over there. This is a big joke to the Liberals who are concerned about the legal aspects. They will be embarrassed before I am through with them, and they need not think they are ever going to shut me up.

The letter states:

—since the present licence status of second officers is contrary to requirements of the various aircraft type approvals and crew requirements specified in Approved Airplane Flight Manuals. To rectify this situation it has been decided that where aeroplane type flight manuals specify three essential crew members, the flight engineer shall hold a valid flight engineer's licence endorsed for that aeroplane.

Today the flight engineers do not hold valid licences and they are flying illegally. This is the situation about which the Liberals are talking and about which they are concerned over legal aspects. They are not concerned about the safety of the flying public; they are concerned about the legal aspects, and they are concerned about embarrassment to the minister. That is their big concern.

Mr. Condon: Mr. Speaker, I have listened for the last 15 or 20 minutes to the venom coming from one hon. member. If he has accusations to make I would suggest that he make them outside where he does not have the immunity of the House. He is blaming the Liberal government for the crash at Cranbrook. We have had too much of this. We have had other members on the other side take shelter in the immunity of the House, instead of going outside and making specific allegations. I am getting sick of that. I wish the hon. member would have enough courage to go outside and make those allegations. What he is saying is that the Liberal government caused the crash at Cranbrook. I will not accept that and I do not think the public or any member of this House, other than the hon. member—and I question that "honourable"—will accept that.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I gather that my friend from across the way is disagreeing with what the hon. member for Winnipeg South Centre (Mr. McKenzie) was saying. If you were listening, and I hope you were, he accused the hon. member for Winnipeg South Centre of being less than honourable. If an hon. member is allowed to rise in his place and make accusations, he at least should not cast that kind of reflection on any member of the House. While he may have his

own point of view in respect of what the hon. member for Winnipeg South Centre said, I do not—

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that we are now getting into a point of debate.

Mr. McKenzie: Mr. Speaker, I would suggest that the hon. member should stick to jails. At no time did I mention anything about Cranbrook. That will be coming out at a later date, and he can be sure of that.

In addition, Mr. Speaker, nothing is to be done about this serious problem regarding unlicensed flight engineers until July 1, 1978. I am calling upon the parliamentary secretary, because I understand the Minister of Transport if over in Hawaii, to take immediate action to get these flight engineers licensed. Never mind waiting until July 1, 1978. The government's main concern seems to be with the legal aspects. I am quite sure the hon. member has updated his driver's licence and the insurance on his home. I do not think he would let that lapse for six months, and neither would I.

This document to Air Canada also points out that the present employees assigned to flight engineer duties will have until October 1 to comply. This is absolutely ridiculous. This is a matter that was identified over two years ago, but there has been stalling, covering up and nothing done. These are unlicensed people. I am worried about the flying public while the government is worried about the legal aspects. I suggest to the parliamentary secretary that he talk to senior officials of MOT to get the proper procedure in place, and have present flight engineers fully licensed today, not next October.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Arnold Malone (Battle River): Mr. Speaker, the first thing I should like to say is that I am sorry the hon. member for Winnipeg South was not permitted to continue his remarks.

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

Mr. Malone: I think it of importance to hon. members on the government side to have the opportunity of listening to the remarks of that hon. member. Obviously the reason for the shouting of "no" was that they were beginning to hear some information they felt they did not want to face up to. They were hearing information about their government—

The Acting Speaker (Mr. Turner): Order please. I suggest to the hon. member that he get back to the subject for discussion, Bill C-4.

[Mr. Baker (Grenville-Carleton).]

Mr. Malone: Mr. Speaker, I am talking about Bill C-4. The hon. member who preceded me was talking about Bill C-4. Members across the way were responding in respect of Bill C-4. I simply want to say that members opposite were hearing something embarrassing to the government in respect of Bill C-4. Perhaps they should read *Hansard* to see what the member was saying. He was giving information which would indicate that, unless this government takes corrective action, it will find itself facing political embarrassment, because it is obvious the government was trying to save its political skin at the risk of people's lives. The government has failed to put into effect the kind of legislation and action that would avoid those violations of air safety regulations that have occurred. Instead we have been left with haphazard chance, as documented in detail by the hon. member for Winnipeg South.

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

Mr. Malone: Winnipeg South Centre, I am sorry. I will have some questions to put tomorrow.

• (2032)

I find it somewhat appalling that we are still debating the amendment at this time because I think it would be a simple task for members on the government side to recognize that what we are asking is for a committee to deal with the matter if something extraordinary or irregular takes place with regard to air safety or air traffic. It seems to me that this is a prerogative of parliament. When we view the heavy handed and hard nosed reaction to legislation which is before the country today, it seems to me appropriate for hon. members opposite to let us go forward with the amendment on report stage and then give the bill third reading.

When we see that on the average this government has ten orders in council to consider each day and the cabinet meets but once a week, this means they must consider some 70 orders in council a week. Since we know that they receive 3,500 orders in council a year, it soon becomes apparent that what the minister is trying to do through Bill C-4 is to grasp even more regulatory powers in ministerial hands without giving parliament an opportunity to decide. That kind of action thwarts the whole process of parliamentary democracy. The government asks for more power to be given to the cabinet and less power to the representatives of the people who are elected to voice the will of the people all across this land.

The amendment merely asks that the consultation process take place and that there be legitimate parliamentary review. There is no just cause for not accepting it. I dare members on the opposite side to have the courage to be true parliamentarians. Let them prove that there is harm or some evil associated with the amendment proposed by the hon. member for Vegreville (Mr. Mazankowski). If they cannot establish that there is something wrong with the amendment, let them simply allow us to pass it and to proceed to third reading of the bill.

Bill C-4 to amend the Aeronautics Act gives the minister increasing and arbitrary powers to impose the user-pay con-

cept and to collect the charges and fees. We all know the Minister of Transport (Mr. Lang) today believes in the concept according to which he uses and we pay. I think that we should review with great seriousness that kind of system in government in view of the fact that aviation associations across Canada have complained some 20 times before the committee about the lack of consultation. What the amendment before us proposes is that, whenever there are 20 members or more who believe there is something significant which should be brought before the committee, there should be a process for so doing. Until now there has been no effective appeal procedure. Under the bill the minister asks to be licensed to make all regulatory changes relative to aviation without bringing them first before parliament, and then to be allowed to declare to the aviation users that they have no appeal or recourse through a proper appeal channel.

The Minister of Transport did not want witnesses to appear before the committee. He said that this was simply a housekeeping bill and therefore no witnesses should be called. The truth of the matter is that this bill changes the whole user-pay concept. It gives to the minister strong powers to allow him to establish user fees, to decide what they will be, how they will be collected, who will collect them and how often they will be collected. It is not merely a question of the user-pay concept.

Then we come to the great disparities in transport which are one of the catalysts in the disunity in this country. A great disparity occurs under the user-pay concept as it is applied to various modes of transportation. We find that in rail transportation the user pays some 74 per cent of the cost, that in air transport the user pays somewhat less than that, that in truck transport the user pays some 30 per cent and in marine transport some 19 per cent. This means that many regions of the country are gravely disadvantaged under the user-pay concept of the minister.

Furthermore, Bill C-4 locks in a regulatory, ironclad set of agreements whereby the minister can dictate at his own whim the way in which the user-pay concept is applied, which will have a drastic effect on various sectors of the country, so much so that we are finding, in the development of the Alcan pipeline, that a study is now under way to consider the transportation of pipe from Welland, Ontario, up the St. Lawrence Seaway, round the Panama Canal and up the Pacific coast to Alaska simply because it is far cheaper to send it that way than to send it across land. The real reason for that is the user-pay concept—that the user pays 74 per cent of the cost of rail transport as against 19 per cent of the cost of marine transportation. We are of the view that the minister should not have those kinds of powers and prerogatives to impose his will on various regions of the country.

The fact that we cannot haul steel pipe by rail across the country economically causes a loss which weighs heavily on the prairie region. The objective of the user-pay concept is to pay MOT's debts. In essence, what we have found is that the Department of Transport can indulge in all kinds of extravaganzas following which the user-pay concept comes into effect. What happens is that those who dream grandiose dreams never need worry about the price tag because they can simply tack the price tag on to those who use the system. There is no better example than the imaginative but silly plan for Mirabel airport and the imaginative and silly, if not stupid, plan for Calgary airport. Max Ward of Wardair stated at the opening of the Calgary airport that no one had checked with them, one of the users of the airport, about the user-pay concept. This government goes ahead holus-bolus believing it has the prerogative to dream up heavenly ideas about what an airport should look like, and, irrespective of the price tag, tacks the price on to whoever uses it.

The amendment states that there should be recourse from a government decision: that whenever there are motions from various aviation groups which come to 20 or more members of parliament, they can appeal to Mr. Speaker to set up a body within the committee system which would allow for some kind of appeal procedure. I do not know how the government of the day can sit quietly on its hands listening to the kinds of speeches that have been made in the House about some of the dangers in air traffic today, the lack of controls in air traffic safety and the weaknesses in its own legislation, yet continue stubbornly to refuse to allow a process to be created whereby concerns about various policies affecting the aeronautics industry could be voiced. So long as the user-pay concept is in practice, the government can indulge in extravagance and simply pass on the cost to the users. What we ask for in the amendment is simply a system of checks and balances.

● (2042)

If we are going to have the user pay policy, we ask that there also be a policy of user say. We are asking that there be a system whereby, if the government is going to impose a costing out for those who use aircraft facilities, those who use aircraft facilities have an input. At the present time that is not the case. Aviation groups say that they have complained 26 times to the committee and that they have attempted to be heard by the government. However, the government simply will not give them a hearing.

I would like to speak about the small aircraft industry and the tremendous disincentives the government has imposed upon it. Probably no other nation in the world is more naturally suited to the proliferation of air traffic than this country, unless perhaps it might be the Soviet Union. I can understand why countries like Luxembourg or Belgium might want to restrict the amount of air traffic, but in a country as vast and as sparsely populated as Canada the encouragement of air traffic makes sense. The majority of our resources are located far from inhabited areas. In many cases the only way to reach the resources of this great land is by air.

Few people understand the scope of Canada. It is farther from Yellowknife to the North Pole than it is from Yellowknife to San Francisco. It is a shorter trip from Edmonton to Mexico City than it is from Edmonton to Halifax. We live in a very large land. many of our resources are in places where there are no railways, no docks and no highways. Yet we have

a government and a minister imposing excise taxes on aeroplanes, federal sales tax on aeroplanes, and the user pay concept, to the detriment of this nation and without consultation with the aviation groups which feel they ought to have an input. The minister has not only jeopardized the aviation industry but by his very actions has also jeopardized the development of the regions of Canada.

The minister was willing to jeopardize safety by charging user fees on every touch and go. I would like to explain that. The minister said that the user pay concept would apply every time a plane landed. Every time it landed a fee would have to be paid for the use of the airstrip. However, what about the young pilot training for an aircraft pilot's licence? Training pilots have to land their planes, take off, circle around, land again and then take off again. The minister said that every time a plane landed it would have to pay for the use of the airstrip. The minister thought he should charge a fee every time a plane touched a runway and lifted off again. That user pay policy affects safety itself.

Most people are conscious of pocket book issues, even if the government is not. They recognize that the government is trying to destroy aviation as a mode of travel in this nation. The government has been doing that with its import excise taxes, with federal sales taxes and with the user pay concept. It is trying to discourage most aspects of the air industry. Light aircraft in many cases can be demonstrated to be just as efficient, and often more so, than the automobile, but the use of the light aircraft mode of travel has been extensively discouraged, very much to the detriment of Canada. Most of Canada can be reached only by aircraft. It is the policy of our party that, if there is to be user pay, there must also be user say and that there should be an opportunity for those who use air travel in this nation to have a say. In effect, the Minister of Transport is attempting to shingle the roof with a sledgehammer. He does not want to listen. He does not want to see committees set up so that there can be the right of appeal.

The minister did not want any aviation groups to appear before the committee studying this bill. He was willing to jeopardize the safety of air traffic by charging the users of touch and go systems in pilot training. The minister wants to have the authority to avoid blame. I submit that with this bill the minister is attempting to take unto himself power without giving anyone any recourse.

The minister claimed that this is a mere housekeeping measure, but in fact he is attempting to change his policy under the sheets in the dark of night. He is chaining, gagging and restraining the public in solitary confinement. The personal concept of the minister is that he uses and we pay. That is a very unsavoury position for a minister to take. He has the same capacity for listening to the Canadian people as that of a brick.

The minister is the Edsel of Canadian national unity. To a large degree he has been a stumbling block in the development of transportation in this country. He is a masochistic minister with a cat-o'-nine-tails who continues to blame and whip users. To the minister it does not matter what extravagance there be, whether it be Mirabel, the Calgary airport or the planned airport for the Toronto region. The minister feels he can design and build whatever he wants, provided he has a whipping boy to blame and provided he can let users pay for his extravaganzas. In view of the concepts which have been perpetuated, representative government is virtually gone. The government is afraid to let people come before our committees to be heard. The government is afraid to allow an amendment which would allow 20 members—

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

Some hon. Members: Agreed.

Mr. Malone: Thank you, Mr. Speaker. I will not keep the House much longer.

The government is attempting to rule by regulation rather than to allow this parliament to open the channels of communication so that people may use the parliament of Canada as a means by which to appeal to members of this House and therefore to the country. This government acts largely by order in council. Some 3,500 orders in council were passed last year. Not one of them was brought before parliament. By contrast, in Great Britain there were only ten, and every single one was referred to the British parliament. This government has sidestepped parliament.

The whole concept of orders in council was introduced at a time when it was believed that the cabinet needed to act when parliament was in recess for the summer months. In earlier days when orders in council were passed by cabinet they had to be ratified by parliament. Today, legislation ends up on the books by order in council without the citizens of the country having had an opportunity to review it through their members of parliament.

● (2052)

We had an example of this in the past 18 months in Bill C-51, which contained what was called the gun control legislation. All the regulations are subject to change by order in council, as is also the case with Bill C-4, which is now before us. We recall that the metric system, when Celsius replaced Fahrenheit and kilometres replaced miles,—came into being without legislation but through order in Council. In Bill C-4, the government is again attempting to by-pass parliament in the belief that 30 people have the wisdom and the power to make all decisions for the country without recourse or appeal to parliament. People who have real concern about the issues involved would have no opportunity to take them to a forum where they could be heard.

If this government continues on its present path, elections will become a means of rotating parties. If every party were to adopt the same position as the government has, elections would simply be a chance for the people to express their will about who they want their dictator to be. Orders in council and the

avoidance of parliament do not give representative government. It just means that every four years or so there will be a new government to make decisions irrespective of the wishes of the people.

I submit that the amendment proposed by the hon. member for Vegreville is a reasoned request that the government examine the Aeronautics Act again. He is offering the government a chance to allow people who might in some way be affronted by the regulations to bring their problems to the notice of parliament and its committees through to their duly elected representatives. In this way they will be able to explain their briefs and seek amendments.

What we have at the present time is a government locked in cement, unwilling to hear its constituents and believing that an election is only an opportunity to change one dictator for another. That is not a satisfactory state of affairs for this nation, Mr. Speaker.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have heard a number of my friends in the official opposition mention consultation by the government with the people concerned with this legislation. The hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) and the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) know what I am going to say. Over the past weekend there was so much consultation by the government with people in Edmonton, Regina and Calgary that we could hardly stand it. They hit Regina like a plague of Russian thistles or grasshoppers or gophers. They were underfoot all over the place, consulting. It remains to be seen whether the representations made to them by my stock producers, the trade union movement, the National Farmers Union and a few other organizations will lead to results.

The people out west are pretty tough, especially those from Saskatchewan. They have gone through drought, floods, Russian thistle, grasshoppers, coyotes, Liberals and Tories for 50 years.

Mr. Hnatyshyn: Not necessarily in that order.

Mr. Benjamin: We are all asking ourselves where these fellows were when we needed them last year and the year before, and the year before that. With all this consultation in these last few weeks, we do not know whether it is conversion on the road to Damascus or whether there is an election coming.

I hope the consultation will bear fruit. I hope a number of Liberal candidates in Alberta and Saskatchewan will get some of the results that members of parliament from the Liberal, Conservative and New Democratic parties have been trying to get for the past four years. I think of postal walks, guaranteed prices for farm products related to the cost of production, and such things. We will all be happy, including those of us on the opposition benches, if the consultation on the weekend bears fruit. We will just nominate some more Liberal candidates every four years to get results and then the rest of us can stay as members of parliament.

My friends to my right mentioned user-pay. I notice that government spokesmen have been backing off that item lately. For the last few years I have been saying there is no mode of transportation in Canada where the user pays, and there never has been—not even pedestrians. Transportation has always been in a deficit position. As long as anybody clings to that concept our transportation systems will continue to discriminate against people because of where they live, and against products or produce because of where they are located.

During the debate on second reading of this bill, and in committee, we were reminded that there are three United States commercial air carriers who owe $5.8 million for user charges on the North Atlantic routes. Initially, I sensed that my colleagues in the official opposition felt sorry for Trans World Air Lines, Pan American Air Lines and Seaboard Air Carriers. In committee, however, we learned that these and all other carriers pay the same type of charges to Iceland, Denmark and Great Britain, but for some reason or other, they do not want to pay Canada. The three airlines are contesting this bill of $5.8 million in the federal court.

At this point, Mr. Speaker, I want to wish the Department of Transport well. If these companies do not pay their accounts I hope they are refused landing rights, navigational aids and everything else at Gander and at other airports in the Atlantic provinces. All other airlines have been paying fees to other countries as well as Canada, but these companies have been trying to chisel us. I hope the ministry succeeds in defending our right to collect reasonable charges for services that Canadian taxpayers provide to all international airlines.

Another provision in the bill that we approve in principle is the land zoning regulations. The government's stated objective is to protect airports and airport sites from urban development encroaching upon their boundaries. We agree that the federal aviation authority should have control over the development of land near airports and as well the ownership of it.

● (2102)

We would make one exception, Mr. Speaker. If there was housing development on the land long before an airport was built, it is then a little late in the day for the government to move in and restrict or refuse to properly compensate people who were there long before there was an airport. I agree that when a new airport is built or a present one is enlarged the public aviation authority should own and control that land. No development should be allowed within a one-mile radius of that airport. It should be a green belt, or farmland or perhaps a golf course. But no construction should be allowed. There are examples in Canada where housing developments existed long before an airport was built. I am thinking particularly of the Stanley Park area of Thunder Bay. If there are four houses on eight lots, and someone wants to construct houses on the other four lots, it makes little or no difference whatsoever to the use of that present airport location. That is the kind of exception which should be made in the control the national aviation authority should have over development in and around public airports.

My colleague, the hon. member for Qu'Appelle-Moose Mountain was talking about liability insurance and compensation for passengers as well as for the next of kin of those killed in aircraft accidents. I agree to some extent with his remarks but I do not think he went far enough. Whether an accident or mishap is due to negligence, or to what the legal profession calls an act of God, it seems to me that every aircraft passenger should be insured. This should be a form of no fault insurance. A very small percentage of passengers travelling by air take out aircraft insurance. I suppose we all did the first few times we flew but after that we quit bothering. The fees charged for $50,000, $100,000 or $250,000 worth of insurance are relatively modest. It would seem to me that everyone travelling by air would be willing to pay a reasonable premium that would provide a standard and reasonable amount of compensation in the event of injury or death. I would estimate, and I stand to be corrected if I am very far out, that for somewhere between 50 cents and $1 extra on each airline ticket every passenger could obtain between $100,000 and $250,000 worth of insurance in the event of injury or death due to an airline accident, no matter what the cause.

It seems to me that kind of coverage should be compulsory, particularly for people travelling by commercial aircraft. There should not be any fine print on the back of the ticket. Every person who flies via a commercial airline should know that when they purchase their ticket the extra 50 cents or $1 paid is to cover $100,000 or $200,000 worth of insurance which will be paid by the insurance company to the injured party or to the next of kin in the event of accident. I suspect any insurance company or group of insurance companies, having that kind of business amounting to many millions of dollars a year, would be only too pleased to insure every passenger for $100,000 or $250,000 in the event of injury or death. Normal standard practice should automatically include insurance coverage in the purchase of an airline ticket.

As illustrated by my colleague the hon. member for Qu'Appelle-Moose Mountain, litigation which goes through the courts six, eight, 10 years after the event should not be paid for by those who were injured or the next of kin of those killed. This litigation can cost tens of thousands of dollars. If the breadwinner dies due to an aircrash it can become necessary to borrow money to live. Surely as a matter of common decency a nominal charge on every airline ticket would cover the premium for a substantial insurance coverage for injury or death due to a mishap.

This is not socialist dogma, even though it might sound like that coming from me. It is a matter of treating one another decently. It is a matter of saying that there is something immoral about trying to make a profit from the misfortunes of others. It is something we should darn well do. In fact that is one regulation which, if the Minister of Transport brings it in tomorrow, I would agree with.

The amendment put forward by the hon. member for Vegreville (Mr. Mazankowski) is an excellent one. We will support it. We agree with it. However, I want to caution my friends to the right that they should not be under any illusion; whether there be a majority Liberal government or a majority Conservative government, if this kind of amendment were part of the law it would still be voted down by the majority. If 20 members signed a motion and there was a debate, a majority government would still vote it down. However, it is still a valuable item to have in the legislation. The deputy minister, the airlines experts in the Ministry of Transport, members of the Canadian Transport Commission or even those in consultation with the airline industry would be aware in the course of drawing regulations that unless they do an excellent job with these regulations there will be some kind of a row in parliament. Therefore, these people will be more careful and thorough when drafting regulations. No matter what party is in power, none is perfect. Rome was not built in a day. Of course, the NDP was not building Rome either. There might be the odd miracle situation where some backbenchers of whatever party which had a majority would rebel and vote for a motion signed by 20 members. Some of them might even sign it. But with that caution hanging over the heads of those drafting regulations and those who sit in cabinet and pass them by order in council, I submit they would be more careful and conscious of what those affected by legislation feel about it.

Even with this kind of provision, Mr. Speaker, whether it be a majority or a minority government the party in power still has the ultimate responsibility, as it must under a system of responsible government. Letting parliament decide by vote concerning a motion signed by 20 members is the name of the game in this system of parliamentary government. If the motion passed and the regulations were submitted to the appropriate committee of this House, this would be a good indication that the government of the day had made a severe error in what it had drafted.

● (2112)

There is no doubt that 90 per cent of such motions would not get passed. Some might pass in a minority parliament, but in a majority parliament it would be extremely rare for one to pass. If one did, it would indicate a revolt amongst not only opposition members, but members on the government side as well. That is the value of the amendment.

I am under no illusion, and neither are my friends to my right, that this will be a 100 per cent guarantee of safeguard regarding government regulations. However, it will at least serve as part of the checks and balances in a parliamentary system of government, regardless which party is in power. This amendment provides an avenue of appeal before, during or after the publication of regulations not only by those affected, whether it is zoning or any other regulation, but by any other interested groups that might think the regulation too strong or think it should not be there at all.

If we are going to have regulations on zoning, the methods of determining compensation for those affected are inadequate. In fact, as I understand the bill, compensation is provided only to those using land in a manner which does not conform to the new regulations. It does not provide compensation to anyone else who might be caused injury by airport

construction or operation. Surely that is an inadequate provision. Compensation should be available to those who can justify injury, not only those affected by land required for airport development.

I hope the government will accept this amendment. They know as well as we do that the overwhelming majority of motions would not pass this parliament even though 20 members would sign. In fact, a motion would not pass even if 50 members would sign it. It would be debated for a day or so. Unless there was some kind of severe injury being caused by the government which resulted in a revolt among backbenchers, 90 per cent of the motions would not pass. But the fact that it is there would at least indicate a desire and a willingness by the government to be a lot more conscious of what they put in regulations, when, how and where they consult about regulations, and how, when and where they enforce those regulations.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. He may continue only with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. Benjamin: Thank you, Mr. Speaker. I had almost run out of gas anyway.

Mr. Alexander: Gas? Never use that word.

Mr. Nielsen: That's a bad word.

Mr. Hnatyshyn: Like user-pay.

Mr. Benjamin: I am glad I have extra time because most of my colleagues agree with what I have to say. I have not really stepped on anyone's toes except those of the hon. member for Winnipeg North Centre (Mr. Knowles) and others in my caucus by suggesting this kind of amendment would be useful in all types of legislation. This is something all members should think about. It is certainly not a partisan amendment because every political party takes its turn some time or other being in opposition or in government. Over the long haul, it really does no harm to a government, but it certainly is good for the work of parliament.

Most important, it gives the citizens of this country the feeling that there is an avenue of appeal through their elected representatives. It is a method other than having a cabinet hit your town two or three weeks before an election is called. It is an avenue by which citizens can voice their opinion and concerns to their elected members of parliament. There would be second thought, consideration or debate not only about the laws we pass, but about regulations a government may bring in as a result of those laws. Surely that is an improvement over what we have been doing for many years.

There is now provision in two or three pieces of legislation for this type of motion to be put, signed by ten, 20 or 50 members of parliament. It has been tried on a few occasions in the past few years. I do not think any have been passed by the majority of members of the House. However, it did provide an avenue for members on all sides to express their view concerning some activity by government as a result of a law passed by this parliament or regulations emanating from a law passed by this parliament. There was that opportunity for members on all sides to discuss it for a day or so.

This kind of amendment has been moved on many occasions by members of all three opposition parties. I am not certain, but I believe that when the government party was in opposition in the late fifties and early sixties they endeavoured to get this type of amendment, or something similar to it, incorporated into legislation. Therefore, it is not peculiar to any one particular party. It is a valuable mechanism in the legislative process. It is particularly valuable as an avenue to appeal or reconsider a decision made, or action taken, by the government or the administration of that government.

I hope members on all sides will accept this amendment as an excellent addition to this bill. We take pleasure in supporting the amendment.

Mr. J. R. Ellis (Hastings): Mr. Speaker, I am delighted to intervene in the debate on this amendment to Bill C-4. I did not have the opportunity to participate in all the committee meetings I would have liked to with regard to this bill.

At the outset, I commend the hon. member for Vegreville (Mr. Mazankowski) on the work he has done both in the House and in committee. He is a true friend of general aviation. As a private pilot, I know some of what he has done for aviation. As I say, I regret I was not able to attend all of those meetings.

With regard to this bill, the hon. member for Vegreville has been able to convince the government to drop clauses 7 and 8 which would have resulted in two classes of both passengers and carriers. He was instrumental in eliminating the necessity of bonding all aircraft up to 12,500 pounds. The hon. member worked hard to get changes in the regulations having to do with the licencing of small airfields which is so important to flying farmers and others who operate small airfields, as I once did.

● (2122)

As to the necessity for this amendment, it is necessary for someone to get the various orders put out by the Minister of Transport (Mr. Lang) because the Department of Transport is invariably cast in the role of an adversary. A person might think he was in court. Whatever it is, whether it is a medical update, the licensing of pilots, the licensing of fields or other facilities, there are regulations dealing with every aspect of general aviation and the department is always an adversary, never a supporter. I know from my own experience and from the mail I get that the department inevitably takes an adversary position.

There was a time when we had one or two friends in the department, people we could count on. Now I do not think we have any. There used to be one or two people who were well known to general aviation and who could be counted on. If

there was a need for changes to be made we could go to them and get a sympathetic ear. But today it is my understanding from COPA and others who deal with the department on a regular basis that such a situation no longer exists.

In dealing with the amendment I want to concentrate on an area in which I am particularly interested, the regulations having to do with emergency locator transmitters. I have spoken on the subject of ELT's in this House for four or five years, ever since I came here.

Before making a few suggestions I want to go into the history of ELT's. The use of emergency locator transmitters was first considered as a matter for legislation about five years ago in the state of California. An attempt to introduce legislation there on a state-wide basis failed because in the United States, as in Canada, this is a federal matter. The U.S. Congress later passed a bill, TSO C-61, making the use of ELT's mandatory in certain types of light aircraft. The Canadian Department of Transport followed suit, introducing legislation with some differences so as to be more in tune with our climatic and geographic conditions.

The original regulation was issued as air navigation order series II, No. 17. The Department of Transport outlined the specifications in RSS.147. RSS.147 was issued three times—issues two and three were put out with different specifications. The difference was marginal, though, and I intend to come back to this point in a few moments. A notice was issued to maintenance engineers and aircraft owners saying that all ELT's had to comply with issue two or three by the time of annual certification or in six months, whichever came first. But a later clause stated that after six months the ELT must comply with the specifications in issue three.

About that time, Mr. Speaker, I was asking questions in the House having to do with specifications, cost and quality of this instrument, in addition to its Canadian content, but I could not get answers to those questions. It was not until the specifications were issued that we found out what we were faced with. The specifications for issue two were basically the same as those required in the United States, as I have just mentioned—48 hours and minus 20° centigrade. That is the length of time and temperature range. More stringent specifications were cited in the issue three—100 hours duration and a working range down to minus 40° centigrade.

The day before the issue three specifications became mandatory for ELT's another notice was issued withdrawing the clause and stating that issue two specifications were in order. Mr. Speaker, I have a strong feeling that this notice was put out very quietly and, I am constrained to say, with some slyness, if not with dishonesty. Because people were still led to believe until the last minute that issue three contained the regulations to which they were required to conform. I suggest the notice was snuck through because DND had planes fitted with ELT's which complied with the earlier issue but which could not be converted to conform with issue three.

Until August, 1974 reliability had never been defined in scientific terms and used as a criterion in assessing ELT's. As a result, some problems cropped up. The first was quality control. Since these instruments were now mandatory in aircraft, everyone got into the business and quality depreciated. The second was more complicated. A phenomenon known as inadvertent activation caused planes to appear to crash. It came about when the amplitude and duration of shock were reduced on the recommendation of Arizona State University where it was determined that many small aircraft could not sustain the amplitude of between five and seven Gs and duration of 55 milliseconds.

Mr. Benjamin: You have just lost me there. I just took off.

Mr. Ellis: I lose the hon. member for Regina-Lake Centre (Mr. Benjamin) quite easily on a subject of this sort, I appreciate that. I go into this history purposefully to show that these specifications were laid down and then broken by the department; they were laid down without the department really knowing what it was doing and 17,000 private aircraft owners were forced to put this apparatus in their airplanes.

The crash considerations to which I have referred were then changed and a duration of 11 milliseconds was introduced. When this happened, manufacturers began converting to high impedance electrical latches instead of mechanical latches. They found that the latches they had been using were activated by impact; there was a rash of such occurrences. To overcome some of these difficulties the industry turned to the use of lithium batteries which had already been introduced by a number of manufacturers. Widespread, indeed, almost exclusive use of lithium batteries was adopted. However, it was found that lithiums leaked sulphur dioxide.

If I am going to lose the hon. member for Regina-Lake Centre, I shall lose him completely now because I am putting into the record the fact that while sulphur dioxide is chemically inert it becomes quite corrosive when combined with moisture. Or, to put it in another way, $SO_2 + H_2O = H_2SO_3$ and this becomes sulphur dioxide. It becomes even worse in the presence of oxygen, H_2SO_4 results, and even though the cell manufacturers realized this and tried to prevent it with the installation of a safety vent, cells not sealed properly would seep gas and corrosion would take place, damaging the electronically printed circuit board and causing accidents or disabling the instrument.

There was one unit which was immune because of the excellent seals which had been put in, but the firm concerned subsequently went out of the business. If a pilot or aircraft owner had one of these instruments and it would not work, he usually went to the Director General of Civil Aeronautics in Ottawa who gave him a waiver enabling him to fly without any ELT as long as a sign was placed on the side. If the pilot really wanted to comply he had to buy one of the other types.

But the problems surrounding the use of lithium persisted, resulting in explosions and at least one serious crash. The cause of this is not totally known. We know that experts from NASA in the United States and the U.S. army have been looking into this problem and they are coming up with some answers.

• (2132)

A task force was set up by the department when it admitted that ELT's were causing more problems than they were worth. That is when the department ordered the ELT's out of the aircraft. After having forced 17,000 owners to put these instruments in their aircraft, the department passed an order telling them to take them all out. At no time was there any mention of compensation for what they were doing.

Recently the department issued a news release saying it had decided on an interim solution to the ELT problem. What the department said was that it waived the specifications I quoted a few moments ago, coming up with a new specification of 50 hours and minus 20° Celsius. This degradation of specifications, while not that much different, allowed the use of standard batteries, not lithium but low temperature alkaline or magnesium battery packs. These new battery packs are considerably larger and in some cases require alterations to the aircraft to instal them.

Three manufacturers have been named as having acceptable non-lithium ELT's, and the Department of Transport has a set of regulations for installing them. However, these provide only a temporary solution, and I want to make the point that this is only a temporary solution. Those who own aircraft still do not have a permanent safety mechanism for the purpose for which they are intended.

There are three future possibilities for the ELT's. Two of these possibilities involve new battery packs; lithium thionol chloride and lithium carbon monofloride. There is another possibility which by 1982 we might be into, and that is when Canadians and Americans, working, perhaps not surprisingly, with the Russians who share a good part of the northern hemisphere with us, perfect a satellite which might be launched into a polar orbit. It would be the first search and rescue satellite. It would pass over every area in the northern hemiphere every four hours or less and could immediately pinpoint any downed aircraft and, of course, save many millions of dollars in air rescue costs. To be located, however, the ELT employed would require an entirely different structure from those we are familiar with now, and they would have to be vastly upgraded.

The first difficulty then with ELTs is the fact that one is dealing with three different departments: the Department of Communications, which governs the airwaves but frankly does not care too much about aircraft; the Department of Transport, which cares about aircraft but has no control over the airwaves; and, finally, the Department of National Defence, which is in charge of search and rescue.

The people who have really suffered in all of this, as I have tried to point out, are the aircraft owners. They never know what is coming next. They do not know when they will have to reach in their pockets and buy some new kind of hardware, and there is a good possibility that the next notice to airmen will tell them to rip out what they have just installed. Uppermost must be the safety factor. We never have any idea how many pilots have suffered injury or death because they did, or perhaps did not, have a lithium or non-lithium powered ELT.

The second group to suffer are the manufacturers who try to accommodate the flying public and try to do what the department wants, but every time they get an inventory big enough to serve the requirements the regulations are changed and they are out a pile of money.

The interim solution that was published in a bulletin from the Minister of Transport announced on February 7 that the department, air administration, has approved a modification which will permit the reinstallation of ELTs in approximately 6,000 aircraft. This came out just last month, and all it amounted to was a waiver of the existing specifications. Frankly, it does not satisfy the users or the climatic conditions. The worst part of it is that five years ago, when pilots or aircraft owners were installing ELTs, they had to meet two kinds of specifications. Now we are back to doing it the old way.

The department, in my opinion, has been irresponsible to almost everyone affected. The Minister of Transport knows that to be issuing something like a schedule 3 now means that in a few years either improved lithium will be back or there may well be a satellite tuned ELT in operation. Therefore he is not doing his job properly.

After this, Mr. Speaker, you can see how we need an evaluation of the regulations, and need to ask questions and find out how many dollars could be saved by the use of ELTs. That would have been a pretty straightforward task for some of us involved in aviation.

I want to spend a few minutes more dealing with one other practice that was brought to my attention. This is a practice that goes on and it is my contention that the department is in an adversary position because of the sort of thing it does. This has reference to the user-pay fee as it was being considered to apply to instrument flight rules in Canada; that is, IFR flights in Canada.

The Manitoba Aviation Council wrote to the minister and was kind enough to give me a copy of the letter. I do not intend to quote directly from it in detail, but it made the very good point that if pilots were to attempt to upgrade themselves in their flying they would fly, as I have done many times, under instrument flight rules when it was not necessary. They would take flight procedures in the air that were not necessary but which help them to become more proficient in the flying of their aircraft. Surely this must be the approach, and is in the best interests of the Department of Transport.

What was intended by the department was that it would charge extra if I, for example, wanted to fly from here to my home under instrument flight rules. I would have to pay extra. Obviously I would not do that if I did not have to. As a consequence, my instrument flying would perhaps suffer. The department attempted to do this right across Canada. It was going to put this into operation in a way that would endanger the actual livelihood of fixed base operators.

Anyone in general aviation in Canada knows that if you are flying in Canada you are usually flying east to west, and you have a number of routes available to you. Certainly if you are flying through Canada, where there are charges being levied to

fly on instruments, all you have to do is slip across the border—and in the air the border is not very visible—and fly on instruments in the United States. In this way you by-pass the Canadian fixed base operators and deprive them of income from which they would benefit.

Canadian aviation has the potential to expand and improve considerably, but it will not do so if we are faced with restrictive and prohibitive rules such as those this department continually tries to impose.

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

Some hon. Members: Agreed.

● (2142)

Mr. Ellis: Thank you, Mr. Speaker. I should like to wrap up my comments with one more sentence and say that it is not helpful for me or any other pilot not to be allowed to use the facilities that are already there. Certainly using those facilities would be of benefit to all pilots. We are back to the adversary role which the department is continually playing. It would be of benefit to us to have the opportunity to review the regulations as they come up. This would not involve all the regulations but only those which are in need of review, those which are not in the best interests of general aviation.

Mr. Cecil Smith (Churchill): Mr. Speaker, it gives me great pleasure to rise tonight to speak on the amendment to Bill C-4 proposed by the hon. member for Vegreville (Mr. Mazankowski), who has put a lot of work into the communications aspect of the work before the Standing Committee on Transport and Communications. Even though I am not a member of that committee, I have followed very closely developments in the aviation business in Canada, particularly since I come from a constituency which depends exclusively on aircraft to link us with many of the more remote communities. Some 25 to 30 communities in northern Manitoba alone depend exclusively on aircraft to service them, and if we looked across Canada we would find the same situation in Saskatchewan and in the Northwest Territories.

In speaking to the amendment I should like to point out some of the problems that we experience daily in air transportation and the confusing situation in which the operators find themselves. I will give hon. members a brief history of what has happened and I will use Manitoba as an example. Back in 1966 the then provincial Conservative government under Duff Roblin made a commitment that by 1970, Manitoba's centennial, every community of 100 persons or more would have an emergency airstrip. Prior to that time the 25 to 30 isolated communities in the north were serviced solely by float equipped aircraft in the summertime which would land on lakes adjacent to the communities. In the wintertime ski equipped aircraft landed on lakes. Anyone who has landed on a frozen lake in the wintertime, a lake covered with snow drifts, will know that it is a pretty hazardous operation. Many times the pilot actually risks his life and those of his passengers as well as risking damage to the aircraft.

Thus the decision was made to build emergency airstrips in the communities so as to enable pilots to service them and to take patients out to hospitals in larger centres, most of the remote communities being equipped only with small nursing stations with perhaps one nurse on staff. The airstrips were located in various communities without too many engineering services. There were fellows like myself who worked for the department in the province of Manitoba. We went out to those places, located suitable communities in need of an airstrip and found a site with free approaches, no obstacles in the way at either end. We always tried to pick an airstrip facing the prevailing winds.

Over a period of five to six years we had airstrips in most communities in northern Manitoba. They were classed only as emergency landing strips, a maximum of 2,000 feet long. This is when the Department of Transport arrived on the scene. Prior to that time these airstrips were classed only as emergency airstrips, but with the aviation industry in the north expanding in leaps and bounds and communities increasing in population, the demand for air travel also increased.

What happened then was that many of the operators in the north switched from ski to wheel operation. In many cases pilots landing on shorter airstrips considered the operation safe enough, but in the view of the Department of Transport the standard was not met in those operations. Their requirements in the north were the same as for Mirabel or the airports at Toronto or Winnipeg. The communities in the north had to have the same standards as were in the rest of the country.

This created havoc in the aviation industry and in the service to the various communities because the type of regulations that were being imposed prior to the involvement of MOT were the concern of the province of Manitoba. A certain set of criteria was arrived at with regard to the placement of terminal buildings, the approaches, the grading required, the width of the landing strip and the clearing and the distance required for a DC-3, a Twin Otter, a single engine Beaver or an Aztec or whatever type of aircraft might be landing in that community. We received specifications from DOT, as it was named then, and we tried to stick to them in the construction of the airstrips.

But lo and behold, after we made some 25 airstrips usable—we had not spent the amount of money which was probably required by DOT because their planning involved engineering studies, engineers on site and so on, and we did not have the funds to put into that type of construction—officials of the Department of Transport made a swing through northern Manitoba in 1975, checked all the airports and decided to close the following airstrips in northern Manitoba: Poplar River, St. Theresa Point, Oxford House, Red Sucker Lake, and Little Grand Rapids. These communities are isolated and the only way to reach them is by aircraft.

Certain specifications were set down which had to be met before these five airstrips could be licensed for certain air carriers, but because of the remoteness of these communities,

what happened in many instances was that it was impossible to get equipment into the communities to bring the airstrips up to a standard that was created all of a sudden. In certain instances the location of the terminal building was not according to the regulations. This had a very bad effect on communities such as Oxford House, which an airplane could overfly on its way to another remote area but where it could not land because it did not have a class II or class III licence. So the people in the community had no air transportation facilities out of there unless they chartered an aircraft; and if they did that, it did not matter what aircraft they used because the Department of Transport did not require the regulations to be adhered to by a charter. However, there was a different situation if you were going in on a scheduled run.

● (2152)

This put the community in the position where it was costing more to bring goods in. It was costing more for transportation, and that hindered development. In the case of Oxford House, exactly one year later the terminal building sat exactly where it was in 1975. No further improvements have been made to that particular airstrip. The strip is some 4,200 feet long with a 300-foot wide landing surface which is gravel. However, no major changes to the design of that airstrip took place. This is one which had been closed. Lo and behold, in 1976 permission was granted to re-licence that airstrip for a class III carrier. For one year this community's development was hindered, and then all of a sudden there was a reversal.

When the hon. member for Hastings (Mr. Ellis) was talking about ELTs, I was reminded of the confusion northern carriers face. As I said before, without aircraft in the north there is no means of transportation and communication. It seems that the larger the aircraft we get into these communities, the cheaper it will be.

In many locations and in many circumstances operators in the north are totally confused as to what the Ministry of Transport is doing with regard to the aviation business. I hear stories of air carriers still holding class II licences in communities where there have been no aircraft for the last six or seven years. That hinders the development of many other carriers in the area because communities are protected by licence but those licenses have not been used for the last five to six years. We can see this happening throughout the north. I receive repeated complaints from operators in the north. They are really confused about the directions which come from the Ministry of Transport. There are many good men in the Ministry of Transport, and I think they give good suggestions to the government, but the government is not sensitive enough to react to some of those suggestions. The government is hindering the aviation business and confusing those who are trying to get into it.

Just recently a chap from a very remote community applied for class IV licence so that he could serve that community, but the CTC turned the application down because it was felt that the community was already sufficiently served. That was the only aircraft based in that community, and the reason for having it there was to serve the community in case of emergency.

Back in 1976 it was decided to impose a $2.60 landing fee on private aircraft landing at airstrips. This caused concern among private pilots. It is necessary for many people in the north to have small aircraft in order to go to larger centres because they have no other means of communication. Because of pressure from this side of the House the government withdrew that part of its order in council and the fee remained at $1. However, it was only through pressure brought by various pilots' associations, private air carriers and others that there was a turnaround.

I would like to speak briefly about the amendment. As I understand it, Bill C-4 proposes to give the minister a more arbitrary power to collect money from users of airports. The user-pay concept is really what I see coming out of it. We see this concept being used by the Department of Transport not only with regard to air carriers but also with regard to ground transportation. The policy has been applied to the CNR as well.

In 1974 at Thompson, Manitoba it was recognized that an expansion of the airstrip would be necessary to accommodate the traffic that airport had. It was the eleventh busiest airport in Canada that year. It was a jumping off point not only for Manitoba but also for the Northwest Territories because of its location and because of its being served by rail and by road. Much effort was put into attempts to get an expansion of the airstrip, an expansion of the ramp area and an expansion of the cross strip.

Originally that airport was laid out by the Department of Transport. The site was selected by that department. I do not know who was responsible for the forward planning of that airstrip, but when it came time to expand the ramp area and to put in a cross strip it was found that there was permafrost in the general area. After soil samples were taken as a result of drilling it was found that there were many ice lenses and silt pockets to the east and to the west of the existing ramp. This caused the department to have to excavate thousands of yards of material, to dig the permafrost out and then to fill the excavation in with gravel. With the vast amounts of land we have in northern Manitoba one would have thought that perhpas in the planning of the airstrip in the first place a location which did not have a permafrost problem would be chosen. A group of engineers from the department chose the site, and in the wisdom of the department the present site was chosen. However, if a different site had been chosen thousands of dollars spent on excavation could have been saved.

Fortunately, we now have a ramp area, but it is still not sufficiently large due to the terrain. Many of the facilities have had to be put on the far side of the airstrip, and another road to that location has had to be built. All across the north many locations are still not served by good facilities when an emergency is imminent. In this regard I say that taking the ELTs out of aircraft in October was a serious mistake. I see now that we have them back in. Mr. Speaker, I would like to call it ten o'clock.

Adjournment Debate

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I wonder if there is someone on the government side who can tell us what we will do tomorrow. Will we continue with Bill C-4 or with something else?

● (2202)

Mr. Blais: As I understand it, Mr. Speaker, we are going to continue with Bill C-4 to its conclusion and then proceed with Bill C-26.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

THE CANADIAN ECONOMY—VALUE OF CANADIAN DOLLAR—INTERNATIONAL INVESTMENT IN CANADA

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the matter which brings me into the adjournment debate tonight stems from a series of questions I put to the Minister of Finance (Mr. Chrétien) on March 7, 1978, which appear at page 3512 of *Hansard*. These questions dealt with the declining international confidence in Canada's economic future and the effect that lack of confidence has had on our bedraggled dollar. It is the continuing story of our shrinking dollar.

In a nutshell, I asked the minister on March 7 how it was that confidence in Canada had sunk to such a low that commercial loan companies such as Traders, IAC and GMAC required high credit ratings and lower borrowing rates than the federal government itself. I asked the minister also how it was that our foreign reserves had been allowed to become so vulnerable to the activities of international traders in Kuwaiti and elsewhere that one Kuwaiti investor had put the federal government on the run in their attempt to defend the dollar. How many more billion dollar investors were there, I asked, holding relatively short term or medium term securities that might be thrown on the Canadian market, wreaking havoc on the international exchange markets as far as our Canadian dollar was concerned?

As might be expected, the minister's answers to these questions, like his handling of the entire dollar crisis, was sadly deficient. In effect, he tried to shrug it off as some mere rumour.

I want to put on the record tonight that commercial loan facilities did get cheaper 90-day money on March 7 than the federal government, and that international investors have managed to sabotage government attempts to defend the dollar. The fact that the minister is either uninformed about the developments or unwilling to discuss them rationally only serves to undermine confidence in our country all the more.

Let there be no doubt, Mr. Speaker, the head-in-the-sand pronouncements of the Minister of Finance have already led to a significant loss of faith in this country and our dollar. This was clear as long as October of last year, when we had the last dollar crunch. On October 13, 1977 a *Globe and Mail* article reported that international investors were "confused" over the government's policies. I quote:

> The confusion over official policy was increased by Finance Minister Jean Chrétien's repeated statements that the government does not intend to defend any particular rate for the Canadian currency . . .
>
> ". . . when you have a floating currency, you have to let it float" Mr. Chrétien said.

The article concluded that many people believe that the inaction on the devalued dollar reflects unresolved policy differences within the government. Mr. Speaker, it was obvious then, as it is clear now, that this unfortunate minister's misstatements have contributed to rather than alleviated the dollar crisis. Such lack of confidence in the ability of the government is justified when you consider the response of this administration to the entire affair. Today, for example, the government is busy trying to convince Canadians that the devalued dollar is good for us. What nonsense, Mr. Speaker. The fact is that a lower dollar means higher inflation due to higher priced imports. Dropping 14 cents in relation to the U.S. dollar means a 4 per cent hike in the inflation rate; that is, 4 per cent on top of whatever inflation we already have built into the system. Is this good for Canadians?

If the 89-cent dollar is so good, why did the administration fight so long to keep it at par? Why did they encourage Canadians to borrow $15 billion in foreign funds so that the dollar would be kept stable? If it is good to have an 89-cent dollar, then it must have been wrong to have a $1.03 dollar before. If an 89-cent dollar is good, would not a 79-cent dollar be even better? Think what a 29-cent dollar could do for us.

● (2207)

The fact is that our dollar has been routed, and the only defence the administration has is to point out that a cheaper dollar will help our exports. But this is a little like Napoleon rationalizing his retreat from Moscow—it was good for the troops because they wanted to see Paris anyway. The whole world knows, and even the Minister of Finance must realize it some day, that a falling dollar such as we have had in Canada is bad for Canadians. Some day he will have to admit that.

I believe that tonight his parliamentary secretary should be required to give a fuller explanation why they are now trying to rationalize that a bad thing is something that is in fact good. The British tried this. The British devalued their currency three times. They were consistently fed the syrup this government is feeding to the Canadian public, that somehow a devalued dollar would restore the economy.

This government has treated our economic problems with aspirin. At one time we were told wage and price controls would solve inflation. We were told controls would give us 4

per cent inflation this year. Last month inflation was 9 per cent. Now we are being told the chronic problems we have in this country will be solved by some type of a falling dollar, to a level they have yet to state.

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

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, it is our most recent information that borrowing costs to the Government of Canada on 90-day treasury bills remain below those of the major finance companies over the same term. I want to emphasize "over the same term." You cannot compare 90-day bills of the government with a 30-day note to a private company, a situation which is sometimes alluded to by members opposite. This must be particularly taken into consideration when account is taken of the commissions that such companies must pay to dealers that market their obligations.

Nevertheless, it is generally true that in Canada the spread between interest rates paid on Government of Canada debt and those on the debt of other Canadian borrowers has narrowed over, say, the last year, not only on short-term but also on long-term securities. The question then arises: Would one wish to describe this process as reflecting a decline in the government's credit rating? Can one simply look at interest rate levels, relative or absolute, and make such judgments? Despite this narrowing, the interest rate paid by the government of Canada on 90-day treasury bills has declined substantially in the past year. This can hardly be described as a deterioration in the credit rating of the Government of Canada.

In general, interest rate differentials between government and other securities of the same maturity have reflected the relative demand and supply of funds in particular markets.

The narrowing of the spread between rates on comparable government and corporate debt over the last several months reflects a rise in the volume of government debt marketed relative to that of corporations. This is a necessary concomitant of the deficits that the government currently runs to stimulate the economy. On the other hand, corporations' requirements for funds have recently declined sharply. This is indicative of the general improvement in corporate liquidity positions: undistributed corporate profits rose more than 26 per cent in 1977 over 1976.

In so far as our international credit rating is concerned, the Government of Canada has not itself, of course, raised money outside the country for several years. We anticipate no difficulty whatsoever in doing so now. In fact, we expect that the $750 million U.S. dollar bond issue which we are in the process of arranging will be very favourably received in the international financial market.

Mr. Stevens: Tax free.

Mr. Lumley: As to the report that a particular Kuwaiti investor has dumped hundreds of millions of Canadian dollars, this is a rumour without basis in fact. A number of stories have circulated in recent weeks that are similarly unfounded. Attempts by the opposition to add to their credence merely serves to increase the tendency to disorder that has arisen in the foreign exchange market from time to time. This is unhelpful to our efforts to preserve orderly market conditions. The recent steps taken by the government have helped to restore some stability to the market.

● (2212)

ENVIRONMENTAL AFFAIRS—AKAMINA-KISHINENA, B.C.—PROTECTION OF WILDLIFE

Mr. Bob Brisco (Kootenay West): Mr. Speaker, on March 9 I addressed a question to the Minister of Indian Affairs and Northern Development (Mr. Faulkner) dealing with his responsibilities vis-à-vis national parks. My supplementary question was addressed to the Minister of State (Environment) (Mr. Marchand) dealing with the Canadian Wildlife Service and his responsibility in that context.

My question dealt with a wilderness area adjacent to a federal park, Waterton Lakes National Park. Immediately to the west of that national park is an area that is called the Akamina-Kishinena watershed or wilderness area. This area has been tentatively set aside by the British Columbia government as a wilderness area not yet in the classification of a park. Nevertheless, that is the ultimate aim and objective of the province of British Columbia. That at least has been the indication.

The area now has major infestation of Rocky Mountain pine beetle. It is the desire of the British Columbia forest service to clearcut log that area. I can certainly respect their concern and desire to eradicate in that valley the pine beetle and protect the valley from the deprivations of fire once the timber becomes so decadent that it becomes bone dry. I can understand why they want to salvage that timber.

There is another concern. Immediately they enter into that area to log it, they expose it to ready access by the public. They immediately apply a great deal of pressure to the wildlife in that area. It is in that context that I asked the minister to make representation to the province of British Columbia, through the Canadian Wildlife Service and his responsibility to them and their responsibility to him, asking the province to reconsider their decision to allow the forestry department to clearcut that area.

The Canadian Wildlife Service has become involved before in their concern for animals in the national parks, particularly with reference to the Rocky Mountain bighorn sheep which was nearly wiped out in Kootenay National Park as a result of a lung worm infection or disease. That was because of lack of forage for the number of sheep present.

The Canadian Wildlife Service has also addressed itself to studies of grizzly. In the Akamina-Kishinena we have an endangered species indeed, the grizzly. We have an even more endangered and rare species called the northern Rocky Moun-

tain wolf. That is a very rare animal indeed to be seen in the mountains of southern British Columbia. In addition, there are such game as the Rocky Mountain bighorn, the Rocky Mountain goat, elk and deer. To clearcut that area would create an enormous disruption of the game patterns that move not only in the Akamina-Kishinena, but from that area into Waterton Lakes Park and indeed into the United States and Glacier Park.

I have been assured by Congressman Baucus of Montana of his very real concerns, the concerns of the state of Montana and the federal government of the United States, regarding a proposal to clearcut this area. I am sure we will see a response from the American government expressing their concern and recognizing their limits. They will express their concerns to the province of British Columbia regarding any interference with the wildlife in that area which is so closely associated with and adjacent to Waterton in Glacier National Park.

These animals know no boundary. They move back and forth in these areas, as is their migratory pattern and as the supply of food requires. Recently the Minister of Fisheries and the Environment while in Invermere, B.C. came out four square in opposition to the Kootenay River diversion. This is a provincial proposal. It is part of the Columbia River treaty, but is a responsibility of the provincial government. Yet the minister has taken it upon himself, and I am pleased to see him exercise his concern, to state unequivocally his opposition to the Kootenay River diversion. On a project of such a grand scale, involving such an impact, the minister is prepared to speak; but on an issue of lesser consequence to him, but one which, nevertheless, is of major consequence to many—the protection of wildlife in an area immediately adjacent to and forming part of a national park—we find the minister standing mute or intimating that it is outside the ambit of his responsibility. So also, for that matter, is the Kootenay River diversion project.

● (2217)

I must again ask the Minister of State (Environment) to summon up his courage and write a letter to the minister of forests and to the minister of recreation and conservation in the provincial government and to support his officials in the Canadian Wildlife Service as well as his colleague the Minister of Indian Affairs and Northern Development, who is responsible for the national parks, letting them know he has a real concern for what is going to happen to the wildlife in the Akamina-Kishinena and asking for their views.

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): Mr. Speaker, the whole subject of the Akimena-Kishenena watershed, while one of environmental interest, is primarily a provincial responsibility. However, because of representations made by the U.S. state department, the government is examining the course of action it should take in the matter.

This triangular tract of British Columbia land wedged between Waterton Lakes National Park and the U.S. border has been found to be infested with the mountain pine beetle and consequently it has been proposed that the diseased lodge pole pines be salvaged. As it stands now, the matter is before the environment and land use committee which is made up of seven B.C. cabinet ministers, including the minister of recreation and conservation. This committee will make the decision on whether or not to accept the recommendation. When made, the decision will be binding.

The minister has confidence in the British Columbia environmental assessment regulations, which he believes to be sufficiently strong, and he is certain the committee will take into account not only the impact on wildlife but the effects on other aspects of the environment.

Fisheries and Environment Canada has noted the following facts about the area in undertaking its Canada land inventory. First, the area has little significance as far as water fowl are concerned. Second, part of the area is an important wintering range for elk. It is anticipated that as long as the land does not erode and some cover remains, these elk can continue in the area. As long as the elk and other small mammals remain, wolves will stay in the area. The same is true of grizzly bears, though they are known to travel long distances in any case.

It is understood that the cutting will be phased—it was already begun some time ago in the Sage Creek area. Cut areas will have time to regenerate before other areas are cut. Thus, wildlife can be accommodated. The opening up of the area to new growth can actually benefit wildlife.

The minister recognizes that the area was designated as a recreational preserve in 1956 and can appreciate the emotional impact of cutting trees there. Even now the Pacific Forest Research Centre of Environment Canada is assisting the B.C. forest service in a search for alternative methods to control the pine beetle. I hope they succeed.

Though I appreciate the hon. member's concern, our course of action cannot be dictated by the immediate need to answer the question. Rather, it must be determined by the long term well-being of our environment, and that will take more time to assess. All I can say now is that we are keeping an eye on the situation.

Mr. Brisco: A good reply!

The Acting Speaker (Mr. Turner): Order, please. The motion to adjourn is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

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

HOUSE OF COMMONS

Tuesday, March 14, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*Translation*]

THE CANADIAN ECONOMY

COMMITTEE STUDY OF PROPOSALS FOR CREATING JOBS—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Since the Minister of Finance (Mr. Chrétien) has refused to create jobs, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That the House immediately appoint a special committee on economic urgency in Canada which would be asked to recommend an effective program enabling Canadians to return to work; that the committee consider and report on specific proposals providing for tax reductions and other measures suggested by the parties in the House and large private organizations; that the committee consider what short-term measures could induce economic growth and how employment could be better coordinated with other monetary and tax policies; that the committee be empowered to sit during the Easter recess; that the committee be provided with technical research services and other necessary resources to comply with its terms of reference; that, at the latest, the committee submit its findings and recommendations to the House by Monday, April 10; that the said committee include the members for Windsor West (Mr. Gray), for Scarborough East (Mr. O'Connell), for Montreal-Bourassa (Mr. Trudel), for York Centre (Mr. Kaplan), for Matane (Mr. De Bané), for Eglinton (Mr. Sharp), for Battleford-Kindersley (Mr. McIsaac), for York-Simcoe (Mr. Stevens), for Joliette (Mr. La Salle), for Don Valley (Mr. Gillies), for St. John's East (Mr. McGrath), for Vancouver South (Mr. Fraser), for Waterloo-Cambridge (Mr. Saltsman) and for Bellechasse (Mr. Lambert).

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

EXTERNAL AFFAIRS

SLAYING OF ISRAELI CIVILIANS—CONDEMNATION OF PLO—MOTION UNDER S.O. 43

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I rise on a matter of pressing necessity under the provisions of Standing Order 43. My motion is concerned with the tragedy which struck the lives of hundreds of Israeli families last weekend. In view of this barbarous testament to our collective failure to find a solution to the Middle East dilemma, I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall):

That this House utterly condemns the brutal murder of innocent Israeli citizens by terrorists of the Palestine Liberation Organization, and in addition finds it abhorrent that any body which wishes to gain legitimacy in the eyes of the world community would in any way associate itself with such an act of depravity.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

CALL FOR IMMEDIATE BUDGET TO CREATE JOBS—MOTION UNDER S.O. 43

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I should like to move a motion under Standing Order 43 regarding an urgent and pressing matter. In view of the fact that we now have officially over one million and, unofficially, 1.6 million Canadians unemployed, the worst economic performance by any Canadian government, a milestone that has become a millstone around the necks of the Canadian people, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House urges the government to bring in an immediate budget prior to the Easter recess designed to create jobs and decrease the horrendous level of unemployment in the country today.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

OFFICIAL LANGUAGES

USE OF FRENCH IN BROADCASTING OF HOCKEY GAMES—MOTION UNDER S.O. 43

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

Considering that hockey plays such an important part in the lives of a great many Canadians who consider it their national sport; considering that it is held in high esteem by both Francophone and Anglophone Canadians; considering that all Canadians have the right to watch their programs in their own language on the CBC network; considering that Francophone Canadians are deprived of their right to watch hockey games in French in the areas which are covered by the CBC television stations in Toronto and Vancouver; and considering that the agreement between the MacLaren agency and the CBC already provides for the payment of television rights in this respect, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That the House authorize the government to order the CBC to include the Toronto and Vancouver regions in the French network for the broadcasting of hockey games, or to make possible the French broadcasting of hockey games played in Toronto and Vancouver.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

REGIONAL ECONOMIC EXPANSION

REQUEST DREE PROGRAMS FOCUS ON DEPRESSED AREAS—MOTION UNDER S.O. 43

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43. In view of increasing unemployment which is not reported by Canada Manpower offices—as pointed out graphically in Monday's issue of the *Globe and Mail*—and in view of the decrease, in real terms, of the DREE budget with consequent lessening of assistance to those disadvantaged areas of the country which this program was originally designed to assist, which program was promoted with such fanfare by the Prime Minister (Mr. Trudeau), I move, seconded by the hon. member for Lisgar (Mr. Murta):

That the Minister of Regional Economic Expansion, together with his cabinet colleagues, for the benefit of the Atlantic region and eastern Quebec, bring into sharper focus and on a more specific basis increased programs to alleviate unemployment, focus DREE aims and objectives more particularly on the real areas of need in the country, and that the Minister of Regional Economic Expansion consult with the Minister of Transport to ensure that both departmental policies are co-ordinated.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

COMMITTEE STUDY OF PROPOSALS FOR CREATING JOBS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance. As the minister knows, statistics released today indicate that there are now officially more than one million Canadians out of work for the first time in the history of Canada. The minister continues to refuse to introduce a budget immediately to deal with this problem.

If the government refuses to act, as it does, will the minister at least recommend to his colleagues that the government accept the recommendation I made earlier today and name an all-party emergency committee of this House, immediately, to study the proposals put forward by this party and by others in the House of Commons, and proposals put forward by the C.D. Howe Institute and others in the country, to work over the Easter recess and to report back before the middle of April so that if the government will not work, parliament can work to create jobs for the one million Canadians who are unemployed?

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in relation to the proposition made by the C. D. Howe Institute in terms of cutting sales taxes at the provincial level, that is a proposition I myself made to the provinces in the fall, and renewed it at the finance ministers' meeting prior to the first ministers' meeting. That proposition could not be worked out.

The hon. member referred to the fact that unemployment increased somewhat last month, but he has not told the House or the public that employment increased by 100,000 from January to February, and by 287,000 in the past year.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, what the minister's answer indicates is that not only does he refuse to bring in a budget and

let the government go to work, but he refuses to allow the Parliament of Canada a mandate so that it can go to work on behalf of the unemployed in this country. That is shameful behaviour by this minister.

Some hon. Members: Shame.

Mr. Clark: The minister is playing cute games with regard to a budget, but will he give us an absolute assurance that he will bring in a budget before the dissolution of this parliament?

[*Translation*]

Mr. Chrétien: Mr. Speaker, last Friday I told a committee of this House that I felt it was important to wait until the government incentive measures, in force since January 1, had been applied in every sector of the Canadian economy before bringing in a new budget. I also stated that I was hoping to bring in a budget either in late April or early May. As for the dissolution of parliament, this is not a matter within my jurisdiction, Mr. Speaker.

[*English*]

Mr. Clark: Mr. Speaker, what concerns us is that we believe the question of whether there will be a budget does not come under the control of the Minister of Finance and that the Prime Minister has said there will not be a budget, because he does not want the economy discussed in the House of Commons before there is an election.

● (1417)

Some hon. Members: Oh, oh!

EFFECTIVE DATE OF EMPLOYMENT TAX CREDIT PROGRAM

Mr. Joe Clark (Leader of the Opposition): This minister holds the double distinction of being the first minister whose policies have put one million Canadians out of work and the first minister in 15 years who has refused to bring in a budget.

I want to ask him about one of the measures the government has brought in, the employment tax credit. My office telephoned Manpower offices in Windsor, St. Catharines and Sudbury—three Ontario centres where unemployment today is at or near 12 per cent—and asked for the status of the employment tax credit program. In no case have application forms for employers who might seek that program reached those offices. On March 1, the minister told the hon. member for Grenville-Carleton that the program would start the next week, on March 8. Today is March 14. Why did the minister mislead the House and the people of Canada on the effective date of the employment tax credit program?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when the program was announced, as I said in the House, I checked, before the end of the question period, with the department of manpower and immigration which was handling the administration of the program. They said that the program was to start on the day that I told the House of Commons. The program has been in place since that time. As to how many applications there are in the different offices, the legislation is in place, the regulations are in place and everything is in place. It is up to the private sector to take advantage of the program.

I should like to point out that the hon. member has not referred to the fact that unemployment decreased in all provinces of Canada last month except provinces where there is a Tory administration.

Mr. Clark: Mr. Speaker, this minister continues to try to play cute little political games while more and more Canadians are put out of work. The fact is that the forms for this program are not in the offices where they would do the most good. This program was promised first in February, and the government failed on that; it was promised in March, and they failed on that. What we want to know is when application forms will be available in these Ontario cities, the industrial heartland of the country, where the policies of this government are creating unemployment rates now in excess of 11 per cent and 12 per cent.

When will it be possible for Canadians who are looking for this government program in order to find a job to have forms they can work on? Will the minister give me a date? He has given us two that were wrong. He should give us a date that Canadians can rely on.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I said and I want to repeat that the program is already in force at this moment. If some offices have not yet received those forms, I will inquire of my colleague, the Minister of Employment and Immigration, and see to it that the necessary steps be taken. The act and regulations have been adopted and the program is in place. If there are any administrative problems, we will make sure that they are corrected with the shortest delay.

* * *

[*English*]

MANPOWER

MEASURES TO CREATE JOBS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my supplementary question is for the Minister of Manpower and Immigration. In the context of what is perceived by everybody except this government as an emergency situation, tragic in its proportions for human suffering, given the statutory responsibility that is the minister's, and in view of the failure of the Minister of Finance to bring in a new budget with the necessary stimulative measures to get the economy moving, what advice is the minister prepared to give his colleagues, now that there are over one million people, officially, unemployed in this country or, in real terms, 1.6 million? Surely the minister has some responsibility in this.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, most assuredly, the government has

expressed its concern and has followed this up with action, not on a month to month basis, but going back to the application of about one-quarter billion dollars being spent on the first phase of Canada Works; the federal labour-intensive program announced and administered by my colleague, the President of the Treasury Board, and the employment tax credit which the Leader of the Opposition chooses to ignore.

When that legislation was brought in, it is to the credit of my department that the civil servants worked day and night to put it into operation so that private enterprise could take advantage of what I think is an excellent program. I think it will prove itself. I have some confidence and faith in the private sector, but the Leader of the Opposition does not seem to have that. To suggest that nothing is being done is just not in accordance with the facts, Mr. Speaker.

● (1422)

Mr. McGrath: Mr. Speaker, it is obvious that the country has no confidence in this government. The minister seems to ignore the fact that this is a national emergency, of national proportions. Given the fact that in the industrial heartland of the country we now have an unemployment rate hovering at over 7 per cent, and an unemployment rate in the industrial cities of Ontario hovering at around 12 per cent, with only 32,000 jobs available in Canada today for over one million unemployed, is the minister going to laugh that off and carry on with his statistical shell-game, or is he going to own up to his responsibility and tell the House and the country what he proposes to do, as minister of employment, to meet this tragic, emergency situation?

Mr. Cullen: Mr. Speaker, talking about a shell-game and playing with statistics, I suggest the hon. member is doing just that. A million jobs changed hands in Canada in the course of a year. To suggest that only that number of jobs is available is not in accordance with the facts. We have put programs in place. Notwithstanding the hon. member's suggestion that there are discouraged workers, it is rather interesting that these so-called discouraged workers have more confidence in this country than the opposition has, because the size of the labour force continues to increase. That is the problem we have.

Some hon. Members: Hear, hear!

Mr. Cullen: Mr. Speaker, there are 33,000 more young people working this month than there were last month; there are 27,000 more adult women working this month than last; and some 8,000 more adult males working than last month. Jobs are, in fact, being created. As my colleague, the Minister of Finance, has stated, the people of this country have more confidence in this country and this government than the opposition would like to believe.

[Mr. Cullen.]

THE CANADIAN ECONOMY

COMMITTEE STUDY OF PROPOSALS FOR CREATING JOBS

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I direct my question to the Minister of Finance. It relates to the proposal put forward by the Leader of the Opposition. I think it is a good proposal. The minister did not give an answer to the proposal.

When the official level of one million unemployed is reached, it becomes a national emergency which calls for special measures of the House of Commons. Will the minister, therefore, consider putting together an all-party committee, because some of these problems may not be capable of solution in a partisan way but could be solved by putting together an all-party committee to look at the horrible situation of unemployment in Canada seeking a solution to which deserves the co-operation of all members of the House?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the rules of this House provide for the Minister of Finance to appear in front of the committee of the House. I do so once or twice a week.

Mr. Stevens: We cannot get you there.

Mr. Chrétien: I will give credit to the hon. member, who once in a while engages in a serious discussion and puts forward some propositions. Generally speaking, when I am there very few questions are asked of me by the official opposition on a specific proposition like that. Most of the propositions put forward by the Leader of the Opposition say that he will cut expenditures by $2 billion. But he has never been able to come forward with any proposal that amounts to any significant amount of money.

Mr. Clark: That is because you can't count.

Mr. Chrétien: It is misleading the people of Canada to make such propositions.

Mr. Saltsman: Mr. Speaker, my supplementary question is directed to the Minister of Finance. I appreciate his comment about me. Nevertheless, even granting, as I pointed out, the partisan nature of these meetings—it is the sort of "business as usual" method—this is not "business as usual" any more. Once the figure of one million unemployed is reached, it is a national emergency. It seems to me incumbent upon the Minister of Finance at least to try putting together a committee of the House of Commons to see if joint proposals can be made to solve unemployment in Canada.

[*Translation*]

Mr. Chrétien: Mr. Speaker, under the circumstances, I do not propose setting up a special committee designed to deal with this problem, although it is a serious one. Our economy is going through a period of adjustment. The unemployment situation is very serious at this time and is of much concern to us. The labour force participation rate reached a record level this month and if it had remained the same as last month, the

rate of unemployment would have gone down. In the past year, the Canadian economy has created 287,000 new jobs, which is an unprecedented achievement unequalled by any other democracy at this time.

● (1427)

[*English*]

INQUIRY WHETHER BUDGET WILL BE BROUGHT DOWN BEFORE EASTER

Mr. Max Saltsman (Waterloo-Cambridge): I have a supplementary question for the Minister of Finance. The minister stated in committee, and repeated here today, that he has ruled out a budget for March and indicated, and I quote, "May will be better for me because I will have more information". There is considerable information available at the moment from the Department of Regional Economic Expansion that unemployment will get worse in every region of Canada.

In light of that, and given the fact that the minister is reluctant to establish an all-party Commons committee, will he at least assure us that there will be a budget before an election is called? Otherwise there will be no way of coping with this problem for the next six or seven months.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, October 20 last, a budget was actually brought down, and I want to point out to the hon. member that the incentives proposed by the government at that time came into force on January 1, 1978. So, it is only fair and reasonable to wait for those measures to take effect before proposing further measures. For instance, the Leader of the Opposition said today that the job creation program in the private sector through incentives to employers has only become effective this month. It would only be fair and reasonable to ascertain its results before proposing another program.

* * *

OFFICIAL LANGUAGES

USE OF FRENCH IN BROADCASTING OF HOCKEY GAMES

Mr. René Matte (Champlain): Mr. Speaker, I have a question for the Secretary of State.

Since hockey is considered as our national sport by both Anglophones and Francophones and since all Canadians have the right to be served in their own language by the French and English CBC networks, could the minister tell the House why hockey games are not broadcast in French by the CBC in the Toronto and Vancouver areas?

[*English*]

Hon. John Roberts (Secretary of State): Mr. Speaker, I will be happy to explore the matter. It may very well be that the rights of "Hockey Night in Canada" are not owned by the CBC but by an outside company, and they have in their contract accepted limitations on the way the program can be shown. Before giving the hon. member that answer definitively, I would like to check the matter and report back to him.

[*Translation*]

Mr. Matte: Mr. Speaker, as a supplementary, I should like to ask the minister whether he considers that cultural and linguistic rights have priority over the rights of some agency such as the MacLaren agency? And in order to help the minister give an accurate and adequate reply, I also ask him why are hockey games now broadcast in French and in English in Montreal, when Francophones in Toronto and Vancouver are denied the services provided in Montreal?

[*English*]

Mr. Roberts: Yes, Mr. Speaker. I believe we must give very strong priority to those rights. As I tried to indicate to the hon. member, there may be legal ramifications. That should be explored before I reply further to him.

* * *

[*Translation*]

MANPOWER

REQUEST GRANTS UNDER YOUNG CANADA WORKS PROGRAM BE DOUBLED

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is also directed to the Minister of Employment and Immigration. In view of the statistics published this morning, which continue to cause great concern in the Canadian public, I would like to ask the minister if he has made representations to the President of the Treasury Board urging that grants for the Young Canada Works program be doubled if we seriously intend to meet the expectations and needs of thousands of Canadian students this summer?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have discussed the number of applications we have had under the Young Canada Works program. Once again, the program is successful. The ratio is about 3 to 1, which gives us excellent programs under the Young Canada Works operation. I want to look at the calibre of those that we might not be able to fund, to see if it would warrant making an application for further funding. One of the criticisms so often made of the Young Canada Works program is that we fund many projects that are not worth while or are a waste of taxpayers' money. I want to make sure we are making good use of the money before I make application to expand the program.

● (1432)

We are working in other areas, of course, and expect to supply some 60,000 jobs for young people this summer. We think this is a step in the right direction. The job experience

training program, which will probably involve between 12,000 and 14,000 young people, is another direction we are taking. So we are moving on a number of fronts, not just under the Young Canada Works program.

[*Translation*]

Mr. La Salle: Mr. Speaker, I think I should rephrase my question to the minister. Given the present unemployment rate, it is self-evident that students will not be able to find summer jobs. I also believe that the minister is sufficiently responsible to understand the importance of a job for these students if they are to pursue their studies next fall. Furthermore, as I am satisfied that the funds earmarked for this endeavour are quite inadequate, I would like to ask the minister if he is at least prepared to recommend to the minister responsible to allocate additional funds so that a reasonable minimum number of students will be able to find work this summer?

[*English*]

Mr. Cullen: Mr. Speaker, it is certainly not correct to say that young people will not be able to get work this summer. In fact, they will be able to work. Where we have run into particular difficulty, as in the Sudbury area where Inco normally hired some 1,500 students, we have made funding available to meet the particular needs. But, as I have indicated, simply putting out a lot of money for a project which may bring discredit on a program is not acting in the best interests of either the young people or of a particular program which could be made to work on their behalf. I want to look at this aspect carefully, to make certain that we are making good use of the money and not simply wasting it on being seen to do something when, in fact, nothing is being accomplished.

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THE CANADIAN ECONOMY

SUGGESTED REAPPRAISAL OF GOVERNMENT'S FISCAL POLICIES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. In view of the fact that unemployment in Canada amounted to about 300,000 ten years ago, was 500,000 four years ago, has now passed the one million mark, and is likely, at the present rate of escalation, to hit the 1.5 million mark some time in the early 1980s, would the minister tell us whether he does not feel there should be a complete reappraisal of the government's fiscal stance in light of such alarming and rising unemployment in this country?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have discussed these matters with the provinces and have tried to reach a common approach to economic policy in this country. Some of the provincial governments are presenting their budgets at this time. We had a review of the fiscal stance of the government when on October 20 last I made an economic statement in this House, which some hon. members called a mini-budget and others called a budget. When I feel the time has come to present another budget, we will present one. But I do not feel the time has yet arrived to do so. I feel we should wait to see what effect the $3 billion tax cut which came into force on January 1 has on the economy.

Mr. Stevens: Mr. Speaker, the Minister of Finance continues to say we must wait. On May 25, 1976, the then minister of finance said unemployment would decline. On March 31, 1977, the then minister of finance stated he anticipated 5 per cent real growth and that unemployment would decline. In his October 20 statement, the present Minister of Finance said, "I want sustained growth of between 5 per cent and 6 per cent in order to bring unemployment down." Mr. Speaker, my question to the minister is: How can three budgets be so wrong? How can they be so wrong at the expense of the unemployed in this nation?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the hon. member obviously selects certain statistics and forgets to mention that, last month, the Canadian labour force increased by 3.1 per cent, that 100,000 new jobs were created in Canada in a one-month period and that there were 100,000 more people at work. Of course, people have confidence in the Canadian economy, as the Minister of Employment and Immigration said, because they join the labour force in increasing members, and this month, the labour force participation rate reached a record level of 62 per cent.

* * *

[*English*]

INDUSTRY

MEASURES TO REDUCE UNEMPLOYMENT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to address a question to the Minister of Industry, Trade and Commerce. It seems to me that the government's policy in so far as the unemployed are concerned is not to create jobs but to go to the country: ministers opposite do not appear to accept responsibility for creating jobs.

The industrial heartland of the country is being adversely affected, as these figures show: in Oshawa-Peterborough, the unemployment rate is 10.6 per cent; in Windsor, 10.6 per cent; in Barrie, 10.7 per cent; in Sudbury, 10 per cent; in St. Catharines, 12 per cent. Noting that this country is about to become a banana republic because of total ineptness in the management of the economy—

Some hon. Members: Question.

Mr. Alexander: —and given the fact that in the last quarter of 1977 there were some 1,050 business failures and that in the last quarter of 1976 there were 761, what specific steps does the minister intend to take to reverse this significant trend, one which is dangerous to the viability of the economy?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we have just listened to a great speech by the hon. member—

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Let's hear a great answer.

Mr. Horner: I appreciate the response my former colleagues are giving me.

An hon. Member: Tell us about Edmonton.

Mr. Horner: It is obvious hon. members opposite do not want an answer; they think they know it all already. What I was about to say, if the official opposition is prepared to allow me to speak, was that we have listened to a great speech by the hon. member outlining the difficulties experienced by many areas of Canada with regard to employment. We have presented pieces of legislation.

I did go to the spokesman for that party, desirous of getting through another piece of legislation having to do with the Export Development Corporation. I was told I would not get ready passage for it because the official opposition would not approve it. I told them, "You will be blamed, then, for contributing to unemployment in Ontario."

Some hon. Members: Hear, hear!

Mr. Horner: The opposition did not seem to be concerned about the unemployed in Ontario at that particular time. The hon. member said, "You are going to get a rough time." I said, "You are going to get the blame." He was not worried then, and I do not see how the hon. member for Hamilton West can be worried now.

Some hon. Members: Hear, hear!

Mr. Alexander: I just want to say that that answer is baloney. The minister is abdicating his responsibility. Ministers over there have fiscal and monetary tools for dealing with this problem, but they have neither the guts nor the initiative to bring about some relief.

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REGIONAL ECONOMIC EXPANSION

REQUEST MINISTER TRAVEL ONTARIO TO ASCERTAIN UNEMPLOYMENT SITUATION

Mr. Lincoln M. Alexander (Hamilton West): I direct this question to the Minister of Regional Economic Expansion. Given the fact that the industrial base of Ontario is being eroded, will the hon. gentleman assure me that he will at least travel throughout Ontario, and particularly to St. Catharines where unemployment is presently running at the rate of 12 per cent and over, in order to determine whether some relief might be forthcoming? Could the minister give us at least that assurance, or does he also take the position that we must live with one million unemployed?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I thank the hon. member for inviting me to travel throughout Ontario to see what the situation is in some cases. I should say to him that I intended to do so, and have in fact already done so. I went to the Windsor area, not so long ago, and I intend to go to another part of Ontario within the next few weeks precisely to see, with some of my officials, what the situation is like, and find out whether our department should intervene as I believe it might in certain cases. I trust those things can be done in due course.

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POST OFFICE

POSSIBILITY OF ESTABLISHING SINGLE POSTAL CODE FOR ALL NCC DEPARTMENTS

Mr. Gaston Isabelle (Hull): Mr. Speaker, my question is directed to the Postmaster General.

Further to the memo the Department of Indian and Northern Affairs sent out with the April 1978 issue of its magazine *North* advising its readers that henceforth their new address will be: Les Terrasses de la Chaudière, North Tower, 6th Floor, Ottawa, Ontario, when in fact that complex is located in Hull, Quebec, can the minister tell the House whether he intends to ask all departments to change their postal code so that the same can be used for all federal departments located in the national capital area, on the Quebec as well as the Ontario side, to spare us any more stupidities on the part of some thoughtless and narrow-minded civil servants in the face of reality, that is that Hull is an integral part of the capital of Canada?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I have already been made aware of that anomaly, for that is certainly what is it. I shall have to consult with the Minister of State for Urban Affairs, whose responsibility the national capital is, so that that anomaly can be corrected as soon as possible.

* * *

● (1442)

[*English*]

HOUSING

REQUESTED EXTENSION OF NEIGHBOURHOOD IMPROVEMENT PROGRAM

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. Given the fact that the construction industry, particularly housing, has been such an important factor in providing employment for Canadian citizens, and that we have over one million unemployed in Canada, would the minister indicate to

the House whether the government is considering extending the provisions of the Neighbourhood Improvement Program, which has been such an important factor in both providing employment and improving the living standards of tens of thousands of people in the older parts of all Canadian cities? Is the government giving consideration to extending that program, which is now coming to an end as a result of the legislation?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker.

Mr. Orlikow: Mr. Speaker, can the minister indicate whether an early announcement, including the amounts of money which will be made available, will be made so that the provinces and cities interested in extending the program can begin to make their plans? Also, can the minister indicate whether the government, at the same time as considering extending the Neighbourhood Improvement Program, will consider changing the plan to provide block funding for provinces and cities for sewage disposal systems, water extensions, and so on?

Mr. Ouellet: Mr. Speaker, the hon. member should have been in the House a week ago. I have already answered these questions. I indicated that my officials have had consultation with provincial officials specifically in relation to the programs which have been put forward by the federal government, which are extremely popular and have been extremely valuable in job-creation and in the commencement of municipal activities.

* * *

INDUSTRY

MEASURES TO IMPROVE AILING MANUFACTURING INDUSTRY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. As the minister's departmental study entitled "Manufacturing Performance" reads, "We have lost 80,000 manufacturing jobs since 1974", and as the Canadian Manufacturing Association indicated recently, "If we can overcome our $11.5 billion a year deficit in fully manufactured products, we could create 80,000 new jobs", would the minister take the first opportunity on motions to outline what, specifically, he is doing to get the Canadian manufacturing industry back on its feet so that it can start to overcome this gigantic $11.5 billion deficit in fully manufactured products and start to create those potential 80,000 new jobs?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I should like to outline what we are doing to assist manufacturing in this country. That paper from which the minister quoted is a brief outline of where we are at.

Some hon. Members: Oh, oh!

Mr. Hees: You are just a little ahead of time, Jack, but it will not be long.

[Mr. Orlikow.]

Mr. Horner: The paper the hon. member quoted from is a brief outline of where we are at. The $11 billion end-product figure that he speaks of must be looked at in its true perspective. End-product exports increased 50 per cent from 1975 to 1977. We exported $10.7 billion worth of end products in 1975. Last year we exported $14.9 billion worth of end products. Thus, we are increasing, but we are also increasing—

Mr. Andre: That is hogwash.

Mr. Horner: The hon. member speaks of hogwash. I can only say that he is a good judge of what hogwash is; he has wallowed in it for a long time.

Some hon. Members: Order.

Mr. Horner: Let me continue to explain, Mr. Speaker. The $26 billion which the hon. member speaks of is the importation of end products into this country. In no way am I going to restrict Canadians in their right to purchase whatever they wish.

Mr. Clark: That is an interesting policy. Do you want to reconsider that?

Mr. Horner: My department is isolating that $26 billion and encouraging Canadian manufacturers to take any part or all of the $26 billion worth of goods that we now import. Besides that, Mr. Speaker—

Mr. Speaker: Order, please.

Some hon. Members: Hear, hear!

Mr. Hees: Mr. Speaker, from the minister's answer it is very obvious that this enormous deficit will increase, because the minister has stated very clearly that he will encourage import of fully manufactured products into this country.

An hon. Member: That is right; that is exactly what he said.

Mr. Hees: Following that statement, I ask the minister whether he intends, or if he is instructing his negotiators at GATT to follow the free trade line which he has so often said he prefers. When he is giving his answer, would he please stick to the facts and not so much to that commodity which is in such abundant supply on his cattle ranch in the west?

Some hon. Members: Oh, oh!

Mr. Horner: Mr. Speaker, I never said I was going to encourage imports; I said that we were going to encourage Canadian manufacturers to take a piece, or all, of that $26 billion we are now importing: we are going to encourage Canadian manufacturers.

Mr. Clark: Read the record.

Some hon. Members: How?

Mr. Horner: How? By a whole series of incentives which my department is making available to the manufacturing industry.

Some hon. Members: When?

Mr. Horner: I went on to say that we have isolated 23 sectors in which we are doing a great deal of study with labour and management.

Mr. Clark: You have isolated St. Catharines, Windsor and Sudbury.

Mr. Horner: If the pretty little boy over there wants to speak, he can get up and do so.

Some hon. Members: Oh, oh!

Mr. Speaker: Order. The hon. member for Frontenac-Lennox and Addington.

Mr. Hees: You were saved by the bell. I had a dandy question for you, Jack. I was going to murder you on the next one. Lucky old Jack!

Mr. Speaker: Order, please. The hon. member for Frontenac-Lennox and Addington.

* * *

NORTHERN DEVELOPMENT

FRONTENAC COUNTY, ONT.—CONSTRUCTION OF TEMPORARY BRIDGE TO FACILITATE TRAVEL

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. I have in my possession a petition from 120 residents, including tourist operators, in the townships of Pittsburgh and Storrington, in Frontenac county, fronting on the Rideau River system, protesting the fact that with the construction of the new Brass Point bridge across the Rideau River, a detour of up to 30 miles will be necessary in the daily travel of the inhabitants and tourists, especially to and from Storrington, in order to gain access to Highway No. 15 and the Kingston area. My question is: Why did his department not provide a temporary Bailey bridge to serve the public during the ten-month life of this $1.6 million contract, and avoid the extra energy, expense outlay and inconvenience to the people, to our tourist operators and to our American customers?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will have to look into that matter and report to the hon. member.

* * *

HOUSING

SUGGESTION CMHC POLICY ADVERSELY AFFECTING NON-PROFIT HOUSING PROJECTS

Mr. D. M. Collenette (York East): Mr. Speaker, my question is addressed to the Minister of State for Urban Affairs. It concerns the issuance last December of a Central Mortgage and Housing Corporation memorandum GMB-1241 affecting procurement techniques and loans to non-profit housing under sections 15.1 and 34.1(8) of the National Housing Act.

In view of the fact that this memorandum has killed, to all intents and purposes, all future non-profit housing projects across the country, especially in Toronto, since it imposes impossible conditions upon non-profit groups, will the minister order an immediate suspension of the provisions of the memorandum for a minimum of six months pending further consultation with the non-profit housing groups affected?

An hon. Member: Right on!

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, the hon. minister is absent from the chamber for a moment. I will take notice of the question and report back to the hon. member.

* * *

CANADA LABOUR CODE

AMENDMENTS TO LEGISLATION—ALLEGED DETRIMENTAL EFFECT ON INDUSTRY

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is directed to the hon. Minister of Labour. In view of the fact that there are amendments presently before the committee affecting averaging under the Canada Labour Code, and that the grain industry and the trucking industry have given evidence that very serious problems will be created by these amendments, can the minister tell the House whether his colleague, the Minister of Transport, has received representations in this regard and has discussed them with him with a view to making some amendments from the government side?

Hon. John C. Munro (Minister of Labour): Yes, Mr. Speaker, the Minister of Transport has received representations regarding the various averaging provisions in the bill. We are giving consideration to those representations at the present time.

● (1452)

Mr. Fraser: I should like to ask the minister how soon the committee will be apprised of any decision the minister is making, and when we will see those amendments.

Mr. Munro (Hamilton East): I would not like the hon. member to jump to the automatic conclusion that there will be amendments. I will be before the committee this Thursday night, as the hon. member knows, on the clause by clause study. Also, I take it I will be before the committee next week. So the hon. member will have ample opportunity to question me with respect to what, if anything, we will be doing regarding the representations we have received.

Oral Questions

MANPOWER

ADEQUACY OF GOVERNMENT PROGRAMS TO CREATE JOBS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, my question is for the Minister of Employment and Immigration. As we have heard, the government has backed off the idea of bringing in a budget. Also, it has not brought in any measures of an economic nature to stimulate employment opportunities, especially for young people, other than those announced earlier this month for which smaller amounts were allocated than last year.

In view of the fact that the hard figures for February, unadjusted—perhaps we could even adjust those—show there has been an increase in youth unemployment to 449,000, or just under 50 per cent of the total unemployment—which makes it 16.6 per cent—does the minister feel that the programs he has already announced are adequate, in view of the fact that smaller amounts are allocated to them this year than was the case last year? Does the minister propose to bring in new programs to alleviate youth unemployment now; and the situation will get even worse when students come out of university in May and June?

Hon. Bud Cullen (Minister of Employment and Immigration): The hon. member speaks of programs other than those we have already in place. I suggest to him that, for example, under the Canada Works Program 40 per cent of the participants in the program are youths. Similarly, because I wanted to make a concerted attack on this problem I sought the advice of the National Youth Advisory Group and asked them to look at all the programs we have in place to see if we can make better or more effective use of the funding we have at present, or to suggest to us new programs which might be put in place to meet this need. That is why I am particularly impressed with the job experience training program which has resulted in an increase from 1,000 to 14,000 young people participating. It is a good program. So is the developmental use of UI funds on work-sharing in particular because it affects, in most instances, younger members of the work force.

All these programs are in place and are directed to the very severe problem of youth unemployment. We have concerns in that area, but the people who pay the tab know they are getting value for their money when we put that money out.

Mr. Dick: I always appreciate the fact that the minister recites, every time, programs which have been put in place, in some cases three or four years ago. Since youth unemployment has increased steadily from 9 per cent to 15.5 per cent, it seems that we need something new, that we need a new approach. Can the minister tell the House whether the youth advisory group which he set up early in February, and from which he said he is eagerly awaiting a report, has met? If it has, will he table the recommendations they have made?

Mr. Cullen: The reason I repeat the programs that have been put in place is that every time the hon. member speaks, he chooses to ignore these programs and the amount of money—

[Mr. Munro (Hamilton East).]

Mr. Dick: I know the programs are there, but they are not working.

Mr. Cullen: If hon. members on the other side have nothing, they do a lot of shouting, which at least attracts attention. We have a series of programs. I do not hesitate to recite them each time I am asked a question about youth unemployment, because we are working in that area.

The National Youth Advisory Group has met, not once but twice. I suggested this because I want to get direct advice from them and I want it to be as informal as possible; I do not want it to be too structured. We had representatives from the Canadian Labour Congress, the Canadian Manufacturers' Association, from chambers of commerce and from young people themselves. It is an excellent idea. They want to study the programs that are in place and what funding might be made available, to give me an intelligent response to the questions I have put to them.

* * *

IMMIGRATION

GOVERNMENT POLICY ON VISA REQUIREMENTS FOR CUBAN VISITORS

Mr. Ron Huntington (Capilano): Mr. Speaker, I have a question for the Minister of Employment and Immigration. Some 13 months ago, in answer to a question in the House, he advised us that he was reviewing the visa status requirements for Cuban visitors to determine if they should continue to receive exemption status under the non-immigrant visa requirements. Can the minister inform the House of the government's policy at this time, after some 13 months of deliberations?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I want to look into that specific area because it does not involve solely the Cuban situation. We were looking at visas with respect to four or five other countries, and I would have to work out that kind of determination in concert with my colleague, the Secretary of State for External Affairs. I will check that out for the hon. member and report back to him.

Mr. Huntington: As these deliberations continue, I wonder if the minister can assure the House that the Cuban non-immigrant visitors to this country are all friendly and are not engaged in acts which could be interpreted as unfriendly to our form of government?

Mr. Cullen: I am not even sure that everybody who comes from British Columbia is friendly to this government.

Some hon. Members: Hear, hear!

Mr. Cullen: In any event, in view of this government's generosity of spirit, we are ready to assume that they are friendly, rather than to accept the opposite suggestion, which is what the hon. member seems to have in mind.

FISHERIES

ASSISTANCE IN IMPROVING FISHERY FACILITIES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I have a question which I would like to put to the minister of fisheries and oceans, as he might be called. Following the recent federal-provincial conference, the Prime Minister and the Premiers agreed in their joint communiqué that initiatives should be launched concerning fleet development, onshore production facilities, harbour and wharf improvements. In view of this announcement, is the minister prepared now to launch initiatives of a long-term nature in line with the joint submission received from the governments of Nova Scotia and Newfoundland which suggests that funds be made available for the replacement of present obsolete side and stern trawlers, as well as expand the Canadian inshore fishing fleet and wharf facilities? If not, would he tell the House what concrete steps he plans to take to implement the pledge made at the first ministers' conference?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, to answer the hon. member's question fully would take more time than you would allow me. I might say to the hon. member that we expect more money for vessel construction for the fiscal year 1978-79. Companies are not knocking on my door asking to build new vessels. In fact, fishermen are rejoicing at the fact that their catch rate is improving. That is where we want to go; that is the type of initiative we want to see before we increase the size of the fleet.

The hon. member could not justify, with very few exceptions, the expansion of onshore facilities. As for wharf development, he knows very well that in the current fiscal year we will be putting some $50 million into wharves, harbours and other shore developments. That is quite an increase from the money that was put in seven years ago, when we were spending $8 million to $11 million.

Mr. Crouse: The Prime Minister and the other first ministers stated that greater provincial involvement in policy development should be facilitated in the fishery, and quick action taken to maximize our economic potential arising from the implementation of the 200-mile limit. What steps has the minister taken to ensure greater provincial involvement in policy development, and when can we expect a joint announcement by him and the provincial minister of fisheries of Nova Scotia that a start will be made with the opening of the swordfish industry in Nova Scotia which, I believe, has already been indicated by the provincial minister of fisheries in my province?

Mr. LeBlanc (Westmorland-Kent): If the hon. member would check *Hansard*, he would find that I have already answered that question. We are awaiting the U.S. decision to remove or maintain the ban on imports of swordfish from Canada.

In answer to the first question, may I say that the hon. member seems to ignore the fact that there were two federal-provincial conferences, one in December and one in February; and more will be planned, if necessary, in the next few months.

* * *

INDIAN AFFAIRS

FLUORIDE POISONING OF PLANTS AND WILDLIFE ON INDIAN LANDS

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. On February 15, I raised the serious matter of fluoride poisoning on the St. Regis reserve. The report prepared by Dr. Conibear and Dr. Carnow for the St. Regis Band Council indicated that fluorides originating at the Reynolds metal company have affected all life forms on the island, and they recommended an epidemiological study be carried out.

● (1502)

Now that the minister has had an opportunity to review that report in detail and is aware of the seriousness of the situation on the reserve, can he indicate if he will reverse his decision and support the recommendations of Dr. Conibear and Dr. Carnow for that study?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, we have never opposed the recommendations of Dr. Carnow's study. What we recognized, and what I indicated to Chief Francis in my letter of February, was that there was a case to be made for a study. We agreed to that. What has been at issue is the scope of the study and whether it should go beyond fluorides.

I am pleased to be able to tell the hon. member that after some very positive discussions with my colleague, the Minister of National Health and Welfare, we on this side are prepared to proceed with the study. We recognized the need for the study long before today. We are prepared to proceed with the study. The minister or her officials will be meeting with the band council on March 21 to define the scope of the study and whether it should go beyond simply the question of fluorosis. We think there is an argument for taking the study beyond that, but I think my colleague would like to discuss that with the chief and his band council.

* * *

EXTERNAL AFFAIRS

ACCESS TO PANAMA CANAL—GOVERNMENT POSITION

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I would like to direct a question to the Prime Minister, to whom I have given notice. My question concerns the Panama Canal treaty currently under consideration by a legislative chamber of our strong ally and neighbour, the United States. I do not invite the Prime Minister to intrude upon the deliberations of the American Senate; nevertheless, in view of the importance to the commerce and comity of our western hemisphere and

the whole world of assured open access to the Canal, could the Prime Minister indicate that the Canadian government and people support the early conclusion of an agreement between Panama and the United States as a valuable contribution to hemispheric and international good will?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I appreciate the way in which the hon. member has asked his question because Canada, of course, is not a party to this treaty. Hon. members on this side of the House and, I am sure, hon. members opposite would not want to intervene in a legislative process which is currently before the United States Senate. However, I think I can satisfy the hon. member by referring him to the so-called Declaration of Washington which was signed and adhered to by every western leader, head of state or head of government, with only one exception, when we convened in Washington early last September.

We signed the Declaration of Washington because we felt it was a development which would bring stability to the hemisphere. If I may quote two phrases from that declaration, I am sure the House would see the position of the Canadian government and, I believe, the Canadian parliament on this matter. They are:

> Considering that settlement of the Panama Canal issue represents a major step toward strengthening of relations among the nations of the western hemisphere on a basis of common interest, equality, and mutual respect for the sovereignty and independence of every state; Recognizing the importance for hemisphere and world commerce and navigation of arrangements for assuring the continuing accessibility and neutrality of the Panama Canal—

Therefore, the government certainly joins with the view expressed by the opposition that this treaty is conducive to bringing greater stability to the western hemisphere.

* * *

THE LATE MILTON GREGG, V.C.

TRIBUTES TO FORMER SOLDIER AND PARLIAMENTARIAN

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, it is with a great deal of sadness that I rise today to inform hon. members of this House that Canada has lost another of its great champions. This morning I received the news that the Hon. Milton F. Gregg, V.C., had died at his home in New Brunswick.

Many of us pass through this life without making a ripple on the surface, but such was not the case with our friend, Milton Gregg. He served with distinction during the First World War and won the Military Cross at Lens in 1917, a bar to the cross at Arras in 1918, and the Victoria Cross for most conspicuous bravery and initiative during operations near Cambrai in the same year.

Following the war, Brigadier General Gregg went into private business, and in 1934 he was appointed Sergeant-at-Arms here in the House of Commons.

He re-enlisted during the Second World War and again served overseas. Following the war years he served as president of the University of New Brunswick in Fredericton, and in 1947 was appointed Federal Minister of Fisheries. He was later appointed Minister of Veterans Affairs and even later, Labour Minister.

In 1964 Milton Gregg was appointed Commissioner for Canada in British Guyana. Four years later he retired. This retirement was short-lived, however, and later that same year he was appointed President of the Canadian Council for International Co-operation here in Ottawa.

Milton Gregg was in his eighty-sixth year, yet he had the stamina and initiative of a man half his age. He was part of the official delegation which accompanied me to Vimy Ridge last April as we celebrated the 60th Anniversary of that great battle in France.

It was always a pleasure and honour to be in the company of this great Canadian. He was loved and admired by those who had the pleasure of knowing him.

The measure of a man's life is not its duration but its donation. Milton Gregg excelled both ways. His life was long and happy, and his donation left this world a better place because he was part of it.

On behalf of the Government of Canada I would like to offer our deepest sympathy to Mrs. Gregg.

Some hon. Members: Hear, hear!

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, on behalf of my leader and my party I join with the minister in expressing our sadness at the passing of that distinguished veteran Canadian, Brigadier General Milton Fowler Gregg. Not only did he serve with distinction in two world wars, attaining the highest military honour, the Victoria Cross, but he also served with distinction in this House of Commons. He probably is the only Canadian who ever served as Sergeant-at-Arms and then later served in three portfolios in the Government of Canada.

Canada is a better place in which to live as a result of Brigadier General Gregg's contribution, and in expressing sympathy to Mrs. Gregg we in this House give her the assurance of our appreciation of Brigadier General Gregg's exceptional and distinguished service to our nation.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my colleagues and I feel that it is most appropriate that we take a moment to salute this great Canadian. Those of us who knew Milton Gregg regard it as a high privilege to have been numbered among his friends. He was indeed a valiant Canadian. He was an outstanding gentleman who served this country in business, in education, and in the Government of Canada. I remember him particularly in the three portfolios that he held. He handled each of them with efficiency and with fairness to all who were interested in each of those departments. Indeed, it can be said that Canada is a better place because Milton Gregg lived so many years in our midst. We join in this tribute to his memory, and we extend our sympathy to Mrs. Gregg, to his daughter, and to all who were near and dear to him.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, although I did not have the pleasure of knowing this famous Canadian who has done so much for his country, on behalf of the Social Credit Party of Canada and on my behalf, I wish to join with the government and all other opposition members in extending to Mrs. Gregg and her family our deepest sympathy.

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to section 17(2) of the Anti-Inflation Act, I wish to table, in both official languages, copies of six reports sent to the Administrator by the Anti-Inflation Board.

* * *

● (1512)

HOUSE OF COMMONS

MOTION TO ADJOURN

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that on this day when Canada's unemployment has reached over one million, and that we are facing a government that has no plans to cope with this disaster, and in view of the fact that what the government needs is time to hold a cabinet meeting to make a decision to bring in a budget, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House do now adjourn.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen.

Motion to Adjourn

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. Knowles (Winnipeg North Centre)) which was negative on the following division:

● (1522)

(*Division No. 29*)

YEAS

Messrs.

Alexander
Alkenbrack
Allard
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Bawden
Benjamin
Blackburn
Brisco
Cadieu
Clark (Rocky Mountain)
Coates
Cossitt
Crouse
Darling
Dick
Diefenbaker
Douglas (Nanaimo-Cowichan-The Islands)
Ellis
Epp
Forrestall
Fraser
Friesen
Gauthier (Roberval)
Gilbert
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hnatyshyn
Holmes
Huntington
Jarvis
Kempling
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
La Salle
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
Macquarrie
Malone
Marshall
Masniuk
Matte
McCain
McGrath
McKenzie
McKinley
Muir
Murta
Nielsen
Oberle
Orlikow
Patterson
Pigott (Mrs.)
Ritchie
Rynard
Saltsman
Schellenberger
Scott
Smith (Churchill)
Stevens
Towers
Wenman
Whiteway
Whittaker
Wise—68.

NAYS

Messrs.

Abbott
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Basford
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Caccia
Cafik
Caron
Collenette
Comtois
Condon
Côté
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupont
Dupras
Duquet
Ethier
Fleming
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Langlois
Lapointe
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
McIsaac
Milne
Munro (Hamilton East)
O'Connell
Olivier
Ouellet
Pearsall
Pelletier
Penner
Pinard
Portelance
Prud'homme
Raines
Reid
Roberts
Robinson
Rooney
Roy (Timmins)
Roy (Laval)
Sauvé (Mrs.)
Smith (Saint-Jean)
Stewart (Cochrane)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Wood
Young—103.

Order Paper Questions

● (1652)

Mr. Speaker: I declare the motion lost.

* * *

● (1655)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 254, 280, 474, 939, 1,029, 1,034, 1,083, 1,084, 1,133, 1,143 and 1,219.

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

[*Text*]

USE OF GOVERNMENT AIRCRAFT

Question No. 254—**Mr. Symes:**

1. Was government aircraft used to transport (a) the Hon. Robert Andras (b) the Hon. Judd Buchanan (c) Senator Roy Frith (d) Mr. Maurice Foster, M.P. (e) Mr. Marcel Prud'homme, M.P. (f) Mr. Bill Andres, M.P. to Sault Ste. Marie, Ontario on or about October 11-12, 1977 and, if so (i) how many aircraft were involved (ii) which of the aforementioned used the aircraft?

2. From what locations did the flights originate and to what locations did they return?

3. What was the total cost for the use of such aircraft to and from Sault Ste. Marie?

Hon. Otto E. Lang (Minister of Transport): 1. (a), (b) and (i)—see flight itinerary below. (c), (d), (e), (f) and (ii)—see reply to Question No. 2,881, page 8266 of *Hansard* for October 17, 1977.

2. See flight itinerary below.

3. See reply to aforementioned Question No. 2,881.

Minister	Type of Aircraft	Date	Point of Origin	Stop	Termination
Hon. J. Buchanan	Viscount	Oct. 12	Ottawa	Sault Ste. Marie	Ottawa

Hon. R. Andras was on board the same aircraft Ottawa-Sault Ste. Marie.

CANADIAN JUDICIAL COUNCIL—EMPLOYEES FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 280—**Mr. McKenzie:**

1. Has the Canadian Judicial Council obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Judicial Council in (i) 1975 (ii) 1976?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): In so far as the Canadian Judicial Council is concerned: 1. (a) (v) One part-time employee in 1974/75. None for 1975/76. (b) Nil.

2. Part-time employees from agencies are paid from the Main Estimates.

3. (a) 1974/75—$4 per hour. 1975/76—Not applicable. (b) Information not available since the rates paid to employees are figured by the agencies. (c) (i) Total amount for 1974/75—$216.49. (ii) Not applicable.

INTERNATIONAL AID CONFERENCES ON EDUCATION

Question No. 474—**Mr. Schellenberger:**

1. How many international aid conferences on education were attended by members of government international aid agencies in the past five years?

2. How many of these conferences were attended by representatives from the elementary and secondary school educational sectors?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. During the period 1972-1977 representatives from the education sector of CIDA's Special Advisers Branch attended a total of six international aid conferences on education.

2. All six conferences were attended by representatives of CIDA with responsibility for both elementary and secondary school educational sectors.

SNARING RIVER AND FIDDLE RIVER CAMPGROUNDS—JASPER NATIONAL PARK

Question No. 939—**Mr. Clark:**

1. Were the Snaring River and Fiddle River campgrounds in Jasper National Park permanently closed to the public during the Spring of 1977 and, if so, for what reason?

2. Does Parks Canada plan to open camping facilities to replace the Snaring River and Fiddle River campsites?

3. Was there any correspondence or other communication between Parks Canada and the Jasper Townsite Committee prior to the closing of the Snaring River and Fiddle River campgrounds?

4. What are Parks Canada's long range plans for the Snaring River and Fiddle River campsites?

5. Does Parks Canada intend to install washroom facilities for cross country skiers at Maligne Lake?

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): 1. Fiddle River Campground was closed permanently in the fall of 1974. Snaring River Campground has not been closed. The Fiddle River Campground was closed for the following reasons: (a) The campground was worn out by overuse; (b) The Fiddle River Campground was operating in competition with Folding Mountain Campground located outside the Park which was run by a private operator. Parks Canada's policy is not to compete with privately-operated campgrounds adjacent to national parks.

2. In 1974, 90 new sites were opened at Wabasso Campground.

3. No.

4. Plans for Snaring River Campground are to add 50 sites to the existing 60 sites at a future date. The Fiddle River Campground will remain closed.

5. Two toilets are provided at Maligne Lake (one men's, one women's). In addition, Maligne Tours Ltd. have opened their chalets for the winter and toilets are available there.

LIP—PROVINCE OF QUEBEC AND CONSTITUENCY OF RICHMOND

Question No. 1,029—**Mr. Beaudoin:**

On December 6, 1977, did the government approve projects under the Local Initiatives Programs in the (a) Province of Quebec (b) Constituency of Richmond and, if so (i) how many (ii) in what major sectors (iii) what was the dollar value?

Hon. Bud Cullen (Minister of Employment and Immigration): (a) No. (b) No. Note I—The approval process for projects under the Local Initiatives Program was completed on March 28, 1977. Note II—Under Canada Works, the successor to the Local Initiatives Program, there was one project approved on December 6, 1977, in the Province of Québec. The project was approved under the second phase of Canada Works for the constituency of Laurier at a value of $23,894.

LIP—ANNUAL FEDERAL EXPENDITURES FOR CONSTITUENCY OF FRASER VALLEY EAST

Question No. 1,034—**Mr. Patterson:**

For each year since the inception of the Local Initiatives Programme, what amount was spent in the Constituency of Fraser Valley East?

Hon. Bud Cullen (Minister of Employment and Immigration): The amounts spent per year under the Local Initiatives Program in the constituency of Fraser Valley East are:

Year	Federal Expenditures
1971-72	*
1972-73	$ 927,471
1973-74	$ 380,788
1973-75	$ 544,569
1975-76	$ 938,414
1976-77	$ 1,909,379**

* no record by constituency available

** Most up-to-date figure. Several project sponsors have not yet submitted their final reports for the 1976-77 Local Initiatives Program. A definite figure for the constituency cannot be given until all projects have been closed out. There are still three outstanding projects in Fraser Valley East under the Local Initiatives Program.

NATIONAL FILM BOARD—"CONFLICT COMEDY" AND "RUNNING TIME" FILM PRODUCTION

Question No. 1,083—**Mr. Cossitt:**

1. Did the National Film Board produce a film for a period of over five years with the working title "Conflict Comedy" and a planned release title of "Running Time" and, if so (a) what was the exact date production (i) started (ii) ended (b) what are the names of all persons who directed the project and what position did Mr. Robert Verrall play in the production of the film (c) was the total cost of the production approximately $1.5 million and, if not, what was the exact cost?

2. Was the film released and, if not (a) for what reason (b) what are all the reasons justifying the expenditure of considerable public funds on a film which was never released?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1. The National Film Board has produced a film entitled "Running Time". (a) Shooting—57 days during period June 5, 1972 to June 1, 1973. Editing—between June 1973 and February 28, 1976. Test print approved—June 8th, 1976. (b) Production Team: Executive Producer—Colin Low Producers—Tom Daly, George Pearson Director—Mort Ransen. Robert Verrall was Director of English Production, August 1972 to January 1976. (c) Cost—$1,166,260.

2. (a) The film was released for non-theatrical distribution in the Fall of 1977 and is available through NFB offices. Recently sold to CBC (English network) for national telecast. A concerted effort made to obtain theatrical release prior to non-theatrical release was unsuccessful. (b) The film in question has been released. The NFB implements its mandate by using all forms of filmic expression, from documentaries through to feature dramatic films. It also undertakes projects of an experimental nature with a view to advancing the art of film-making in Canada. "Running Time" is a feature length dramatic film, using actors, original music compositions, sets, difficult and new animation techniques and special effects.

NATIONAL FILM BOARD—DIVISIONAL HEADS

Question No. 1,084—**Mr. Cossitt:**

1. How many Divisional Heads of the National Film Board are (a) French-speaking (b) English-speaking by mother tongue and, in each case, what is his/her name, job designation, date of appointment and annual salary?

2. What is the total number of Divisional Heads employed by the National Film Board?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1 and 2. (a) Three. (b) Five.

Order Paper Questions

Name	Position	Date of appointment		Salary range
Mr. Antonio Vielfaure	Director of Distribution	April 1, 1972	SM-3	$30,800/ 40,900
Mr. François Macerola	Director, French Production	October 1, 1976	SM-3	$30,800/ 40,900
* Mr. Marc Devlin	Director of Administration	June 1, 1974	SM-2	$27,800/ 38,100
Mr. Creighton Douglas	Director, Technical Services	October 3, 1977	SM-2	$27,800/ 38,100
Mr. Ian McLaren	Director, English Production	January 3, 1977	SM-3	$30,800/ 40,900
Mr. Michael Averill	Director of Personnel	January 15, 1977	SM-1	$26,800/ 35,300
Mr. Robert Monteith	Director, Ottawa Services	October 1, 1972	SM-2	$27,800/ 38,100
Mr. David Novek	Director of Public Relations	January 4, 1977	SM-1	$26,800/ 35,300

* Mr. Devlin was, until January 15, 1976, both Director of Personnel and Director of Administration.

EXPENDITURES IN CONSTITUENCY OF NICKEL BELT

Question No. 1,133—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Ministry of State for Science and Technology and those agencies that report to it?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: Nil return.

UNIT LABOUR COSTS

Question No. 1,143—**Mr. Herbert:**

For the past five years, for which information is available, by what percentage have unit labour costs increased in (a) West Germany (b) Japan (c) France (d) Canada?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following:

Unit Labour Cost—Manufacturing[1]
(in National Currencies)

	(a) Germany	(b) Japan	(c) France	(d) Canada
		Indexes, 1971 = 100		
1971	100.0	100.0	100.0	100.0
1972	105.1	106.9	104.3	103.4
1973	111.6	115.9	112.6	109.2
1974	121.5	149.8	128.5	124.0
1975	130.6	177.7	153.2	144.3
1976	127.2	171.2	155.3	157.2
		Year-to-year percent changes		
1972/71	5.1	6.9	4.3	3.4
1973/72	6.2	8.4	8.0	5.6
1974/73	8.9	29.2	14.1	13.6
1975/74	7.5	18.2	19.2	16.4
1976/75	-2.6	-3.7	1.4	8.9
Average annual percent change 1971-1976[2]	5.7	13.6	10.5	10.2

Source: for Canada: Aggregate Productivity Measures, 1946-1976, Catalogue 14-201 for other countries: Monthly Labor Review, July 1977, page 16 (Table 4). Indexes were rebased to 1971 = 100 for comparison with Canadian data.

Footnotes: 1. The data are available only for manufacturing.
2. Average annual percent changes calculated from the least squares trend of the logarithms of the index numbers.

[Mr. Roberts.]

INDUSTRIAL TRAINING—PILOT PROJECTS

Question No. 1,219—**Mr. Marshall:**

With reference to the 1976-77 Annual Report of the Department of Manpower and Immigration under Industrial training, is it the government's intention to extend pilot projects to other areas of Canada and, if so (a) on what date (b) in which locations?

Hon. Bud Cullen (Minister of Employment and Immigration): Yes: (a) In the coming fiscal year. (b) Dates and locations will depend upon our success in gaining the co-operation of the private sector in participating in these projects.

* * *

[*English*]

POINT OF ORDER

MR. STEVENS—HANSARD REPORT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, yesterday, as Your Honour recognized, the Minister of Finance (Mr. Chrétien) alleged I had "tried to mislead the House" with respect to a question I had put to him during the question period. Your Honour expressed the view that it would be better if the word "tried" were removed from the record since it conveyed the impression I had deliberately sought to mislead the House. Looking through today's *Hansard* I note the word is still in the record, and I feel I should seek clarification of the position. As I understood your intervention yesterday, you felt the word should be deleted. The Minister of Finance gave no indication he was opposed to such a course; we assumed he was acquiescing in it, and I should now like to know whether the word ought to be deleted from the official record.

Mr. Speaker: I would have to confirm this, but I do not believe the official record can, in fact, be physically altered. It has simply to make reference to the fact that it was understood later that the intent of the use of the word by the minister had been withdrawn. I think the word would have to remain in the original text. However, I will ascertain what the practice is. I understand the point raised by the hon. member and I will examine it and see whether the interpretation I have given is the correct one.

GOVERNMENT ORDERS

[*Translation*]

CRIMINAL CODE

AMENDMENTS TO GIVE CERTAIN RIGHTS TO POLICE

Hon. J.-J. Blais (Solicitor General) moved that Bill C-26, to amend the Criminal Code, the Crown Liability Act and the Post Office Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Games of Violence

[*English*]

Mr. Speaker: The Solicitor General (Mr. Blais) has just three minutes before five o'clock. Does he wish to proceed now?

Mr. Blais: There may be some questions Your Honour would wish to announce in relation to the adjournment proceedings this evening.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Scarborough East (Mr. O'Connell)—Energy—Smoke Detection Devices—Effect of radioactive material therein; the hon. member for Victoria-Haliburton (Mr. Scott)—Industry—Plastics—Suggestion industry be exempted from tariff cuts; the hon. member for Winnipeg South Centre (Mr. McKenzie)—Transport—Government action to reduce airline disasters.

Shall we agree that, it being five o'clock, the House now take into consideration private members business as listed on today's order paper, namely, public bills?

Some hon. Members: Agreed.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House to proceed with the consideration of Bill C-232 and that all previous bills be allowed to stand.

[*English*]

Mr. Baker (Grenville-Carleton): That is agreeable, Mr. Speaker.

Mr. Speaker: Is it agreed, then, that the House shall proceed to the consideration of Bill C-232 in the name of the hon. member for Wetaskiwin (Mr. Schellenberger) and that the other bills shall stand in their places on the order paper?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

Games of Violence

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

CUSTOMS TARIFF

AMENDMENT TO PREVENT IMPORTATION OF GAMES SIMULATING CRIME AND VIOLENCE

Mr. Stan Schellenberger (Wetaskiwin) moved that Bill C-232, to amend the Customs Tariff (games of violence) be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, Bill C-232 proposes to ban the importation of coin operated or electronic games which simulate acts of crime or violence on the part of the player. The bill will achieve this purpose through an amendment to the Customs Tariff Act which would add an additional item to the prohibited list of items under Schedule C of the Customs Tariff.

These games of violence were first brought to my attention by an article in *Safety Canada*, a monthly publication of the Canada Safety Council. The March, 1977, issue advised of the imminent importation into Canada of "Death Race", a coin-in-the-slot electronic game destined for arcades and fairgrounds, the object of which is to drive a simulated vehicle in such a way as to "kill" as many pedestrians as possible in a 60-second period.

The pedestrians, depicted by small blips on a screen, weave about, and when one is hit a loud scream is heard. A player scoring 1-3 points is designated as a skeleton chaser. If he scores between four and ten points he is a bone cracker, and a score of between 11 and 20 points makes him a gremlin hunter. A score of 21 points or more makes the player an "expert driver".

To my mind, such games have absolutely no redeeming value, and their entry into Canada should be barred. We are living in an era when the younger generation is subject to all sorts of perverse influences: violence on television, and child pornography in books and magazines. Presently the Standing Committee on Justice and Legal Affairs is looking into this very matter. To allow yet another corrupting factor seems foolish at best.

● (1702)

At the age of 16 or so, when a young person finally gets his driver's licence and sits behind the steering wheel of a car, he should be doing so with a keen sense of responsibility. However, if part of his practice driving time has been spent at the wheels or controls of a machine such as "death race" and knocking down as many pedestrians as possible, what sort of responsible attitude can be expected?

Safety authorities and psychologists in both Canada and the United States are very concerned about this game. Clearly they are worried about the psychological impact that such macabre games will have on impressionable minds. A psychologist with the American National Safety Council, in expressing his concern about this game, stated; "Nearly 9,000 pedestrians were killed on our roads last year". That is no joke. We can get a comparable figure for the number of pedestrians killed in Canada last year. I am sure all but a very small percentage of the people playing this game would not jump in their cars and take off after pedestrians on the street; but perhaps one in a thousand or one in a million would. How can we do anything but share this person's concern? The carnage on our roads already is staggering. How do we know that such games as "Death Race" will not impress some unbalanced individuals, if they can be called that, to try their so-called skills on an actual highway?

In my attempts to stir the government to take action, under Standing Order 43 I proposed a motion on March 24, 1977. I urged the then minister of industry, trade and commerce to take steps to prevent the importation of the game at that time. In a motion to follow this up, I wrote a letter to the minister asking him to outline the steps available to him and the country to prohibit entry of the game. The minister's reply was most disheartening. He informed me that the only course available to ban the game at that time was if he could use the Export and Import Permits Act. However, the act allows for only the prohibition of such articles entering our country as those which are subject to government controls in the country of export. Because there is no ban or prohibition on the use of "Death Race" in the United States, under the present act the minister was powerless.

It seems quite incomprehensible that Canada's decision about banning a certain article should be dependent upon a foreign government's treatment of the same article. Upon learning of the restrictions in connection with the Export and Import Permits Act, the Canada Safety Council similarly was disturbed. Mr. Rick Green, the editor of *Safety Canada*, stated the following:

> It seems almost unbelievable that, to get this item removed from the arcades and fairgrounds in Canada to avoid the risk of influencing that marginal personality who just might be influenced, we must first hope a foreign—if friendly—government takes some action.

My luck was not better with the then minister of finance who suggested that action to ban the game was possible under section (c) of the Customs Tariff Act. Amendments of this kind could be proposed by the government only at the time of a budget. This meant that a year or more could pass before the government could make such amendments to the act in order to stop this game from entering Canada. Other federal departments were just as unhelpful. The Department of Consumer and Corporate Affairs indicated that it could not act because the machine was not being offered for sale to a private individual. The Customs and Excise Branch of the Department of National Revenue indicated that it could stop entry of the game only if it was directed to do so by another department. Discouraged by this game of musical chairs with various government departments, finally I decided to pursue the matter on my own in the form of a private members bill.

Since I first raised the issue in the House of Commons, almost an entire year has elapsed, and already the game has entered Canada, along with games similar to it. The game is reported to be in operation in most major Canadian cities. I

have seen its operation in Edmonton, as well as here in Ottawa. While we may not be able to prevent the use of this game in Canada, we can and should take action to prevent any further importation of games such as "Death Race". In order for this game to be removed from the Canadian market, perhaps a retroactive law should be put in place to compensate individuals who have already imported it.

My concern is shared by a good number of Canadians. Editorials condemning the game have appeared in a number of newspapers across Canada. The municipality of Guelph, Ontario, has decided to pass a bylaw banning the game from that city. Also a private member's bill was introduced by Mr. Gordon Taylor, a member of the Alberta legislative assembly. His bill is similar in nature to the one I am introducing today. It provides for an amendment to the provincial amusements act, which would provide the provincial government with the authority to censor games such as those that entertain by simulating the killing of human beings. In addition, the Canada Safety Council has given its full support to my efforts in this area.

I have never been one to seek government action or regulation, unless I thought it was very necessary. However, in this case I feel it is very much in the public interest to ban the importation of such games as "Death Race". There are other examples of such games, and I chose to use this one. I ask all hon. members to join with me in supporting this bill.

Some hon. Members: Hear, hear!

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I am pleased to involve myself in this debate on behalf of the Minister of Consumer and Corporate Affairs (Mr. Allmand). The hon. member for Wetaskiwin (Mr. Schellenberger) is to be commended for bringing forward this area of concern. More and more Canadians are asking themselves about the influence of various items on the younger elements of our society. These items are put before them through various types of marketing devices such as television and others.

In fairness, it is important to put on record some of the concerns which we have regarding this particular bill and its ability to do the job the hon. member for Wetaskiwin would like to see it do. I am sure many other hon. members would support him in the general thrust of his bill.

● (1712)

The bill, entitled " Act to Amend the Customs Tariff" has as its purpose—and I quote from its explanatory note:

> . . . to prevent the importation into Canada of slot machines such as "Death Race" in which the object is to drive a simulated vehicle so as to "kill" as many pedestrians as possible in a given time period.

This bill opens up some very broad avenues of discussion at this time. I am sure that many members of the House share the view of the hon. member for Wetaskiwin that games of violence in general are reprehensible. In fact I think the whole idea of such games is abhorrent to many of us, probably to most of us, but I wonder if the hon. member is approaching the problem in the proper fashion by presenting the bill he has placed before the House.

Careful consideration of the bill reveals a very important limitation in it, namely, that it deals only with products such as the "Death Race" game which are imported into Canada, and not with those games which might be manufactured in this country. In other words, if the bill were to become law, there would be nothing to prevent manufacturers outside Canada from setting up shop in this country and manufacturing the products within our own territory.

At the same time, the bill attempts to deal with a problem which is considerably larger in scope than a few children's games. What we are dealing with here is the problem of violence in our society, and what we as a government can and should do about it.

Various people have said that the games are a hazard to our society and that they should be banned on that basis. We have heard this comment made about a number of games at different times. This might lead a person to assume that perhaps this should be done under the Hazardous Products Act administered by the Department of Consumer and Corporate Affairs. Perhaps I should outline briefly for hon. members the history and purpose of this legislation. The act came into force on June 27, 1969, and it was intended to deal with what might be referred to, in general terms, as consumer goods.

The act makes specific mention of such product categories as those designed for household, garden or personal use, for use in sports or recreational activities, or for use by children. It also mentions, without reference to end use, poisonous, toxic, flammable, explosive and corrosive products. However, it excludes from its purview food, drugs, cosmetics, pest control products, radioactive materials and explosives within the meaning of the Explosives Act.

Under the act, the Minister of Consumer and Corporate Affairs (Mr. Allmand) is empowered to require disclosure of information in the possession of the manufacturer of any product within its purview respecting the product's nature and composition.

On the advice of the minister, the governor in council may include in the schedule to the act any such product where he is satisfied that it is, or is likely to be, a danger to the health or safety of Canadians.

It is unlawful to advertise, sell or import into Canada a product included in Part I of the schedule of the Hazardous Products Act. It is, moreover, unlawful to advertise, sell or import into Canada a product included in Part II of the schedule, except as authorized by regulations.

The Hazardous Products Act has teeth. An offence is punishable on summary conviction by a fine of $1,000, imprisonment up to six months, or both, or as an indictable offence by imprisonment for up to two years.

Inspectors with powers of search and seizure are designated under the act. A hazardous products inspector may enter, at any time and any place where he reasonably believes a hazard-

ous product, as defined under Part I and Part II of the act, is manufactured, prepared, preserved, sold or stored for sale.

The inspector may examine the product, take samples, and examine any records, books or other documents believed to contain information relevant to the enforcement of the act. Products found to be in contravention of the act or its regulations may be seized immediately. Perhaps, then, superficially, we might say this situation of apparently violent children's games could be covered by the existing law. Certainly we have the Hazardous Products Act, but it covers physical, not mental hazards, what might be said to be danger to life and limb situations. The item itself must be a hazard.

The Hazardous Products Act does not provide for banning products based on their offensiveness to good taste or because of a possible psychological influence on public driving habits or other behaviour. The applicability of federal legislation in that general area, such as that dealing with obscenity, is doubtful in this case.

I think, however, that in this case, Mr. Speaker, the problem may be solved by negotiation and voluntary limits imposed by the companies involved. Many product problems are very specific and are resolved on a voluntary basis by discussion with manufacturers. By way of example, information came to hand from a physician that a certain exercise cycle on the market was not equipped with a chain guard, and has caused injuries. On being advised of the problem by the Department of Consumer and Corporate Affairs, the company took immediate corrective action. If there had been a widespread problem in the product area, more clout probably would have been required and action would have been taken to bring the product under the purview of the Hazardous Products Act. Appropriate mandatory engineering standards would have been established.

Although there are some who would not agree, every effort is made to take a reasonable approach in the administration of the act. The Minister of Consumer and Corporate Affairs weighs all factors carefully before items are included in the schedule of the Hazardous Products Act.

This is of particular significance in determining the implementation dates for bans or regulations. The type and level of hazard and its consequence are normally examined in the light of product utility, economic impact on an industry, and possible effects on the consumer market place. We must make rational choices based upon full and realistic accounting of the consequences of our decision—the costs, social and otherwise, as well as the benefits. Any decisions must be based on reason, not on the fashion of the moment. They must be able to withstand time. They must be made on lasting human values.

In other words, Mr. Speaker, I think we can say that in this matter industry should recognize its responsibility here in how it structures these games. Where it is an electronic game, such as the TV war games on sale now, the moving target does not necessarily have to be a representation of a human being. It could be something else—a dot or an object of some sort moving across the screen. In this way, I think industry could still allow children the enjoyment of such a game of skill, and it would not have any negative elements attached to it, because these games do teach certain skills and, I think, have their usefulness. Some psychologists would agree that a certain amount of co-ordination is involved in these games, as well as a certain amount of judgmental skill in visual and manual operations. It would become, then, a question of shifting emphasis and not playing up the killing aspect of these types of games. Rather, the same sort of technique would be used to a useful effect.

• (1722)

I realize, of course, that it could be argued by manufacturers that these types of killing games, if I can refer to them as such, are precisely what the public wants. If they were to eliminate the human figures and substitute them with dots and various moving objects, nobody would want to buy them any more. That argument probably would be put forward. However, let me submit that if this were the case, what we would have would be clear evidence of a social problem. This would be of such magnitude, I think, that certainly stop-gap measures would be no way of trying to handle the situation. Merely taking a few games off the market would not deal with the root problem, which seems to be an obvious need on the part of people for this kind of excitement and stimulation.

This takes us into the much broader areas I mentioned earlier, the current values we are all having to deal with in our modern society and the problem we are having with violence in particular. These are very complex philosophical issues.

For example, it is still very questionable whether violence on television actually leads to violence in the real world. The same could be said of the types of games we are dealing with here. Is there, for example, a direct relationship in a child's mind between the game he or she is playing and the world outside the child's door?

We might use the game of chess as an example of what I mean here. In chess we are in a sense wiping out pieces or taking them out of play. Nobody, however, really relates this kind of action to killing, nor is it referred to as being violent in any way. Yet chess actually evolved as a war game.

By the same token it could be argued that these types of games—and violence on television, for example—serve as a kind of outlet for any tendency people may have toward violence. This could be said, just as some people argue that certain types of literature and magazines are outlets for other types of frustration. The games, then, just might be a way of sublimating some people's desires to kill people by eliminating a dot on a screen.

This is not to say that I and other members of this House are coming to the defence of these types of games. As I mentioned earlier, my natural reaction is to want to see an immediate end to the kind of game which has as its objective the killing of simulated human beings over a given time period.

What I am suggesting, however, is that merely from a practical point of view the problem we are dealing with is really too complex to be dealt with by a piece of legislation which attacks only one small aspect of violence. It might even

be said that no matter how much you legislate against this sort of thing, you will never really eliminate it entirely.

While I sympathize with the intent of the hon. member's bill—and I think that the hon. member for Wetaskiwin has put before the House a concern which does merit more discussion—I suggest to him that the benefit of the fact that it has come before the House today and the discussion we are having in this private members' hour will hopefully lead to more concerted attention to an area which I know has many ifs and buts with regard to any action which might be taken. However, this is an area of increasing concern to Canadian society generally.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I do not intend to speak for very long on this matter because I, for one, feel that this bill should proceed. At the beginning—and at the end, which will come very shortly—I want to congratulate the hon. member for Wetaskiwin (Mr. Schellenberger) for bringing this matter forward. From time to time matters come before this House which are, if one can categorize them or classify them, totally without partisanship. They are matters to which all good and honest thinking members who have the concern of their constituencies and the country as a whole at heart want to give substantial consideration.

The essence of this bill has been made clear by the two previous speakers. I need not refer to it again. The concerns raised by the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Martin) are perhaps valid, but I am more concerned about the injuries and difficulties this kind of imported game can create for our youth and, indeed, even for persons of more adult years who have aberrations and who find pleasure in considering the possibility of the death of other individuals.

These possibilities are of too great a concern to reject this bill merely because there are difficulties vis-à-vis importing or manufacturing in this country. I suggest that if nothing else this bill deals with the importing of this particular kind of game, and the hon. member has afforded this House the opportunity to state once and for all very clearly to those persons outside as well as inside this country that we will not permit this kind of thing. That surely is an indication to a manufacturer in this country of our intention and of our endeavour to prevent this kind of thing being promulgated.

I suggest we should not reject this proposal simply because it deals only with part of the problem. Well meaning members in this House wish to give a clear indication of their abhorrence of this type of misuse of violence. In my view it is as abhorrent as the misuse or abuse of sex or any other kind of human act which our constituents from time to time consult us about, suggesting that somehow it should be legislated against.

I agree with the parliamentary secretary that there is difficulty in legislating morality and in eliminating completely certain acts and misconduct. All of us agree that there are many things against which we have already legislated in the Criminal Code. However, we all agree that we have not eliminated them. If we were to say that simply because we cannot eliminate an act we therefore must not consider legislating against it, this House would have to close its doors tomorrow because, as much as we legislate, there will be those who will attempt to find loopholes. There will be those who disregard the law, but I think all of us have to exercise a certain optimism and suggest that there are certain things that are right, and if they are right, their abuse is wrong, and that we want to indicate to the well meaning citizens of this country that we will legislate in order to indicate what is right and what is wrong in the common mind of the country. I reject the concept that because something cannot be eliminated there should be no legislation.

I do not concede that the legislation referred to by the parliamentary secretary necessarily deals with the issue which has been raised by the hon. member for Wetaskiwin. It is true that we have legislation dealing with hazardous products, but I find it very difficult to define the kind of game the hon. member has brought to our attention as a hazardous product per se. It could conceivably be described as a hand-eye co-ordination game, something which assists. The hon. member who has brought this matter forward found it difficult to find any socially redeeming factor in it.

If one looks at it very coldly and clinically, it may be that it is one of the more advanced electronic games in terms of hand-eye co-ordination, but beyond that there are no social values. We must be mindful of that, and we must be on guard to ensure that we do not allow these social values to be eroded in the name of, in this instance, hand-eye co-ordination skills.

• (1732)

I said I would not speak for long, Mr. Speaker, I have put on the record that I support the motion of the hon. member for Wetaskiwin. I said at the beginning that I compliment him for bringing this bill forward. I do so again and resume my seat.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I would simply like to say a few words to suggest that we are in favour of this bill and at the same time to congratulate the mover of the bill now before us. As I understand, the purpose of this bill is to prevent the importation into Canada of slot machines such as "Death Race". When you examine that, you wonder what idea the designer had in mind when he created the game. It seems at first that it was perhaps with the idea of developing skill in young players, which would be somewhat formative. When you consider the game as such it is certainly not formative as it is built. It is of rather sadistic inspiration and I wonder whether its designer wanted to develop skill in young players instead of the human beings he put in his game. Had he put any other obstacle—bowling pins, flags or something else—it seems to me this would have been a lot more formative. The fact that a youth says "I am going to kill such or such fellow" has a bad influence on his mind. It is precisely the spirit of the game that is bad. The people who are put there could be hit. This remains in the youth's imagination while any

physical obstacle would have made it a quite inoffensive game in my opinion. That is probably why this bill is important today although, as the minister's secretary suggested, somewhat restricted when dealing only with importation. It does not deal with toys that could be manufactured in this country.

A foreign manufacturer could easily circumvent customs by setting up a small industry in this country to manufacture the same game. I think that if we refer this bill to committee—and I hope it will be referred—a provision will have to be added to it to include all games which could also be manufactured in this country. You can try controlling imports or imposing fines all you want, but I think this must be stopped in its tracks so no industrialist will be tempted to market such a game if he knows that in Canada, for example, it is impossible to do so and the fine would not be, if he manages to circumvent customs, $2 or $3 but high enough to deter him. In those cases, I think that only money can deter a promoter of such games.

Mr. Speaker, we were asked to be brief. I hope there will be co-operation today so this bill can be referred to committee for in-depth study and become a law which will provide further protection for our young people.

[*English*]

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I just want to discuss this bill briefly. Like other hon. members, I would first congratulate the hon. member for Wetaskiwin (Mr. Schellenberger), and also the hon. member for Kootenay West (Mr. Brisco) who has a bill on this subject. I was so concerned about this issue myself that I responded to the large amount of mail I received when this started to come into Canada by asking the Minister of Justice (Mr. Basford) to take action and the Minister of National Revenue (Mr. Guay) to stop it at the border. We do not need to import violence and ugliness from the United States. We can import their beauty and their creativity but we must stop importing their violence and the worst aspects of the great American society.

It has been said that truth is beauty and beauty is truth. Conversely, this ugliness, this violence and this sadism must be the biggest and most horrendous deception ever practised on our contemporary society.

The Standing Committee on Justice and Legal Affairs, constituted by this parliament, is trying to find ways to prevent pornography entering this country. The material that is allowed to come in, despite the law, is beyond belief. I could not believe the evidence give to us by the witnesses. I did not imagine the extent of this type of violence.

First of all, we use our children for this so-called art, this pornography that is created and sold at great profit by organized crime, almost 100 per cent so in the United States. We have seen the routes of entry which are used. I can only wonder at the motive and kind of mind that created this so-called game. It has always been known that games for children are a process of education and a process of establishing roles. Unfortunately, too many roles were created by games. The one role we do not need in society is the indoctrination of children to violence. We use blocks to teach them to build, Scrabble to teach them to spell and plastiscene to help them create sculpures. If the TV electronic devices want to help create useful eye-hand co-ordination, the tennis game is good enough. Why is it necessary to teach children by playing the "Death Race" game to aim at human beings and kill them?

In recent years we have seen our children grow up in a "do your own thing" society where all persons must express themselves. The children of the Spock era were told that if they smashed windows they were expressing themselves. That was in the '40s and late, '50s and those children expressed themselves in more and more violent ways by the time they reached their teens or twenties.

We still think that is the kind of society we want. In the '50s and, '60s some children were not told the difference between right and wrong. Nobody taught them that difference. As a result, some of them grew up almost without that knowledge and became psychopaths. It was a very serious time when children were not told about religious concepts, for instance. Some parents said that could wait until they were 18. Now we find ourselves in a society where we are importing games of violence.

I congratulate all hon. members who move in any way to stop the import of dangerous toys into Canada or prevent them being created in Canada. It does not matter where it is created—it is a dangerous toy and, like pornography, does not improve the fabric or the quality of life.

We have become desensitized in our society by violence. We had the Viet Nam war brought into our living rooms in the grossest detail. Perhaps during the second world war if television had been available there might have been many lives spared the early shock and today we might have been less violent. However, that is only a guess. Maybe we would have been more violent. It is possible we would have started sooner in viewing violence in our living rooms while eating breakfast, lunch and dinner.

● (1742)

This is a bill I would like to endorse. It is time we stopped all this pollution of the mind and the spirit, particularly of young children and adolescents, but as well of society as a whole.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I too will be brief this afternoon. However, I want to say at the outset that personally I would see no difficulty in having the hon. member's bill go forward to committee for further study.

Concerning the subject matter of the bill I would like to draw attention to a few of the problems I see with it. This may be helpful to the hon. member and the House. The purpose of the hon. member's bill is to prevent the importation into Canada of slot machines and games such as "Death Race". I believe we are all aware that the object of that game is to drive

a simulated vehicle so as to kill as many pedestrians as possible within a given period of time.

This bill, C-232, seeks to amend the Customs Tariff. I might state that prohibited items under the Customs Tariff Act are determined by section 14 of that act, which in turn is referrable to Schedule "C". By item 99201-1 of Schedule "C" the following categories are identified, amongst others, as prohibited goods:

Books, printed paper, drawings, paintings, prints, photographs or representations of any kind of a treasonable or seditious, or of an immoral or indecent character.

It could be stated fairly that item 99201-1 of Schedule "C" is perhaps broad enough as presently framed to include within its ambit representations of an immoral or indecent character such as are described as being employed in the electronic game of violence known as "Death Race". I have canvassed some opinions to that extent and the game falls within those objects defined as prohibited goods. Thus, the provisions contained in Bill C-232 would be somewhat superfluous and unnecessary. Anyone asked the basic question whether running down and killing pedestrians in a game was a representation of an indecent or immoral character would undoubtedly answer yes.

Mr. Hnatyshyn: What about American television shows? They have a lot of depictions.

Mr. Young: There are probably some Canadian television shows which have the same depictions.

The definitional questions are important. My hon. friend refers to the method for barring coin-operated mechanical or electronic games simulating acts of crime or violence on the part of the player. I am sure we have all grown up with penny arcades and slot machine games. I see him smiling. Perhaps he as well as I spent part of our youth inspecting the inner reaches of penny arcades.

I am wondering if it is fair to say that such a definition would necessarily also exclude importation of coin-operated hunting games where one practises the hunting of bears. Shortly after the last war there was a game which sent torpedoes out of what looked like a submarine capsule into "enemy" ships. Things like that were quite common in the '50s and '60s and might also be included as games of violence. With the definition as broad as the hon. member has drafted it we would probably run the risk of outlawing many games which a large percentage of the general public consider as having some elements of violence attached to them but not really being of the kind which they would necessarily want to ban or bar.

I believe my friend the Parliamentary Secretary to Minister of Consumer and Corporate Affairs (Mr. Martin) pointed out this bill covers only the importation of such games into the country from outside. Even with the passage of such a bill we would still be left with the possibility of having such games actually manufactured in this country. In that respect Bill C-232 would have no influence upon the situation.

This brings me to my major and final point, Mr. Speaker. If our purpose is truly to curb the anti-social psychological effects on our youth of games such as "Death Race", then perhaps a more appropriate form of amendment would be in terms of our general law concerning obscenity. These matters are scheduled for consideration at the uniform law conference which is to be convened later this summer. One of the proposals which is actively being considered at present is an amendment to section 159(8) of the Criminal Code. This section defines obscenity. The consideration expected to be given to an amendment to section 159(8) would deal with a proposal to eliminate the necessary nexus or connection between sex and crime or cruelty and violence. These proposals would hopefully make the undue exploitation of crime, cruelty, or violence per se tantamount to obscenity.

I might mention, as perhaps the hon. member is aware, that the justice and legal affairs committee, as mentioned by my colleague the hon. member for Vancouver-Kingsway (Mrs. Holt), is presently studying the matters of pornography and obscenity. At the moment we are looking at the definitions. We may very well come up with suggestions which would be of assistance to the hon. member's purpose in redefining such matters as obscenity. I looked at a draft report this afternoon and I believe there is room for including something in the report of the justice and legal affairs committee which would be of assistance to the hon. member. I suggest to him that he might check with the justice critic of his party and join us on that committee as a representative of his party and attend the meetings. If it is not too late we might be able to incorporate some of his views into that report. We are at the draft stage at this time and it will be a few days before that report is given final consideration. It would go back to the full committee for final drafting and I am sure that the hon. member will be welcome to attend there.

I just wanted to draw hon. members' attention to some of the definitional problems and problems of scope which we have in dealing with this issue. I have sympathy for the hon. member's point and the reasons for bringing forward this bill. In my opinion, such games as "Death Race" one could say are scandalous and scurrilous. They are of an immoral nature or indecent character. My fear, and I am sure it is shared by the hon. member, is that by allowing such games into the country we allow the minds of our children to be conditioned to the fact that it is possible to drive a car erratically or in such a fashion as to run down people willy-nilly and actually kill them. That might be fantasy; it might be make-believe in terms of the game. But I do not like to see a situation where young people, or anyone for that matter, can so condition themselves to the operation of a game that at some time in the future when they would actually be driving a car they would carry out the same kind of an act which at one time was only a game. That is a horrible idea.

I thank the hon. member for bringing this matter forward. Perhaps we should go forward to committee and give it further study there.

Games of Violence

● (1752)

Mr. D. M. Collenette (York East): Mr. Speaker, it was not my intention to talk on the bill this afternoon. However, after hearing some of the remarks of my colleagues, the hon. member for Niagara Falls (Mr. Young) and the hon. member for Vancouver-Kingsway (Mrs. Holt), I thought I should add a few words.

Looking at the bill in the narrow sense, it has much to commend it. The game known as "Death Race" is to be abhorred. As a new parent, I would hate to think of my child participating in or deriving any pleasure from it. In that sense, I completely agree with the sentiments of the hon. member for Wetaskiwin (Mr. Schellenberger). He has done the House a service by bringing the issue forward for debate this afternoon.

One problem when discussing the banning of a game such as "Death Race" is that we open ourselves up to serious criticism about the civil liberties of society. The fact that someone enjoys the game called "Death Race", which others may feel is obscence, perverse or twisted, is in no way a reason for society to condemn that game. That is what bothers me about this bill.

The Conservative party, of which the hon. member is a prominent member, has made a lot of hay in the last few years to the effect that governments intrude too much in the lives of individual Canadians. However, we have here a private member's bill which would, in a sense, eliminate the option of some people enjoying a particular game. It does not matter how abhorrent we may feel it or how much effect it would have upon the person enjoying it. If someone wants to play poker, enjoy horse racing, bet on horses or even play the game of "Death Race"—and I hate to put them all in the same category—it would be unfair that the government or parliament should limit the choice of individual Canadians.

If we are talking "Death Race", we should also talk about other forms of subliminal advertising such as we see in consumer advertising over television. I am not an expert on that subject. The hon. member for York West (Mr. Fleming), who is in the chamber this afternoon, is an expert on broadcasting. I am sure he would have something to say on subliminal advertising.

When you talk about banning and the psychological ramifications and implications of banning something such as "Death Race", you have to deal with a lot of other questions in a broader scope. Take for example some of the brainwashing or subliminal techniques employed by religious groups.

In most of the big cities, such as on Yonge Street in Toronto, you have the so-called religious freaks who panhandle. They try to lure young kids who are perhaps a little mixed up into their religious sect. One group in particular that comes to mind is the Moonies. We have a heard a lot about the Moonies and how very responsible people meet someone on Yonge Street, for example on a Friday night, and ask them to get together for a coffee. They are a little bit down. The Moonies start talking about their philosohy, whatever it is. My reading of the subject is that these people are hooked very quickly.

[Mr. Young.]

It has been alleged that Moonies use techniques akin to the brainwashing used in the Korean War. Should we as a society outlaw the Moonies? I have received a lot of correspondence, believe it or not, from the hon. member's province of Alberta. I cannot remember the name of the church that was recently burned down on Avenue Road in Toronto. I believe it is the Church of Scientology. The children of many Albertans have been taken into that sect.

I do not know whether society should make rules and regulations to cover every aspect of human behaviour. An individual has certain inalienable rights. He should have free choice as to what he wants to do. Hopefully parents raise their children, in such a way that they will realize that "Death Race" is not a good thing and that it has a bad effect. But really, it is up to the individual to choose.

I am not trying to throw in a red herring, but prostitution is illegal under the Criminal Code. We have prostitution in all our major cities. What has been the effect of banning prostitution? It is still with us. Perhaps I should not be making the case that every city has a sin-strip or red light district. However, there are people in society who express themselves in what we might call abnormal behaviour. This is something not generally followed by all members of society. As long as these people are not infringing upon the rights of others, I cannot see why this parliament should pass laws to ban a particular game, for example.

There are other comments I would like to make, Mr. Speaker, but there are members who wish to speak before six o'clock.

Mr. David MacDonald (Egmont): Mr. Speaker, I want to speak more in terms of speaking to other members of the House. I strongly support the intent of this bill and commend the hon. member for Wetaskiwin (Mr. Schellenberger) for bringing it to the attention of hon. members. This is a very serious problem. We are increasingly seeing activities, games and so on being put before young people which indicate to them that the use of violence can be effective. We should reject that concept.

As there has been such strong support from members on both sides, including two parliamentary secretaries and other members, I hope there will be agreement to let the bill go to committee where it can be effectively studied and amended in accordance with some of the good suggestions made here, rather than talked out. I hope government members will allow that to happen. That seems to be the prime purpose of the introduction of the bill by the hon. member.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I support the bill. Let's send it to committee.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, obviously I do not want to be the spoil sport. Like all hon. members of this House, I extend my congratulations to the hon. member for Wetaskiwin (Mr. Schellenberger) for bringing forward this bill. As my colleague, the Parliamentary Secretary to the Minister of Justice

(Mr. Young), said, the hon. member has perhaps raised a much broader issue than he realizes. It might be a good idea, in concert with other hon. members who have bills of a similar nature, such as those dealing with pornography, to combine them and bring forward more broad legislation that the government can discuss and take to the justice committee.

The hon. member for Wetaskiwin is concerned, particularly for young people. It is obvious there are more than just hockey players in his area. The legislation he proposes, although well intentioned, is clearly insufficient to cover all aspects of this problem. If there is a need to prohibit games such as this, careful consideration must be given to drafting a more comprehensive piece of legislation.

Schedule "C" of the Customs Tariff can be effectively used to prohibit the importation of goods into Canada. As indicated in the explanatory note to the bill, section 14 of the Customs Tariff provided that goods enumerated in Schedule "C" are prohibited importation.

The Acting Speaker (Mr. Turner): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

CRIMINAL CODE

AMENDMENTS TO GIVE CERTAIN RIGHTS TO POLICE

The House resumed consideration of the motion of Mr. Blais that Bill C-26, to amend the Criminal Code, the Crown Liability Act and the Post Office Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am happy to open the debate on second reading of Bill C-26. This bill contains important provisions which, when the legislation is enacted, will help Canada and the services responsible for security to better solve the serious problems they now face. I recognize, Mr. Speaker, that the provisions of this bill have been and still are the subject of many comments. I would first like to note that this bill is temporary since it provides for the bill itself and its effect to expire one year after the McDonald Commission submits its report and recommendations.

Mr. Speaker, in my comments tonight I would like to emphasize two major points, that is the need for this legislation and the powers it gives to the police and security service. In this regard, I hope hon. members will clearly understand that there is a real need for this legislation and that the additional help it will give to the police and security service is not excessive. Moreover, Mr. Speaker, my colleague, the Postmaster General (Mr. Lamontagne), will be able to support directly this bill and I await impatiently his comments.

[*English*]

Mr. Speaker, in proposing the legislation in special circumstances of the interception of first class mail, Bill C-26 addresses itself to two serious problems affecting Canadians today. The first is the use of the mails for the transmission of narcotics. The second is the use of the mails to support activities which are detrimental to national security. I wish to speak to each of these areas since the requirements they demand for government action establish the need for this legislation.

[*Translation*]

Mr. Speaker, drug addiction in Canada continues to be a subject of national concern and a serious problem. When it studied this problem in 1969, the LeDain Commission estimated that there were about 50,000 drug users in Canada as well as 15,000 regular addicts. The figures that I have been given show that in 1975, which is the last year for which we have precise figures, 13,927 heroin addicts were known to the Bureau of Dangerous Drugs. Moreover, 6,517 of them lived in British Columbia. Mr. Speaker, the number of these drug addicts is increasing. From 1969 to 1974, the number of known heroin addicts increased for the whole country from 2,714 to 16,000 or 20,000, and in British Columbia alone, from 1,874 to 6,517, according to present estimates.

[*English*]

The cost reflected in these statistics across the spectrum of victims, from society as a whole to the addicts themselves, is enormous. In the lower mainland of British Columbia where the most detailed analysis has been made it is estimated that between 50 per cent and 70 per cent of property conversion crimes such as robbery, burglary and shoplifting are heroin-related. In 1975, for example, heroin users committed at least 53 per cent of all serious robbery offences. Since 1965, crimes against property have risen by 190 per cent, crimes against persons by 108 per cent and the over-all crime rate by 186 per cent. Prostitution is also often heroin-related in that there is a direct correlation between prices charged by prostitutes and the price of a cap of heroin. Not surprisingly, heroin has precipitated an increase in the extent of underworld violence, including the possession of firearms and homicide. In this latter regard there were some 443 narcotic-related deaths in Canada between 1969 and 1974.

These figures mirror only one facet of the total cost. Federal and provincial governments are obliged to spend great amounts of time and money on treatment, law enforcement

and other programs. As recently as January 18, 1978, four federal ministers in conjunction with ministers from British Columbia established a federal-provincial strategy committee to co-ordinate a program to deal more effectively with heroin abuses and illicit drug trafficking in British Columbia. I do not wish to imply that the interests of these ministers were restricted to one area of the country. The meeting in January was held to discuss recommendations by a special federal-provincial committee set up early in 1977 to develop a plan of attack on the serious heroin problem in Canada as a whole.

The first of the recommendations agreed to at the meeting in January called for "a balanced approach of supply and demand reduction, that is, cutting the availability of heroin on the street while at the same time reducing the number of addicts." This, I suggest, is the central aspect of hard drug addiction. I have noted, Mr. Speaker, that the number of known addicts is increasing year by year. At the same time, the amount of heroin seized by the RCMP is declining year by year. The facts of those seizures are as follows: in 1969-1970, 37.9 pounds; in 1970-71, 58.4 pounds; in 1971-72, 195 pounds; in 1972-73, 165.1 pounds; in 1973-74, 77.8 pounds; in 1974-75, 30.5 pounds; in 1975-76, 36.3 pounds; and in 1976-77, 17.6 pounds. Against these seizures, the estimated annual consumption of heroin in British Columbia alone is 365 pounds per year.

● (2012)

There is, I think, Mr. Speaker, a certain inevitability in the conclusion which must be drawn from the statistics I have just given. The numbers of known addicts, especially heroin addicts, is increasing while the amount of heroin seized is decreasing. Despite the efforts of law enforcement officials to seal off avenues of entry for narcotics, they are still getting into the country. I suggest that one way, possibly the major way, in which our growing addict population is being serviced is through that open conduit of the mails.

All members will recall, I believe, public statements by the commissioner of the RCMP on how this system works.

[*Translation*]

For instance, in Bangkok, Thailand, one gram of 100 per cent pure heroin sells for $4 to $6. This quantity is then sent by first class mail to Canada. When he receives that gram of heroin, the trafficker adds to it a substance like lactose to make 16 grams. So, from one gram he gets 16 grams that contain about 5 per cent heroin, and that is the quality of heroin presently sold in Canada. Those 16 grams are then used to make 228 capsules that sells for about $50 apiece in Canada. So you realize by a simple calculation that the initial $4 to $6 investment yields a profit of about $11,400 for the trafficker. One pound of heroin would yield almost a quarter of a million dollars. This represents for the potential trafficker a very profitable business that can be conducted through the mail. The heroin market, which represents some $225 million a year, is the fifth largest industry in British Columbia at present, coming behind forestry, mining, tourism and farming. You can realize how serious is this problem.

In British Columbia, one pound of heroin is worth almost $1 million because of the demand. At the national level, the price and market value of heroin are twice as much.

[*English*]

As to the incidence of such use of the mails, the commissioner also informed the Standing Committee on Justice and Legal Affairs of one case involving approximately 100 first class mail envelopes containing heroin. But the full extent of the use of the mails to transmit drugs undoubtedly goes well beyond that particular incident. The mails are being used, among other means, to service a growing addict population in Canada. This mails conduit is mostly from offshore, and I believe we have an obligation to stop it.

[*Translation*]

Mr. Speaker, Bill C-26 would not only authorize the opening of first class mail related to the drug trafficking I just mentioned, but it also would grant similar authority as concerns national security matters.

[*English*]

In regard to national security, I think it is worth repeating an observation made by the Mackenzie Royal Commission on Security in 1969. Those commissioners noted that the state has a responsibility:

> To protect its secrets from espionage, its information from unauthorized disclosure, its institutions from subversion and its policies from clandestine influence—

The Commission's report went on:

> There has been no period in history when attempts at activities of these kinds have not been undertaken. Such attempts—successful or unsuccessful—are taking place now and will undoubtedly continue to take place in one form or another as long as international relationships are based on the existence of nation states. In order to carry out its responsibilities, the state must make arrangements to determine the nature and extent of activities of this kind which exist at any given time, and to take such preventative or defensive measures as may be possible and appropriate.

The provisions of the bill relating to national security concerns are intended to provide such preventive or defensive measures. No one would suggest that the proposed measures themselves are an absolute requirement for the protection of our sovereignty, not any more than those measures relating to drugs are going to solve the whole drug problem in Canada. But they are important in accomplishing these ends.

Canada, and I have said this often, has the most secure civil liberties of any nation in the world. The reason for this is largely that Canadians have been vigilant in their protection. The 11 jurisdictions in Canada, including the provinces and the federal government, have given the issue of civil liberties within their own jurisdictions their attention and the healthy competition between them has incited each to adopt measures that have promoted those liberties. There is a recognition as well that our adoption of British parliamentary institutions as models for our own democratic process gave us a head start.

But those civil liberties will only remain as long as our sovereignty is maintained, as long as those institutions are

permitted to function, and Canadians feel secure and protected from activities that are against their interests and those of their country.

Much publicity has been given to the use of the mails for communications purposes by the Japanese Red Army Terrorist Toshio Omura in Toronto, and the RCM Police interception of the mail as a means of neutralizing the threat posed by this dangerous individual. Despite the inadequacies of some reporting of testimony given relating to this incident, I am convinced that thoughtful consideration of the record before the present commission of inquiry headed by Justice McDonald will indeed demonstrate the importance of mail interception in the resolution of this matter.

It is difficult for me to concede, Mr. Speaker, that Canadians as a whole would argue that the private communications of a man such as Omura should remain sacrosanct. Omura is one of the most infamous terrorists in the world today and his record of misdeeds makes appalling reading—hijackings in his country and other terrorist actrocities—world wide. The logic that men such as he, once having gained access to Canada, are free through first class mail communications to hatch plots for violence here or elsewhere escapes me completely.

The same is true in respect of other acts of subversion, especially espionage. I think there is little value in dwelling on the details of espionage techniques used by such agents. What is clear is that such techniques do indeed involve the use of the mails for safe passage of communications. The activities of espionage agents are inimical to our well being, to our national interest, to our national security, and I think there is no obligation on our part to facilitate or make easy their unacceptable behaviour in Canada. Indeed, I firmly believe that we would be seriously remiss in the discharge of our duty as parliamentarians if we failed to make life as difficult as possible for such persons. That is what the security provisions of this bill intend.

Finally, in respect of the security issue, I think it is important to realize that both the Franks Commission in the United Kingdom in 1957 and the Australian Royal Commission on Intelligence and Security in 1977 agreed on the need to allow their respective national security organizations to intercept and open mail under warrant. I believe we are on firm ground in this matter and that nothing we are proposing in this bill is inconsistent with democratic principles as we understand them in this country.

I would like now to turn to two other aspects related to Bill C-26: the procedure for the issuance of warrants both for the interception of mail in respect of narcotics trafficking and security related activities, and the reporting requirements to parliament embodied in the bill.

In respect of warrants to intercept the mails to prevent offences against the Narcotics and Food and Drugs Acts, the procedures are similar to those now in place respecting the interception of electronic communications. First, approval for seeking a mail intercept warrant must be obtained from the superiors of the peace officer or public officer involved in the investigation. Second, a peace officer or public officer then submits an application for a warrant in writing to the Solicitor General of Canada, or an agent specifically designated by the Solicitor General to receive and review such applications. Accompanying the application will be an affidavit containing information pertinent to the investigation. The peace officer will be required to swear to the authenticity of the information contained in the affidavit. Third, once the Solicitor General or his agent approves the application, it is presented to a judge of the superior court of criminal jurisdiction for the area. If the judge is satisfied that issuance of a warrant would be in the best interests of the administration of justice, and that other investigative procedures have been tried and have failed, the judge may then issue a warrant.

● (2022)

In matters of national security, warrants authorizing the interception of first class mail will be issued only by the Solicitor General of Canada. Applications for a warrant will be presented to the Solicitor General by the director general of the security service who will be required to swear to the authenticity of the evidence provided. If the Solicitor General is satisfied by the evidence that an interception is necessary for the prevention or detection of subversive activity directed against Canada, he may then issue the warrant. The nature of subversive activities is defined under section 16(2) of the Official Secrets Act. That definition is quite evident in itself and is quite wide in its application.

The reporting procedures on the use of the provisions of this legislation are identical to those laid out in the Protection of Privacy Act and section 16 of the Official Secrets Act.

[*Translation*]

Mr. Speaker, I would like to repeat in French my remarks dealing with the procedure for the issuance of warrants. In respect of warrants to intercept the mails in order to prevent offences against the Narcotics and Food and Drugs Acts, the procedures are similar to those now in place respecting the interception of electronic communications. First, approval for seeking a mail intercept warrant must be obtained from the superiors of the peace officer or public officer involved in the investigation. Second, a peace officer or public officer then submits an application for a warrant in writing to the Solicitor General of Canada, or an agent specifically designated by the Solicitor General to receive and review such applications. Accompanying the application will be an affidavit containing information pertinent to the investigation. Third, once the Solicitor General or his agent, approves the application, it is presented to a judge of the Superior Court of Criminal Jurisdiction for the area. If the judge is satisfied that issuance of a warrant would be in the best interests of the administration of justice, and that other investigative procedures have been tried and have failed, the judge may then issue a warrant.

In matters of national security, warrants authorizing the interception of first class mail will be issued only by the Solicitor General of Canada. Applications for a warrant will be presented to the Solicitor General by the director general of

the security service who will be required to swear to the authenticity of the evidence provided. If the Solicitor General is satisfied by the evidence that an interception is necessary for the prevention or detection of subversive activity directed against Canada, he may then issue the warrant. The reporting procedures on the use of the provisions of this legislation are identical to those laid out in the Protection of Privacy Act and section 16 of the Official Secrets Act.

In conclusion, Mr. Speaker, I think it is fair to say that all the facts that justify the introduction of such a legislation have been submitted to Parliament. I hope therefore that all members will give to this matter their close attention and will pass this bill without delay.

[*English*]

The subject matter of this legislation has received wide publicity and public consideration to date. I am very interested in hearing comments by hon. members opposite, as well as members from my own party, in terms of their own views with reference to this legislation. Simply, I wish to reiterate my conviction that the facts I have recited, and those which have been made public, justify the introduction and swift passage of this legislation. I know hon. members are interested in providing that swift passage. Indeed, to date there has been a great deal of public debate on this issue. We are ready now to proceed to action.

Hon. members are well aware that committee deliberations are really the forum in which these measures can be more fundamentally debated. Second reading can be expedited through promptly dealing with the major issues, after the necessary partisanship which accompanies these debates. In my address I have steered clear of partisan debate. We are dealing with a fundamental piece of legislation which is required now. Initially I suggested that it is of limited duration. Clause 17 of the bill provides that the effect of this legislation ceases to apply one year after the McDonald Commission has made its report and recommendations.

I am sure this debate will be a very interesting one. It will be non-partisan in nature, knowing the hon. members opposite who have indicated an interest in participating. I followed this bill with a great deal of interest first as postmaster general and now as the responsible minister. I assure hon. members that considerable care has been provided in the drafting of its provisions. I can vouch for the fact that the Attorney General of Canada has used nothing but the most expert draftsmanship in preparing this legislation.

Some hon. Members: Oh, oh!

Mr. Blais: Undoubtedly the provisions of this bill will meet with the approval of hon. members opposite. This bill has been tabled for some time now. First reading was given on February 7, which was more than a month ago. To date I have not received any indication from the opposition parties as to any objection they have to any of the provisions contained in this bill. Although there have been a number of public comments made generally, I have not seen anything which attacks any of the fundamental provisions presented in this bill. I am looking forward to this debate and the great deal of co-operation which will be forthcoming from hon. members opposite.

Some hon. Members: Hear, hear!

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, we are dealing with Bill C-26 which is legislation that would make legal the interception and opening of mail in two general areas. The first of these is the criminal area, in which the bill purports to assist in the battle against drug traffic. The second area relates to national security, wherein the bill purports to assist in the prevention or detection of subversive activities.

● (2032)

This second reading debate upon which we embark tonight is generally regarded as a debate in principle, and I think it is incumbent upon me at the outset of my remarks to make very clear the principle which we as the Official Opposition support. We support in principle the legal interception of mail in special specified circumstances, given adequate safeguards and given the situation where the more normal, acceptable and traditional methods of law enforcement have proven ineffective. Therefore, we support Bill C-26 in principle. In our view it meets most of these requirements. We do not anticipate a prolonged second reading debate, but I think contributions might be made from all corners of the House.

I agree with the Solicitor General (Mr. Blais) that it is important this legislation reach its proper forum which, in my view, is the Standing Committee on Justice and Legal Affairs.

In enunciating the principle contained in the legislation I referred to the legal interception of mail. There is nothing much that is new about that. Indeed, I am informed that most countries in the western world have legislation of this nature. In England, for example, the legal interception of mail was recorded as long ago as 1663. In the same country we can find statutes permitting this interception that are over 200 years old, and those statutes relate to interception as a means of attacking serious crime and as a means for the preservation of the safety of the state.

In talking about the principle of the bill, I also referred to special and specified circumstances and to the necessary, proper safeguards. The interception of mail or of any form of communication is inherently objectionable—surely few of us will disagree with that—and it is objectionable for three reasons. The first is that the power to intercept is in the hands of the state and its officials and it is exercised secretly; the extent and the purpose of the use of the power is not publicly known. Second, the uncontrolled use of this power by the government might be an unnecessary interference with the private rights of a country's citizens. Third, the powers can be exercised without an opportunity for protest or objection. Therefore, the power to intercept a communication must never be a general power. It must be carefully restricted, it must be applicable to well defined circumstances, it must be the subject of special safeguards.

It is almost trite for me to say that this legislation infringes on the basic freedom of the individual, but there is a corollary: that freedom is of precious little value if the individual is the victim of the law breaker or the subversive. Indeed, in terms of national security, when that is under attack and no adequate defence is available, that basic freedom has the potential of becoming meaningless by its elimination.

However, on balance what I really seek is the assurance that there will be strict observance of the purposes to which the interception of mail should be directed or confined, and I look to the government, through its Solicitor General, for that assurance. I do not look to the law enforcement agencies of this country. I do not look to the security service officials. I look to the Solicitor General and the government that he represents to assure me that proper safeguards are in place and are working. I look to him to assure me that the power is restricted and used appropriately; and I look to the Solicitor General to assure me that the power is not to be used as a matter of routine and as simply a substitute for the conventional law enforcement measures that are our tradition.

Acknowledging that the reality of our times is that crime and subversive activity do occur in Canada, and further acknowledging that our law enforcement and security services must contend with these threats, we look to the Solicitor General and the government for a final assurance. Can they assure us that it is necessary to compromise further the fundamental right of privacy in order to protect us effectively from the threats of crime and subversion?

There is no doubt that the Solicitor General and the government would give these assurances that I seek. The question is not whether they will give them but rather how valid are they once given. Because this is a government which gives assurances at any time, in any place, about anything. We have had assurances in the House that there were no illegal or irregular security service activities. How quickly that proved wrong! We have had assurances in the House that these incidents amounted to one or two in number and were isolated. How quickly that proved wrong! We have had assurances that the McDonald Royal Commission was going to solve all these problems, but once the commission was constituted events alone overtook it and left it far behind. We have had assurances that no members of parliament were subjected to electronic surveillance. There are many in the House and in this country that doubt that assurance. Most recently we have had an assurance about the extreme sensitivity of a particular top secret document, and yet there are widely circulated reports, which are uncontradicted, that some 58 copies of that so-called top secret, sensitive document have been distributed around this capital.

Let us be more relevant. Let us talk about assurances on mail opening, which is the subject matter of this bill. In July 1975, in the House, the then solicitor general, now Minister of Consumer and Corporate Affairs (Mr. Allmand), assured us that first class mail cannot be opened. The then postmaster general, Bryce Mackasey, in 1975 gave the same assurance in the House.

● (2042)

The present Solicitor General in his former role as postmaster general said the same thing in the House of Commons last November, only to be contradicted moments later by the then solicitor general, who got his news from the CBC. On November 9 the present Solicitor General told the House that he had checked with the Post Office's security and investigation officers. He assured us that there was no problem, but the director of the security intelligence branch of that department told the McDonald Commission that he knew about these instances in or about mid-October.

Why have all the assurances proved to be so false and so hollow? If one were a cynic, one would have to say that the motive for giving that type of assurance was simply to protect the political skin of he and they who gave it. That would be if one were cynical. If one were generous, one would say that these assurances which have been so false and so hollow were given to allay the suspicion and cynicism of Canadians. However, the result has been just exactly the opposite.

The bumbling, stumbling, fumbling and heavy-handed ineptitude of this government has been the very food for the cancer which has caused the suspicion and cynicism not just of members of this House but of Canadians everywhere. How did we get there? Where did this ineptitude come from? I think I know. It comes from the extraordinary and remarkable doctrine of the Prime Minister (Mr. Trudeau) regarding ministerial responsibility. I am not sure I can put it as succinctly as he can, but I can paraphrase. The Prime Minister gathers his cabinet around him and gives them the following marching orders: "For heaven's sake, do not inform yourself about what is going on in your department. Above all, do not ask the right questions of your departmental officials. Cloud yourself and shroud yourself in ignorance, because as long as you can survive without a criminal charge being brought against you, we will all be all right". That is the doctrine, and that is the feed and the fodder for the cynicism and suspicion which is abounding in this country.

In this atmosphere along comes Bill C-26, to permit the legal interception of mail. The Solicitor General knows full well that the reaction is cynicism and suspicion. There has been a virtual litany of editorial comments, and I will quickly quote a few. "It," meaning this legislation, "is at best premature. It is also opportunistic, threatening and profoundly distressing". Another editorial: "To legalize the opening of mail is an act of contempt remarkable even by the generous standard of Pierre Trudeau". Another one: "A piece of tough anti-crime legislation that will be popular at election time". Another one: "A rush to amend a law that has not been enforced". "Retroactive sanction of illegal activities". The editorials go on and on.

This is the atmosphere in which this House and a diligent, hard working Standing Committee on Justice and Legal Affairs must deal with this extremely important legislation. Who is to blame? It is not the opposition or Canadians from coast to coast. Those who are to blame sit on the government benches opposite, those whose irresponsibility is remarkable

and whose incompetence is a hallmark. And they are astonished that Canadians are cynical and suspicious.

Let me deal now with the McDonald Commission. Attracted to this Royal Commission has been a certain share of suspicion and cynicism. The commission lumbers along, taking five months to call its first witness. It was tagged by one editorialist as the government's tool for delay and described by another as follows: "A sluggish commission created by a government that does not have the courage to do its job". Another said that the commission was "proceeding in an aimless fashion with little sense of urgency".

However, in spite of all this there is a direct and important relationship between the McDonald Commission and this legislation. One activity forming the subject matter for study by the McDonald Commission is the interception of mail. On this issue the McDonald Commission has heard eight to ten days of evidence. It has heard from a number of witnesses. I estimate that about 2,000 pages of evidence have been recorded. What will the standing committee get from the McDonald Commission? Is there a commitment from this Solicitor General that there will be an interim report from the McDonald Commission which may be studied by the standing committee? There is no such commitment.

Is there any indication whatsoever that those 2,000 pages, produced at a cost of thousands or perhaps tens of thousands of dollars of taxpayers' money, will be before the standing committee? There is not one hint that the standing committee will have the benefit of the testimony given in those eight to ten days. There is not one indication that the standing committee will have any benefit whatsoever from that very important input so that it can deliberate wisely on this legislation. That is unacceptable, and it shows lack of integrity. During this second reading debate and in the committee the efforts of my party will be directed toward assuring that the standing committee becomes the beneficiary of the deliberations of the McDonald Commission.

The McDonald Commission itself is cynical. One commissioner is quoted as saying that this new legislation might be characterized by some as starting surgery before the diagnosis is completed. What does the Solicitor General say to that allegation? On the one hand he says that this is temporary or interim legislation. It is to end one year after the tabling of the final report of the McDonald Commission. This presumes that we will get a final report from that commission.

This bill takes the pressure off the McDonald Commission to be diligent in its efforts. It pre-empts the McDonald Commission. However, what the Solicitor General did not say is that this bill does not necessarily end one year after the tabling of that report. There is a very clear provision which, for some reason or other, the Solicitor General failed to mention, and that is that by joint resolution of both Houses the duration of this bill may be extended to any later date or, indeed, indefinitely. So on the one hand the Solicitor General tells this House that this is just temporary or interim legislation. On the other hand, this is what the same Solicitor General said in an interview with Standard Broadcast News on February 18, and I quote:

● (2052)

My information is that predecessors of mine had contemplated coming through with changes in legislation and this is the production or the emanation of a long process of analysis.

Imagine this long line of solicitors general contemplating, as they change with the seasons, one solicitor general after the other. Mr. Speaker, there was no time for contemplation. This unhappy parade of solicitors general was just like a group of punch drunk fighters ducking, bobbing and weaving—ducking their responsibilities, bobbing to avoid evidence of their incompetency and weaving a shroud of ignorance around themselves. These were the solicitors general who were contemplating and this is the legislation that is a production of this long process.

Let us go back to the interview, Mr. Speaker. On February 13, the Solicitor General went on to say:

The legislation relating to postal interception is really a sequence to the privacy legislation involving interception of communications.

The obvious question—and it was indeed put during the interview—is: What on earth is the possible position of the McDonald Commission in face of this legislation? The Solicitor General answered:

Well, I would hope that the decision we are making now would eventually be supported by the McDonald inquiry.

So much for the McDonald Commission as far as the Solicitor General is concerned. Others may agree—but they must be before the committee. If the Solicitor General is serious about this long process or about the integrity of the McDonald Commission, then why does he not give a commitment to ensure that the commission, its representatives, a summary of its evidence or an interim report is presented to the committee of this House that is studying this legislation?

That obviously brings up the next question, Mr. Speaker, which is one of timing. We can go back eight years to the Mackenzie Commission on security and the illegality of intercepting mail. The Mackenzie Commission report said:

. . . seems to us to provide an open invitation to hostile agents to make use of the mails for their secure communications. We believe that arrangements should be made . . . to permit the examination of the mail of persons suspected by the security authorities on reasonable grounds to be engaged in activities dangerous to the security of the state. However, any such examination should also be strictly controlled, and should require ministerial authorization in each instance.

That was eight years ago and that was not the first instance of a demand for legislation of this kind. At the McDonald Commission it was alleged that the RCMP had been asking for this authority since 1920. This allegation was not made by a member of the RCMP but by Mr. Howard, counsel for the McDonald Commission. An assistant commissioner of the RCMP could not confirm that it went back to 1920 but he could confirm that it went back at least to 1939. So what do we have? First, we have counsel for the McDonald Commission claiming that requests for this type of legislation dated back 58 years; second, we have confirmation from an RCMP assistant commissioner that requests go back at least 39 years;

and third, we have the Mackenzie Royal Commission recommendation that is now nine years old.

In face of all this, what do we have? We have the then solicitor general in 1975, now the Minister of Consumer and Corporate Affairs (Mr. Allmand), replying to questions put to him in this House about RCMP difficulties in dealing with narcotics traffickers because of the law prohibiting the opening of first class mail. On that day, July 23, 1975, the right hon. member for Prince Albert (Mr. Diefenbaker) put the following question:

Does the minister not feel there should be an amendment to the effect that, while the privacy of the mail should be protected, this kind of traffic should not in any way be condoned by the failure of parliament to act?

The then solicitor general replied as follows:

Mr. Speaker, it is true that from to time the RCMP have indicated a concern over this. Sometimes they have felt that narcotics were being brought into the country in first class mail . . . in those cases they have dealt with the matter by following the mail to its source. But they have not made a big issue of it and as far as I know they have not recommended that we change the first class mail system. However, I will check with the force to find out what their exact recommendations are.

How typical that is of the ineptitude and incompetence of the series of solicitors general we have had. It is a perfect example of the incompetence of this parade of solicitors general.

Let us move now to the principal actor in this farce, the right hon. Prime Minister, that great pursuer of subversives, that great defender of law and order, that great enemy of the criminal and the subversive whose diligence in these matters increases in direct proportion to the proximity of a general election. The curtain lifts with the Prime Minister at centre stage at his press conference on November 18, when he said: we had caught a Japanese red army terrorist by opening his mail. Not by intercepting it, Mr. Speaker. The then solicitor general was very careful never to mention in this House that they had opened any mail, but merely intercepted it. Despite what the solicitor general told us earlier this evening, the truth was that the RCMP had indeed uncovered this terrorist—and they are to be commended—because they used legal and effective police methods that are their heritage and their tradition. I say again, they should be commended for it.

Let no one doubt, however, despite what the solicitor general told us this evening, what the evidence before the McDonald Commission clearly was. It was not about the opening and examination of the content of any mail. As far as I know, the only content of mail was an application to the University of Toronto and that had nothing to do with the uncovering and deportation of the Red Army terrorist. Yet the Prime Minister at the press conference said:

But when you catch a terrorist because you have opened an envelope, I don't think the bulk of the Canadian people would think that even if it was technically a crime, it would be something that should bring the RCMP people to jail.

What nonsense. What a disservice to the RCMP. How misleading to the country are statements such as that. That was not his best line on the subject, Mr. Speaker, and it was not his best line on that day. Listen to this one. It was a big moment. Referring to the opening of mail the Prime Minister of this country said:

If they can catch a terrorist or hijacker or kidnapper once out of five, to me that is a pretty good average.

There are two things in that statement. First, you open the mail to catch terrorists, hijackers and kidnappers; and second, one out of five, or 20 per cent, is a pretty good conviction rate.

Let us go to the first point, the Prime Minister's position that mail should be opened to catch hijackers, terrorists or kidnappers, and let us relate that to this bill. Terrorists may be caught because the Official Secrets Act is now applicable to the Post Office Act. I agree with the Prime Minister. But he did not say anything about drugs or about trading in narcotics or heroin, which is the subject matter of this bill. In terms of criminal activity there is not one word in this bill about hijackers or kidnappers. This bill, according to the solicitor general, is, and I quote:

. . . the production or the emanation of a long process of analysis and a sequel to the privacy legislation.

● (2102)

It has absolutely nothing to do with hijackers' activities. The only criminal offence dealt with, and indeed it is a very serious one, is drug trafficking. The privacy legislation deals with all kinds of serious offences—intimidation, forgery, hijacking, kidnapping, extortion, fraud on the public, use of the mails to defraud, fraudulent stock exchange transactions, murder. This is the production or emanation of a long process of analysis? Garbage.

What about letter bombs, Mr. Speaker? If a letter bomb was directed to a zealous Crown attorney in an attempt to assassinate him, there is nothing in this legislation to protect him. What about hardcore pornography which has been the subject matter of weeks and hours of study in this parliament by a very diligent committee? There is not one word about pornography. This is the emanation of a long process of analysis? The only criminal activity dealt with is drug trafficking. I agree with it.

The Solicitor General tonight talked about crimes attributed to the use of heroin and other drugs, prostitution, murder and the increase of known addicts since 1965. My question to him is, what has he been doing about it? He has known about it since 1965. What has he been doing? Nothing. Hon. members should check the amendments to see how much legislation has dealt with the fight or the war against hard drugs. What cowards this government has been in that war.

The inclusion of the provisions to open mail legally in an attempt to fight drug trafficking was probably a last minute idea of someone to give some popular appeal to this legislation. If I were cynical that is the only conclusion I could really draw. What is the distinction between those offences subject to legal interception by electronic means and those offences subject to legal interception by the opening of the mail?

Let me come to the Prime Minister's second point, Mr. Speaker. His target of 20 per cent, a one in five success rate, is not acceptable. It is not even high enough to be considered

mediocre. With respect to activity against subversives, one does not look to arrest rates as a measurement of success. I acknowledge that. There is less stress on the need for convictions in anti-subversive activity. The concern is to safeguard the state and to keep it informed about the activities of those acting against its national security. There have been 65 openings of mail apparently since 1970. The only success trotted out by the Prime Minister and the Solicitor General is the Japanese Red Army terrorists. What a hollow example that has proved to be.

Let us look at the criminal side of things. Twenty per cent is ridiculously low in terms of an arrest rate. In a four-year period in the United Kingdom there was a 57 per cent arrest rate as a result of telephone taps alone. In terms of matters wherein there were major customs frauds, the interceptions resulted in an 80 per cent arrest rate. But to the Prime Minister one in five, a 20 per cent rate, is good. I ask the Solicitor General to consider most seriously, with respect to criminal activities that the government include a provision that there be a good reason, not a probability, to conclude that an interception of mail would result in an arrest.

Moving on to the security side of things, the Post Office Act is now subject to the provisions of the Official Secrets Act. Providing this legislation is successfully concluded, mail may be opened legally to prevent or to detect subversive activity. We support that. The Official Secrets Act is not being amended. We may not debate it. There is no opportunity to review its provisions or to discuss them. Many Canadians and many of my colleagues in this House are concerned about vagueness in the bill. Many think there should be a review. The Solicitor General laughs, sir. I do not think there is anything funny about the Official Secrets Act. I think it is a very serious matter. I dare say that the committee might think it is serious in spite of, not because of, the Solicitor General. But with this government everything is secret.

That act gives sole discretion to the Solicitor General and inevitably it will lead to suspicion. The mere fact that the Solicitor General is a politician may lead to suspicion. The report to parliament is one page long. There is no provision in the Official Secrets Act that mail opening is not to become a routine matter. Therefore, in addition to suggesting that there should be a review of the Official Secrets Act, my main concern is this. Given a situation where everything is up to the Solicitor General's discretion, who is watching the Solicitor General? No one that I know of in this House wants to become privy to genuinely secret material, but our experience with this unhappy parade of solicitors general is that they have never taken to inform themselves. Why, sir? Because of the Prime Minister's extraordinary doctrine of ministerial irresponsibility; and secondly, because no one was watching the solicitor general. He was accountable to no one and is accountable to no one under the Official Secrets Act.

There are a host of other questions to be asked and the proper forum is in the standing committee. One may ask why are telegrams and cables not dealt with? One might ask who are the Solicitor General's agents authorized to apply for mail opening warrants? Are they the provincial attorneys general? Are they all police officers? What will the monitoring system be? Monthly, quarterly, yearly? There is no indication. How many people will have access to this confidential information? There is a factor here, sir. Those 58 reports floating around Ottawa were not seen by 58 people. One has to multiply 58 by a factor, the factor being the number of pairs of eyes that have had access to those documents. What will the access to this material be? Will there be specific reports of interception of the mail to and from lawyers, their families, their employees and associates? No provision is made for that. Why not separate warrants for each individual whose mail is to be opened? Is there to be a uniform and elaborate system for keeping records? These are questions that should be properly dealt with in the Standing Committee on Justice and Legal Affairs.

• (2112)

In the last parliament, the twenty-ninth parliament, a similar matter, the Protection of Privacy Act, went to that committee. The resulting legislation was good legislation as a result of the evidence adduced before it and the diligence and integrity of the members who contributed to the hearings of that committee. One must hope this legislation will achieve the same result.

In conclusion, I repeat again that we support in principle the legal interception of mail in special and specified circumstances provided there are adequate safeguards and provided also that the usual and customary methods of law enforcement have proved ineffective. In supporting it, I say to the Solicitor General that he and the government he represents have sorely tested—

Some hon. Members: Oh, oh!

Mr. Jarvis: The Minister of Energy, Mines and Resources (Mr. Gillespie) has appeared late on the scene. I would not expect him to be cynical and suspicious in the face of this legislation. His insensitivity to that portfolio of government that demands sensitivity, that of the Solicitor General, is a fact of life far beyond the Minister of Energy, Mines and Resources. He has proved that time and time again.

I say to the Solicitor General through you, sir, that he has sorely tested the Canadian people. Because this legislation has been brought forward in an atmosphere of cynicism and suspicion and the fault lies only with this Solicitor General and this government.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I listened most carefully to the remarks of my good friend from Perth-Wilmot (Mr. Jarvis). Without any doubt he is becoming the Cicero of the Conservative party.

Mr. Friesen: We have Cicero, you have the sissies.

Mr. Leggatt: Someone says that they have the Cicero and we have the sissies. We will see how they vote on the bill. Then we will know who has the Cicero and who the sissies.

If I had any doubt whatsoever, the eloquence of the honourable member for Perth-Wilmot convinced me with regard to the right course of action to take in connection with this legislation. I hope it has convinced a few people on the other side of the House, because I understand there are a number on the government side who not only have severe reservations but may very well vote against the legislation. The reasons advanced by the honourable member for Perth-Wilmot are excellent reasons, not for supporting this bill in principle, but for voting against this bill in principle and voting against it on second reading.

Any fair examination of the record to date—and we heard the record read to us eloquently by the hon. member I referred to—clearly shows that if there is a danger in the legislation, it is to advance any further discretion to the Solicitor General (Mr. Blais). That is exactly what this bill does.

I want to commence my remarks by reading an editorial from the *Globe and Mail* which sums up the position that responsible members of this House must take. It is their editorial of January 30, 1978. I quote:

> The interception of private mail by the police is threatening, not because we ourselves may fear the opening of our own mail, but because it is threatening in principle. The police have as great a duty to obey the law as has any private citizen. The law binds all men. This principle can be circumvented—but it cannot be obscured—by the granting of special legal privileges to the police. Such privileges exist, but they have a tentative existence; they cannot be granted wholesale or be permitted to take root. A privilege granted one day can far too easily be perceived the next day as a duty.

That has been the history of all the legislation passed in this House since I have come here. I refer to the electronics legislation and what we now have before us, the mail legislation. We have heard the argument about the Red terrorists captured allegedly as a result of opening the mail. The popular little number of narcotics has been specifically placed in the bill to catch the public eye and public support. As a result of this, we know that this bill is the most politically inspired piece of legislation to come forward in this session of parliament.

This bill is not designed to catch narcotics traffickers, but to delude the public and get a few extra votes. It will not do that. We are not going to let the cynicism and dishonesty of this government, in particular the cynicism of the Solicitor General, obscure the real reasons for this bill and the effect it will have.

We are not purists. In proper circumstances and at appropriate times it is not wrong for the mail to be opened with regard to certain specific offences, but only under circumstances where permission is granted by judicial warrant, where the person is specified and the particular piece of mail is specified. However, what we have before us is a shotgun approach to the subject of mail opening.

Were it only those provisions which dealt with specific offences under the Code, such as narcotics and food and drug control, and included were the protections of civil liberties, the notification of the individual, the judicial warrant and the specificity which is absent in the bill, I could agree with the hon. member for Perth-Wilmot that the bill could merit support in principle. However, that is not what we have before us.

The smallest clause in the bill is the most dangerous. If you read the bill quickly, you might miss it. I refer to Section 43 of the Post Office Act, printed on page 17 of the bill. It reads:

> Notwithstanding anything in any other Act or law, nothing is liable to demand, seizure or detention while in the course of post except under the authority of a warrant issued pursuant to section 16 of the Official Secrets Act—

If you kept reading, you might miss something. You have to look at the Official Secrets Act to understand what that really means. Under the section referred to the in the Official Secrets Act, the Solicitor General of Canada may issue a warrant authorizing the interception or seizure of any communication for the prevention or detection of subversive activity. The bill goes on to define subversive activity. This is important. Subclause (c) reads:

> —activities directed toward accomplishing governmental change within Canada or elsewhere by force or violence or any criminal means:

I emphasize "or any criminal means". This legislation gives to the Solicitor General an unbridled discretion to issue a warrant in determining which group he considers to be subversive, and any group can be subversive if they are suspected of using any criminal means.

● (2122)

Let me give the Solicitor General some examples of groups which could now become subject to the opening of mail at the hon. gentleman's discretion—and I am sure he will use that discretion in the broadest way he can, to judge by his record to date. Take, for example, one group which appears to be unpopular at the moment, the Greenpeace organization. The government recently made it an offence for anyone to go on the ice within half a mile of the seal herd. To do so carries a penalty under the criminal law. It would probably be a popular thing for the minister in present circumstances to issue warrants permitting all the mail of Greenpeace to be opened. That is just one example. I could mention many other groups, native groups, anti-poverty groups and so on.

In order to protect freedom, Mr. Speaker, you have to protect unpopular groups from attack by governments, and this bill is clearly an attack on the capacity of such groups to function in a normal political way.

Mr. Blais: Would the hon. member permit a question?

Mr. Gilbert: When he is finished.

Mr. Leggatt: I see the Solicitor General rising in his place. No doubt he wants to protest that the bill does not say this, or else he wants to claim that he would not exercise his discretion against such organizations.

Mr. Blais: Read section 16(2) of the Official Secrets Act.

Mr. Leggatt: That is what I am reading from. I would direct the Solicitor General to that section and ask him to read it and check the record of the government in applying the laws which

parliament in its wisdom has passed. Surely the mail opening operation "Cathedral" is a classic example of the abuse of power by either the government or the police, or both combination. Yet today we are being asked to confirm the illegalities which took place and, in effect, to congratulate those who decided to break the law.

The section dealing with the Official Secrets Act is one of the most heinous pieces of legislation and one of the most severe violations of the liberties we have a right to expect as Canadians that I have seen come before the House since taking my seat here in 1972. I expect that in another five years we shall see members jumping up and apologizing because they have voted in favour of the mail bill. But by then it will be too late. The time to oppose this bill is now, not when our liberties have been lost.

We have heard some interesting argument as to the amount of evidence which has been before the McDonald Commission and the Keable Inquiry. The Solicitor General had something quite interesting to say about that. When some bright press reporter suggested this bill was premature, he defended it by saying—and I am quoting from the Vancouver *Sun* of February 18, 1978:

> Governments can't stop operating and can't stop taking executive decisions because commissions are sitting.

I put it to the Solicitor General that when opposition members asked questions about what was going on before those commissions, the government ceased to function. It ceased to answer questions. It did absolutely nothing except stonewall the opposition. But when people suggest the minister should wait and see what Mr. McDonald recommends, we get the answer that the government cannot cease operating. It is a cynical, blatant, dishonest grab for votes, that is what it is, and it is not going to catch a single drug trafficker.

Look at the record on drug trafficking. There are many things the government could have done. There are many things it could do. One of them would be to institute a decent compulsory treatment program for heroin addicts. Another would be to set up registration procedures along lines which have been so successful around the world. But what has been the response of the government? It is: Let's open their mail!

Mr. Benjamin: Very therapeutic!

Mr. Leggatt: I would be happy to put my seat on the line on the basis that the Solicitor General confirm that he is able to cut 10 per cent of the addiction in British Columbia as a result of opening mail. I do not think he can reduce any of the addiction by opening mail. What a silly argument in justification of this bill. That is why the comments of the hon. member for Perth-Wilmot were so apropos when he noted that the section applied only to narcotics, to drug addiction and that other offences such as kidnapping, murder and conspiracy to murder, rape and certain other offences under the Code did not appeal to the Solicitor General. No, this sounded like the one which would catch the eye of the public, the one he could cash in on best at election time.

We have come a long way in this country from the tradition of the liberty of the subject, from the concept that in a free society there should be some right to privacy somewhere. It is pretty well established that our telephone communications are not likely to be private, and now the Solicitor General is moving into the area of the mails.

I do not know whether the hon. gentleman really understands what he is doing. I say this to members of the government: if you keep this up, you will change the whole character of the country; you will change the traditions which people have for so long enjoyed in western society. This is a dangerous government, Mr. Speaker. It is a dangerous government and a desperate government which would take this particular measure as a quick vote-getting gimmick to try to perpetuate itself in office. I do not believe the people of Canada will fall for this legislation. I believe they will see it for what it is, phony from the word "Go". I hate to try to give lessons to an eminent lawyer like the Solicitor General on the subject of the rule of law—

Mr. Benjamin: I would not hire him, especially if I were innocent!

Mr. Leggatt: —but those of us who have had a little training in the law ought, perhaps, to return to law school again to study that principle, that the rule of law is for you and for me and for the police and for everyone. But when the police violate the law, as they have done with regard to mail in a massive way, not a single charge is laid against them.

I am not suggesting those police officers should go to jail. What I am suggesting is that the law should apply to all of us equally. To react to a fairly massive violation of the privacy of the mail with a bill to legalize it gives us on this side a good understanding of where the sensibilities of the Solicitor General lie on the subject of the rule of law. The difficulty for the present Solicitor General, as for his two predecessors in office, lies in his inability to distinguish between the interest of the Liberal party and the interest of Canada. They think they are one and the same. They have been in office so long it has now become impossible for them to distinguish between those two things. But they are different. They are very different. We are again about to embark upon a serious erosion of the rights we have come to enjoy because of tough forebears, including those who went out in world war two and died on the beaches of Dieppe to maintain freedom in Canada. I am sick and tired of watching this government squander these rights and freedoms every time it thinks it can get a quick vote through a piece of legislation.

● (2132)

How many convictions have we seen as a result of the opening of mail, based on the evidence before the Keable or McDonald inquiries? I suggest we have seen none, as far as I know, and that is on 65 openings. There have been many more openings and there may have been the odd conviction, but we do not know. However, does that justify this piece of legisla-

tion which will mean that a wide cross section of people will have their mail opened? I think not.

We are entering a dangerous period in our history. If we had any reservations about whether the Solicitor General should have discretion under the Official Secrets Act, and how the Solicitor General and the government should act, surely these reservations were resolved by the evidence before the Keable Inquiry.

The evidence before that inquiry was that on January 9, 1973 an illegal break in of the PQ was inspired, not by the RCMP, but by the Privy Council office. One Liberal government decided to attack a Liberal opposition in the province of Quebec and use the full force of the law in order to do it. I ask you, Mr. Speaker, would you trust a government or a Solicitor General like this with the discretion to determine which groups of Canadians shall be subject to having their mail opened? That is what we are being asked to do in this bill.

We have evidence that the New Democratic Party of British Columbia was placed under surveillance by an RCMP agent. I do not know whether there was any involvement of the government or the Solicitor General, and we may not know unless there is an inquiry into that. How far can we trust a government and how far can we trust a solicitor general with that lack of sensitivity about what is dissent and what is subversion? This is a government that is ready to attack any person or organization that attacks it, and to use the full force of the law in order to do so. For us in this House to sit here and reward that kind of government with this kind of legislation is unthinkable.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, first I must thank the hon. member for New Westminster (Mr. Leggatt) who has made a stirring plea against the bill, and the spokesman for the Progressive Conservatives who delivered a masterly speech against the bill. I do not know but I think his thoughts were stronger than his voice since he ended his comments by saying he was going to support the bill.

Mr. Speaker, Bill C-26 now under consideration is aimed at giving additional powers to the Solicitor General and the police to enable them to control drug traffic and subversive activities but at the same time, Mr. Speaker, it seriously infringes on one of the last strongholds of our civil liberties, that is the secrecy of mail. Through that bill, the government wants to legalize quickly what the RCMP has been doing for more than 40 years, that is to intercept and open the mail of individuals. The Prime Minister (Mr. Trudeau) made a statement last month which I translated from English to French and which was reported in the February 11 issue of the Montreal *Star*. May I be allowed to quote his statement: Like several ministers, I was not aware that illegal activities had occurred. Now we want to make them legal. He was referring of course to mail opening.

Mr. Speaker, those stories are hard to swallow. Indeed, for more than forty years the police have been illegally opening the mail of individuals and yet government authorities have the gall to say they were not aware of that kind of crime. What is to be concluded? I leave it to every knowledgeable Canadian to draw his or her own conclusion.

I would like to point out to the House that in addition to attempting to legalize a practice which already exists, no other argument or justification has been offered to us by the government. What evidence justifies the need for such powers, even if they are subject to controls? Legislation such as Bill C-26 can easily snowball and open the door to other intrusions on our basic liberties and rights.

It is reassuring, Mr. Speaker, to see that as concerns narcotics and drugs, the legislation leaves it to the judiciary to issue warrants to intercept mail on the understanding that the RCMP must have documented proof to convince the judge of the need for such police action. However, these guarantees become void in cases where the RCMP would require a warrant urgently.

Clause 178.28(2) of this bill reads as follows:

(2) Where the judge to whom an application is made pursuant to subsection (1) is satisfied that the urgency of the situation requires that interception or seizure of matter in the course of post commence before a warrant could, with reasonable diligence, be obtained under section 178.25, he may, on such terms and conditions, if any, as he considers advisable, issue a warrant in writing for a period of up to thirty-six hours.

This clause would allow the RCMP to obtain a warrant immediately without further ado. Why such a provision? We all know that drug trafficking by mail is only done on a small scale and most often in isolated cases. The RCMP itself often mentions the example of drugs sent to convicts. It seems to me that traffickers know safer and certainly quicker means than the Canadian mails to distribute their goods, since we all know that the postal service is very slow, as can vouch the unemployed who have not received their cheques these last few weeks. Moreover, the Post Office Act and the Narcotic Control Act already contain provisions in this regard. As concerns national security and subversive activities, which are the major concerns of the government, the Solicitor General would have all the authority needed without having to resort to the judiciary. The concept of national security may well become ambiguous. The Keable and McDonald inquiries have indeed shown repeatedly that the RCMP's judgment could sometimes be rather faltering. In view of the constant refusal on the part of the Solicitor General to hand over documents to the commissions I have just mentioned, we have no access to a fair and objective review of the government's actions even if in the case of the warrants issued by the courts, the Solicitor General will have to submit a detailed report as mentioned in clause 178, paragraph 34 and that, only at the end of each year.

How shall we know if the government is not abusing all the privileges vested upon it by the act? Will an eventual weak government use it in the future to spy on honest people who have every right to the confidential character of their mail? Many people will tell you that we are one of the rare countries

in the world where there mail interception has not yet been made legal. This is precisely one of the reasons why we are rather reluctant to give these powers to the government and this is why this act is no matter for rejoicing.

Not having any forceful arguments to offer this House, the government is introducing this bill as temporary. Yet, in the past, interim bills have had a distinct tendency to become permanent. This is what gives me reason to doubt that the government will repeal this act, whatever the recommendations of the McDonald Commission report may be.

Allow me, Mr. Speaker, to quote from an article published in the *Edmonton Journal* on February 13 which stated the following:

> The act regarding electronic surveillance passed in 1974 limited the scope of these operations to inquiries on specific crimes. These operations were limited to a 30 day period and the individual concerned had to be notified after 90 days. Some four years later, the list of crimes was extended, electronic surveillance was authorized for periods of up to 90 days, permission was granted to delay the notification for up to three years and evidence based on illegal eavesdropping was made admissible in court. Now the government intends to extend these powers to mail opening. Can we ask ourselves how long it will take before the restrictions set on mail opening also disappear?

Already the bill we have before us even goes a bit further and gives the judge the right to extend the warrants upon request from the Solicitor General, for a period of up to three years. Mr. Speaker, when in front of such a bill the government can't manage to bring forth any convincing argument, and above all, when it does not seek alternative solutions, Canadians, through their representatives, have the right to ask for iron-clad guarantees. Yet such guarantees are virtually non-existent in Bill C-26. This bill is also untimely because the McDonald Commission is presently studying that issue and should make a report on it. This bill is also arbitrary in giving so much power to policemen and the Solicitor General without too many guarantees for individuals.

● (2142)

To legalize the opening of mail is to take away from the citizens of a community one of the only forms of communication that still come under the seal of confidentiality. Mr. Speaker, I am opposed to this bill in its present form, mainly because it does not provide adequate guarantees. Mail being the last bastion of our privacy we are rightly entitled to ask ourselves what will be the next step.

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I am pleased to support Bill C-26 introduced by the Solicitor General (Mr. Blais), an Act to amend the Criminal Code, the Crown Liability Act and the Post Office Act. I will try to do so in the simplest, most logical, passionless way because this bill is too important to be used as a political instrument. That is why I would like to deal with Bill C-26 introduced today for second reading. The purpose of this bill is to give, under certain conditions, law enforcement agencies the right to open first class mail when they have reason to believe that this would help the authorities to prevent criminal acts or apprehend their perpetrators.

Mr. Speaker, the purpose of this bill is to regulate freedom without eliminating it and to help neutralize certain elements whose objective seems to be to create disorder.

[*English*]

I am new to the Postmaster General's portfolio, but as a former mayor of Quebec City for 12 years I am not new to what constitutes sound government in the context of law and objections by the civil liberties group notwithstanding. I believe that Bill C-26 is a wise and necessary bill, and it will serve the best interests of the people of Canada as a whole. Furthermore, I am convinced that the built-in safeguards contained in the bill eliminate any perceived or imagined threats to the vast majority of law-abiding citizens who use the mails.

When meeting people, I am often asked: Is this bill really necessary? If it becomes law, what will it accomplish? All I can say is that if the legal opening of only one letter prevents only one serious crime against the state or an individual, it will have justified its existence on the statute books. If it prevents only one person from being drawn into the clutches of those who undermine the stability of our society by the veil of trafficking in drugs that is so widespread today, it will have served its purpose.

[*Translation*]

In the 12 years during which I was the mayor of Quebec City, I saw perhaps more than anyone else the dangers relating to drug trafficking, the international ramifications of which are facilitated in this country by the maritime and air routes converging particularly toward Montreal and Vancouver.

[*English*]

Bill C-26 is designed, among other things, to make this drug trafficking a lot less profitable, and certainly a lot more dangerous than it is now for drug peddlers. Also, with a bill directed only at those who oppose the forces of law and order in Canada, what does an honest person have to fear? To think his or her letters to friends and family will be scrutinized by the police is just nonsense.

I should like to refer, in addition, to the illegal narcotics trade, to aeroplane highjackings, bombings, assassinations, civil insurrection, and so on. These things could happen. Let us not be too naive. Why not prevent them now? This bill might help.

[*Translation*]

One must confess, Mr. Speaker, that we in Canada have been privileged with respect to criminal acts. Perhaps because of this privileged situation some Canadians could hesitate to give their support to this legislation but one should not be naive to the point of being led to believe that subversive or revolutionary forces have never been or are not at work to undermine or overthrow the democratic system in Canada or still that some criminals are not taking advantage of the great freedoms that exist in Canada.

[*English*]

Think about it seriously, Mr. Speaker. Is there any law-abiding citizen of Canada who would seriously argue that these dangers should be allowed to exist on the grounds that a first class letter must, under all and any circumstances, be protected by a seal of inviolable privacy? I cannot believe so, especially if the contents were known to the police. The danger I have just mentioned could be swiftly countered.

[*Translation*]

Canada is one of the only countries in the world, if not the only one, where a person is guilty of an offence any person who—and this also applies to the highest authorities—plunders, tampers, intercepts mail. This has provided criminals, and more particularly drug traffickers, with an impenetrable screen of protection, allowing them to use the mails as a messenger service without any fear of ever being caught. In Canada, at the present time, drug trafficking is done largely through the mails. One ounce of heroin is worth $2,000 and is easily hidden in an envelope.

Is there need to list all the terrible cases of drug victims? How many lives, reputations, fortunes, families have been destroyed by the evil of drugs. Hundreds! And some people would hesitate to give the police a minimum of discretion to fight those unscrupulous drug traffickers and to protect thousands of young Canadians against the pushers who only want to make a fast buck. All you need to do is to ask a city policeman to accompany him on his rounds on a weekend. You would realize that very often, the policeman is quite powerless because of laws which, in many cases, give much more leeway to the criminal than to the peace officer. Yet some are shocked by a legislation which makes it legal, under specific and closely controlled conditions, to open mail when there are reasons to believe that someone is going to commit a criminal offence or endanger the security of the state! Unthinkable!

● (2152)

[*English*]

Granted, there have been some allegations to the effect that the RCMP, albeit with the highest of motives, has for some time opened letters either being sent or received by persons suspected of criminal or subversive activities: but as far as the public, both law abiding and criminal, has been concerned, the mail system in Canada was safe from prying eyes, is safe and will be safe.

In Canada we already have legal search and wiretapping legislation. I doubt if any reasonable person would contend that the police forces in Canada should be deprived of the right to obtain warrants to search premises where there is good reason to suspect that criminal activities are taking place, or where stolen goods, arms, or ammunition are being stored. Search warrants and legal wiretapping have thus become a perfectly acceptable arm of law enforcement in this country as far as the vast majority of Canadians are concerned.

[*Translation*]

The search through a person's home or office constitutes, in the strictest sense of the word, an invasion of privacy. Electronic surveillance of telephone conversations is also an invasion of privacy. Yet these two activities are now considered by most people, and with very good reasons, as necessary means to safeguard law and order in Canada.

Why is it, therefore, that the mail of criminals or saboteurs is so sacred that it precludes any surveillance aimed at enforcing the law?

[*English*]

I referred earlier to the built-in safeguards of Bill C-26. I think it is a wise and necessary bill, but I wish to be perfectly clear on one important point, and that is that the bill will not permit the indiscriminate opening of first class mail.

[*Translation*]

I mentioned a while ago the safeguards which are part and parcel of this bill: the opening of the mail will have to be authorized by a warrant from a judge. The judge will ascertain what exactly the police are looking for and why the particular piece of mail has to be opened. This is a wise and necessary bill which determines under what conditions mail may be opened.

[*English*]

It is important to understand that mail opening will have to be authorized by a warrant from a judge, that there will have to be an inquiry to ascertain exactly what the police are looking for, what they want, and why it is necessary that the letter or letters in question should be opened.

Bill C-26 seeks to ensure that the best interests of the country can be served legally, and not under the cover of some clandestine operation. The opening of mail would be subject in principle to the same legislation as that governing wiretapping. I have heard of no abuses on that score. I expect none in the opening of mail. Anyway, it will be the responsibility of the government to ensure that there will be no abuses, although it is my opinion that the way the bill is worded, none would be possible if all its provisions are strictly adhered to.

In the case of wiretapping, the person whose phone has been tapped must be so informed within 90 days. Similar provisions are contained in the bill to legalize the opening by police of first class mail. Thus, this exercise would not be carried out under an all-embracing cloak of secrecy. Where longer term surveillance than 90 days in deemed advisable, such extension may be obtained only on the presentation to a judge of an application personally signed by the Solicitor General of Canada.

[*Translation*]

One more thing in conclusion: Bill C-26 is only temporary. It will cease to be in force one year after the tabling in the House of the final report prepared by the commissioners appointed under Part I of the Inquiries Act, better known as the McDonald Royal Commission. In the course of that year,

the House may consider the possibility of maintaining, amending or replacing the legislation.

In my opinion, this legislation is necessary and important. Moreover, I believe most Canadians, if they are well informed on the matter, will themselves also find it important and necessary for the protection of their liberty against every kind of abuses. For all those reasons, Mr. Speaker, I hope this legislation will be adopted by all parties as quickly as possible.

[*English*]

Mr. Jake Epp (Provencher): Mr. Speaker, before I begin my comments on Bill C-26, I would like to take the opportunity to commend the hon. member for Perth-Wilmot (Mr. Jarvis) on the manner in which he represented our party in opening the debate. The reason I say that is that in the period of time I have been here I have heard many fine presentations and lively debates, but this subject matter goes very deeply into the depth of the Canadian soul, and the hon. member for Perth-Wilmot achieved a fine balance in his presentation. The sincerity with which he presented the case was recognized by every member of the House, and tonight I felt honoured to be a colleague of his.

The opening of mail has been going on for some time. What we are doing in this bill is to make legal that which has been done illegally before. The atmosphere in which this bill is being debated is one of suspicion on the part of many Canadians and members of the opposition of the motives of this government. The reason I say that is that in the decade that the Prime Minister (Mr. Trudeau) has been leader of this government, he has acquired the reputation throughout Canada of being soft on law and order. Regardless of where I go, when I speak to colleagues of mine I find they get the same feedback, that Canadians feel the Prime Minister has been soft on those who break our laws. In fact this is a permissive society, and the Prime Minister has been in the vanguard in the creation of our permissive society. The blame for a great part of the difficulties which our society is experiencing today, the pervading cynicism and the disregard for law and order, must be placed at the doorstep of the Prime Minister. It is in that atmosphere, including the events of the last six months, that this bill is now debated.

May I call it ten o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

[Mr. Lamontagne.]

ENERGY—SMOKE DETECTION DEVICES—EFFECT OF RADIOACTIVE MATERIAL THEREIN

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, I want to raise two matters concerning smoke detectors used in homes. The first is an appeal to the Minister of Finance (Mr. Chrétien) to remove the 5 per cent federal sales tax valued at about $1 for each detector sold. The second is to raise concerns about the adequacy of the information and warnings given to home owners with respect to detectors that use small amounts of radioactive material for their operation.

• (2202)

Smoke detectors should be encouraged for every home. I back the use of smoke detectors. They are not unreasonably priced. They are lifesaving devices. They give early warning of smoke or fire. Indeed, they are mandatory under the national building code for new housing, and some municipal jurisdictions are considering making them mandatory in all existing housing. I am informed that the Ontario government makes smoke detectors and fire detectors mandatory in all Ontario housing for families and senior citizens across the province. The housing minister for Ontario has reported that of 64 fires in Ontario Housing Corporation units smoke detectors gave the initial warning in 54 cases, or over 80 per cent of the situations. He estimates that they possibly saved lives in 24 fires. Hundreds of thousands of smoke detectors are now in use, and I support the initiatives which have been taken so far.

I believe the federal government should now associate itself with this means of lifesaving and property saving by withdrawing its 5 per cent federal sales tax. This is what was asked for, for example, by Mr. Norman Rockall, a public spirited resident of Scarborough, who is leading a drive to have detectors installed in all Metro homes and, indeed, across Canada. Removing the federal sales tax is something the Government of Canada can do to match the fact that new federally assisted housing units must be protected by these devices. I made this request to the Minister of Finance in a letter dated February 7. I have also asked the province of Ontario to consider removing its provincial sales tax of 7 per cent levied on the retailed price, and valued at about $2.50 or $3 for an average unit. I hope my hon. colleagues will support these endeavours.

The second matter is the question of information concerning the safety of the popular ionization type detector. This ionization type, which is one of several, uses Americium 241, a highly active radioactive material which is part of the waste product from the nuclear cycle. Americium 241 is used in quantities so small as to constitute virtually no hazard, according to the Atomic Energy Control Board of Canada, which is the regulatory body. The hazard is no greater, for example, than that associated with a television set.

My research on the subject with the Atomic Energy Control Board somewhat re-assures me that in Canada, in contrast with the situation in the United States, all purchasers must be given warning of the presence of radioactive material and that they are also given some minimum instructions for disposal of used detectors. My concern, however, is about the inadequacy

of consumer education provided in this situation, the inadequacy of the information given at the point of purchase and the inadequate instructions concerning disposal.

This is the warning I found on the inside of a model I recently examined, and I quote:

Caution: Radioactive material,
0.9 microcuries Americium 241. Disposal by return to supplier or as directed by the Atomic Energy Control Board, Ottawa.

A notice like this raises as many questions as answers, and I was therefore pleased that the Minister of Energy, Mines and Resources (Mr. Gillespie), in response to my question in the House last week, agreed to cause a review of AECB regulations relating to smoke detectors.

Here are some of the questions I think need answering: First, why are commercial procedures dealing with the use of ionization type detectors more rigorous than in the case of homes? Why must each commercial installation be approved and the facilities licensed?

● (2207)

Second, now that the radiation health protection branch of the Department of National Health and Welfare no longer tests prototypes of home models pending the function being transferred to the Atomic Energy Control Board under new legislation, who is testing models for safety under all conditions?

Third, what tests have been done in Canada with the ionization models, under conditions of fire?

Fourth, what right, if any, does a supplier or retail store have to refuse to accept a detector for disposal if it is returned to the supplier for that purpose? Can the supplier charge the home owner for disposal? What instructions have suppliers been given re disposal procedures?

Fifth, what guidance does AECB, in fact, give home owners who ask for directions for disposal purposes? What is the cost, if any, for disposal through the AECB?

Sixth, where, in fact, are used smoke detectors disposed of in Canada, if and when disposal directions are followed?

Finally, why is the caution sign placed inside the detector case or housing? Should it not be a requirement that the caution be put on the outside so it can be seen at the point of purchase, thus allowing the customer to make a choice among models? Should the caution not also be placed inside—

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

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I welcome the opportunity of responding to the hon. member for Scarborough East (Mr. O'Connell), who has shown a great interest in this subject and considerable concern. I am not sure that in the short time I have this evening I will be able to answer all the questions he has put before us. If I cannot cover them all I can assure him that my department will be very pleased to provide the answers to anything that I do not cover this evening.

The inspection, labelling and disposal of ionization-type smoke detectors has been reviewed with the responsible authority, the Atomic Energy Control Board, which regulates these devices under the terms of the Atomic Energy Control Act and regulations as regards prescribed substances. The purpose of the legislation and the board's work is the protection of the health and safety of the public.

The criteria with respect to the minute quantities of radioactive material included in smoke detectors manufactured or imported and sold in Canada cover normal operations as well as abnormal circumstances. A simple example of this is that, in order to minimize the chance of access to the tiny radioactive source they contain, the devices must be resistant to tampering with ordinary household tools. Perhaps that helps to answer one of the hon. member's questions.

Ionization-type smoke detectors are regulated through the AECB's radioisotope licensing process, which ensures that all criteria are met. I realize how little time I have, Mr. Speaker, but perhaps I could go on to say that with regard to labelling a radiation warning label is required to be fixed to the protective housing for the minute radioactive source within this type of smoke detector. This is to indicate to anyone who sees it that penetration of the labelled barrier would result in close proximity to radioactive material. I have been assured that there is no health hazard.

From the point of view of public health and safety there should be no concern whatsoever as there is no significant hazard from AECB approved smoke detectors. However, it may be appropriate that external labelling is worth considering from the standpoint of accurate and fair marketing practices, in the interests of informing the consumer at the point of purchase and at the time of purchase. This would be a matter for consideration by the Department of Consumer and Corporate Affairs and was referred to in my answer to the hon. member in the House very recently when I said I would raise this matter with my colleague—

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

INDUSTRY—PLASTICS—SUGGESTION INDUSTRY BE EXEMPTED FROM TARIFF CUTS

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, on December 8 last I asked a question of the Minister of Industry, Trade and Commerce (Mr. Horner) concerning the GATT negotiations that are currently in progress in Geneva, Switzerland. Specifically, I asked the minister if he would seek an exemption for Canada's plastics industry from the general reduction in tariffs being sought by some GATT member countries.

The minister replied that Canada hopes to deal on a sector basis with non-ferrous metals at the meetings, and he said that that might well include plastics. Obviously, Mr. Speaker, the minister's answer was not good enough. Given the delicate balance in our plastics industry and the fact that time is running out on the GATT talks, we can only trust that it is not

too late for the government to make a more positive effort in this area.

• (2212)

The inclusion by the minister of the words "hope" and "might" in his reply only reinforces the fears in our plastics industry that the government is not pressing their case forcefully enough in Geneva. Their fears are well founded, Mr. Speaker. If certain GATT member countries get their way and the tariffs on manufactured plastic products are removed or even reduced by as much as 25 per cent, the Canadian plastics industry will be forced out of both the international and domestic markets. Not only will they become non-competitive in the world marketplace for plastic products, but countries like the United States will be able to sell their products in Canada at a cheaper price than we would be able to produce the same articles.

It must be remembered that Canada imports more manufactured plastic products per capita than any other country in the world. We import more than the United States, which has ten times our population. We are trying to overcome that imbalance in plastics products trade, but we need more time.

When Canada first ventured into the plastics industry we had to import virtually our entire requirement for raw plastics from the United States. These raw plastics included polypropylene, polystyrene and polyethylene. When I first spoke out on this problem in December 1973, Canada produced only a fraction of our needs for these raw plastics, and we did not produce any polypropylene at all. In 1973 we imported more than 70 million pounds of that particular plastic.

Our main problem is that raw plastics are a by-product of the petrochemical industry, and we in Canada do not have a petrochemical industry of any real consequence. So we lose on two counts. We lose the jobs which would be created by such an industry, and we lose the opportunity to manufacture our own needs in raw plastics. In short, Mr. Speaker, right now our plastics industry is at the mercy of countries that do have a petrochemical industry sufficient for their own needs and are also able to export the product.

We have been caught on a third count, Mr. Speaker. When the demand for plastic products began to skyrocket a few years ago, the cost of raw plastics also experienced a rise. In 1973 the cost to our manufacturers of U.S.-produced plastics rose by as much as 40 per cent, and it has continued to rise since that time. Here again, Mr. Speaker, we are trying to offset that by expanding our petrochemical industry, but it will be several years before it will come close to meeting our demands for plastic.

To give some idea of the importance of our plastic industry, Mr. Speaker, there are over 1,400 plastics processors in Canada, with plants in 125 federal ridings, and employing over 45,000 people. Capital investment in the plastics industry in Canada is in excess of $3 billion. Three billion more dollars are being invested which will double our processing capacity and create more than 25,000 high quality jobs.

[Mr. Scott.]

It must not be overlooked, Mr. Speaker, that many other industries hiring many thousands of people depend to some extent on the plastics industry. These jobs, both the direct employment in the plastics industry and the indirect employment in other industries, are in grave peril unless Canada can convince our GATT partners that the tariffs must remain in place for the plastics trade at least for a few more years.

• (2217)

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, the government is very sensitive to the claims of the hon. member. However, certain specific details should be given with regard to the plastics industry. The plastic goods consumption in Canada covers a vast array of goods and materials, which follow fairly closely the trends registered in the United States.

Because it is not profitable to produce a large number of materials from plastics, and other products, consumption being limited, it is no wonder plastic imports can represent as much as 25 per cent of the Canadian demand. However, Canadian exports amount to about 10 per cent of the local consumption. The industry is at a disadvantage with regard to exports and the competition from imports, because there is an insufficient supply of plastics in Canada; in addition, the cost of components is high as tariffs apply to most of them; and finally, because of the limited production of each article as the demand is poor for most of those goods. Those problems could be solved largely by establishing important new plastics ring plants in Canada, by access to foreign markets, and by increased productivity through greater production.

The government is working in conjunction with the industry itself on those three points, precisely to find favourable solutions. As for the GATT negotiations, the numerous representations made by the industry and individual companies have contributed much by giving the government all the available information on the problems and the possibilities for the industry that could stem from multilateral trade negotiations.

However, it would be contrary to the public interest to divulge the details of the Canadian position at those negotiations.

[*English*]

TRANSPORT—GOVERNMENT ACTION TO REDUCE AIRLINE DISASTERS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, when speaking yesterday on Bill C-4,to amend the Aeronautics Act, I pointed out that flight engineers on Boeing 727 aircraft in Canada were not properly licensed by the Ministry of Transport. A Government of Canada memorandum, signed by the acting regional controller, civil aviation, to the director general of civil aviation in Ottawa, points out and I quote:

—I have no alternative but to assume that Air Canada's Boeing B-727 operation is illegal.

The next action taken was a letter sent to the vice-president, flight operations, Air Canada, pointing out that the Ministry of Transport was concerned about the legal aspects of flight engineers not being properly licensed. In my speech yesterday, I pointed out that this affected Air Canada. In a Canadian Press story today entitled "Airline jet crews 'illegal' government action hit", it states that only Air Canada was affected. I wish to point out that the directive to Air Canada was sent to a number of other airlines in Canada pointing out that their flight engineers were not properly licensed. Also included are CP Air, Eastern Provincial Airways, Quebec Air, Nordair Limited, Pacific Airlines, Transair Limited and Wardair Limited. More than just Air Canada is affected by unlicensed flight engineers.

Last week in committee I raised with the Minister of Transport (Mr. Lang) the fact that Mirabel airport is unsafe. I quoted from a MOT document which pointed out that Mirabel is not up to an acceptable level of safety. I also pointed out that Mirabel was built using earlier obsolete information which today does not meet proper safety standards. At last week's meeting the minister said he had no knowledge of this. After I raised this at the meeting, he made a press statement. One press story stated "Lang flatly denies Mirabel safety threat". He claimed that a mound of earth near a Mirabel airport runway did not pose a threat to safety.

• (2222)

I refer to another article, the heading of which reads "Mirabel knoll no danger". I should like to challenge that statement. Elsewhere the minister is reported as saying Mirabel was built to meet 1968 safety standards, not present standards. I should like to point out to him that the lateral zoning—this is transitional surface—at Mirabel does not meet either the 1968 criteria or the present standards. The minister further stated that Mirabel meets the international civil aviation organization annex 14 aerodrome standards. I would challenge that statement, also. Transitional surfaces are not detailed in MOT annex 14 as "standards". They are not compulsory, but, rather, recommended practices. ICAO member states normally follow recommended practices but such practices are not mandatory as is the case with our standards.

Runway 29 at Mirabel is a back course instrument landing system. Hence it has higher landing limits than a front course instrument landing system as on runway 11. There are two runways involved at Mirabel. One is runway 29, a back course instrument landing system, non-precision approach. Number two, runway 11, is a front course instrument landing system, precision approach. The transitional surfaces are clearly violated by the mound to the south of runways 29 and 11.

When Mirabel was first completed it was suggested that an inquiry into the construction at Mirabel was in order. My question to the minister is this: How could such a major deficiency as a man-made mound of dirt which violates the transitional surface of runways 11 and 29 have occurred if adequate supervision of this multi-billion dollar project had been maintained? Why was the grading contractor not obliged to remove the knoll which clearly violates the transitional surface to runways 11 and 29?

All this is further evidence that Mirabel is a white elephant and should be mothballed. Not only does it fail to meet an acceptable level of safety but over the past three years it has experienced an operating deficit of $164 million. This political gift to the province of Quebec is an unpardonable burden on the Canadian taxpayer. I would suggest that it be closed down. The savings realized through mothballing could go toward the $4,300,000 required to bring the airport up to a proper safety standard. The Department of Transport has verified that figure of $4.3 million required to make Mirabel a safe airport. An MOT memorandum states:

Correction of the problem now would be very expensive. A preliminary cost estimate indicates that $4.3 million will be required. There seems to be some confusion as to what standards were in effect during the period of construction. The whole situation seems to question the validity of the standards and their application. It also points up the need for more supervision of a major airport project like Mirabel by Region and HQ to ensure compliance with policies and standards.

It is unbelievable that a $600 million airport could have been built without stated standards and that an expenditure of $4.3 million should be required—

The Acting Speaker (Mr. Turner): Order. The time allotted to the hon. member has expired.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I thought that the hon. member would have the wisdom to ascertain the irresponsible remarks he made yesterday during the debate on Bill C-4 regarding the illegality of Air Canada's Boeing 747 flights. On the contrary, Mr. Speaker, he is raising the matter again, and he is now implying that most of our airlines are flying illegally.

[*English*]

Maybe the hon. member has taken note of the declaration by Air Canada today denying categorically that it is flying its Boeing 727 aircraft illegally. The national carrier states that its second officers fulfil the requirements which must be met by flight engineers. Further, the airlines flight training program for 727 crews meets all the requirements of the Ministry of Transport as well as the specifications of the manufacturer.

• (2227)

The vice-president of flight operations of Air Canada, Captain Charles Simpson, is cited as saying that he has been assured by the Minister of Transport (Mr. Lang) that all our second officers meet the necessary qualifications, having completed the approved MOT course. Air Canada's cockpit crew for the 727 include a captain, first officer and second officer. Yesterday, before the speech by the hon. member, Air Canada received formal notice from the Department of Transport confirming the competency of its 727 crews.

[*Translation*]

As for Mirabel, Mr. Speaker, it seems that the hon. member is looking for all kinds of pretexts to criticize this terrific endeavour by the Ministry of Transport. It is true that Mirabel is now experiencing some operational deficits, but I think it is logical to plan the development of our airports for the years to come and for their eventual use. Mirabel, as I said, is a terrific endeavour, one of the better designed international airports in its category and one that is most adapted to our environment, and I think this endeavour is extremely important for the future not only of Quebec, because the hon. member seems truly upset that this airport is in Quebec, not only of the Quebec transport industry, Mr. Speaker, but of the entire Canadian transport industry.

[*English*]

In closing, Mr. Speaker, I should like to caution the hon. member not to generalize and create false impressions about aviation safety in Canada. As the minister said in the House, most air carriers are very responsible and respectable and meet, indeed surpass, regulation requirements. They, with Transport Canada, strive together to maintain a remarkable record in aviation safety although, as I said at the start, no one is complacent about this record.

The Acting Speaker (Mr. Turner): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10:28 p.m.

HOUSE OF COMMONS

Wednesday, March 15, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

THE CANADIAN ECONOMY

REQUEST AIB INFORM ONTARIO THAT INCREASE IN OHIP PREMIUMS IS INFLATIONARY—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the fact that Statistics Canada this morning announced a further increase in the cost of living for February and a year to year increase of 8.7 per cent, and in view of the fact that the recent Ontario government's budget announced a health premium tax increase of 37.5 per cent, an average family increase of $144 a year which will not be recorded by Statistics Canada in their method of calculating the consumer price index, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That since this government's Anti-Inflation Board is still restricting wage and salary earners' increases to 6 per cent, the federal government instruct the Anti-Inflation Board to inform Ontario that the health premium increase be rescinded since it is inflationary, regressive and decreases the standard of living for most families in Ontario.

Mr. Speaker: Presentation of such a motion for discussion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SHIPPING

AIDS TO NAVIGATION IN EAST COAST SHIPPING LANES—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that radar and other equipment was moved from Cuslett, in Placentia Bay, in the fall of 1976 to channel Port aux Basques in order to—

—provide a much needed aid to navigation in the international shipping lanes adjacent to Port aux Basques and the approaches to the port itself—

—as stated by the Minister of Transport (Mr. Lang), and in view of the fact that the Vessel Traffic Management Centre has been ready at Port aux Basques, fully equipped and staffed with five permanent coastguard marine traffic regulators and an officer in charge, together with three technicians, and that a notice was sent out to mariners on January 4 advising vessels entering the zone, including all the designated international shipping routes to the Gulf of St. Lawrence within an area of 39 miles of Port aux Basques, to establish radio contact as they enter the zone, and in view of the fact that this notice to shipping was withdrawn under instructions from Ottawa on January 20, without any reason for the said order but reflecting political interference from Ottawa and bureaucratic imperialism by the maritime region—

Some hon. Members: Order.

Mr. Crosbie: —of the Canadian coastguard, ever jealous of the Newfoundland region acquiring any power or responsibility, I move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That the Minister of Transport countermand the instructions of the Department of Transport at Ottawa of January 20, authorize the Vessel Traffic Management Centre at Port aux Basques to commence operating immediately for a zone comprising an area within 39 miles from channel Port aux Basques covering the international shipping lanes and ferry routes as originally intended, and that the minister explain on motions the reason for the waste of manpower and funds involved in having the Vessel Traffic Management Centre at Port aux Basques lie idle since January 20 and dismiss all those found responsible for interfering with the public interest through jealousy and bureaucratic imperialism.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

REQUEST WAR DISABILITY PENSION BE RAISED TO LEVEL OF 1973 FORMULA—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this is an urgent matter; that is why I ask leave to present it under Standing Order 43. I therefore move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall):

● (1412)

That this House takes note of the continuing concern of veterans over the failure of the government to raise the basic rate of the war disability pension to

the level of the formula agreed to in 1973, and calls on the Minister of Veterans Affairs to take this issue back to the cabinet so that the increase our veterans deserve can be agreed to and put into effect without further delay.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE CANADIAN ECONOMY

REQUEST FOR NEW BANK OF CANADA CREDIT TO FINANCE GOVERNMENT OPERATIONS—MOTION UNDER S.O. 43

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

As the federal government announced a few days ago that it would borrow money abroad to cover its foreign account deficit, and as Canada is backed into a corner by its debts, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the government start negotiations with the Bank of Canada so that the latter can issue new credits to finance government operations.

Mr. Speaker: Order. Pursuant to the terms of Standing Order 43, such a motion cannot be put without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—MEASURES TO COUNTERACT EFFECT ON FOOD PRICES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Finance. The cost of living increases announced this morning indicate that some of the most dramatic increases were in the area of fresh fruit, fresh vegetables and other imported foods. Clearly, these increased costs have been aggravated by the devaluation of the Canadian dollar. Clearly, too, the impact is hardest upon low income Canadians who spend more of their money on food than other Canadians.

[Mr. Knowles (Winnipeg North Centre).]

Will the Minister of Finance tell us why he is allowing the impact of the devaluation to sit so unfairly upon lower income Canadians? What measures does he and his government propose to turn around a situation where the poor pay most for the devaluation of the Canadian dollar?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, of course, I have always said that devaluation of the Canadian dollar is not really only a benefit to the Canadian economy: one aspect of it is the fact that imported goods coming into Canada during the winter, especially foodstuffs, will be more expensive. That is a fact of life. I think Canadians would be well advised to be careful in their buying and make sure they are buying foods produced by Canadian farmers.

Some hon. Members: Hear, hear!

AVAILABILITY OF APPLICATION FORMS FOR EMPLOYMENT TAX CREDIT PROGRAM

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. Leader of the Opposition said yesterday that the forms made available by my colleague, the hon. Minister of Employment and Immigration, were not available in Manpower offices in some parts of Canada. I think the people who phoned on his behalf probably called the janitors, because the forms have been received in the offices referred to by him.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, of course we can verify that later on.

Some hon. Members: Oh, oh!

Mr. Trudeau: Please do.

Mr. Clark: The matter I want to deal with right now is this very startling direction to the poor in Canada, that they will simply have to accept the situation where they pay far more than they used to for commodities on which they spend more of their dollars than the Minister of Finance does. The Minister of Finance says to them that it is just a fact of life. Clearly, it is an unacceptable situation to put that burden on the poor of Canada.

Will the minister not consider some slightly more generous policy than telling people that they have to put up with this fact of life? Since he is the Minister of Finance of Canada, will he not bring in some proposal, now, which will bring some aid to low income Canadians who are bearing the heaviest brunt of the economic policies of this government?

Mr. Chrétien: Mr. Speaker, first I should like to say to the House that, in fact, the consumer price index declined from last month to this month.

Some hon. Members: Hear, hear!

Mr. Chrétien: Of course, I am always startled by the opposition continually complaining about the high level of expenditures, because the hon. Leader of the Opposition just rose in the House and proposed that. I think it is impossible in

any economy to protect consumers against inflation, especially when it comes from abroad. It is a fact of life, and if we tried to protect all Canadians against that type of thing, it would be a real recipe for disaster.

● (1417)

If our Canadian dollar is being judged by the Common Market as being lower, Canadians have to accept that. Because of lack of discipline in the past in the marketplace in Canada, we have to pay that price today. It is quite evident that Canadians have accepted the fact better than the opposition, because they are accepting the compensations which are making Canadian products more competitive. This is why the Canadian balance of payments in trade has improved.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, it really is incredible that even a government led by a Prime Minister who claims that the number of Canadians living below the poverty line is, in fact, lower than he knows it to be, would suggest—

An hon. Member: Oh, come on!

Mr. Clark: It is incredible that a government like that would say—

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, I can wait them out.

An hon. Member: Let the cows yell.

Mr. Clark: Mr. Speaker, the Prime Minister deliberately misleads Canadians about the number living below the poverty line.

An hon. Member: He just said the contrary.

Mr. Clark: Now this Minister of Finance tells the poor of Canada that they should simply accept, as a fact of life, that under a Liberal government they will have to suffer. What I want to ask the Minister of Finance, and we have pressed for this several times—

Some hon. Members: Question.

Mr. Clark: I can wait them out, if they continue shouting. I want to ask the Minister of Finance what his excuse is now for failing to bring in a budget that would bring some aid to the Canadians who are being hit the hardest by the increase in the cost of food in this country. Will the minister also tell us whether he is giving any active consideration to changes in the tax structure—a tax structure which is now helping to drive out of production some Canadians farmers whose efficiency has contributed to such reductions in the cost of food as now exist?

Mr. Chrétien: Mr. Speaker, I think the Leader of the Opposition would have been well advised to stick to his text, because he was all over the place in the last question. I said that we had an economic statement on October 20 which stated the goals for our economy. We cut taxes by $3 billion from January 1. I said that I have to wait to see what the results will be on the Canadian economy before I decide to change the economic policy of the government.

I think that in Canada at this time we are experiencing a more stimulative economic policy than any of the developed western nations. The hon. member is very immature, in my judgment, if he does not want to wait until we have the report of the first quarter of 1978 before passing other judgments.

MEASURES TO PROVIDE RELIEF TO LOW INCOME CANADIANS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the cost of waiting is paid in the form of plants closing down and an increase in the number of low income Canadians who are asked simply to accept as a fact of life that they have to pay more for basics under a Liberal government. I want to know from the Minister of Finance whether the government is now considering measures that will provide relief to low income Canadians who are the most victimized by the economic policies of this government, and whether the government is considering new proposals that could be part of a budget, if the Minister of Finance ever finds the courage to bring one in.

Some hon. Members: Oh, oh!

Mr. Clark: This could help Canadian farmers whose capacity to continue producing efficiently is being jeopardized by the tax system. Is the government actively considering measures to aid consumers who are being victimized now by very high-cost imported food, and to aid farmers whose capacity to produce food efficiently is being undermined by this government's policies?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the hon. gentleman forgets that in Canada we have programs which are indexed to the inflation rate and that they increase automatically every month or every three months according to the formula adopted by the House.

I do not understand the attitude of the hon. member who is making promises everywhere in Canada about tax cuts amounting to $2 billion coupled with reduced government spending and who at this very moment in the House of Commons makes other representations which will cost more money to Canadian taxpayers.

Mr. Speaker, I think that under the circumstances we have a stimulating policy for the economy. Canadian products are more competitive now that they have ever been in recent years. I think we would rather have a budget in a few weeks or a few months to gain an insight into the situation instead of taking the approach of the government of Ontario which has merely increased taxes instead of lowering them.

• (1422)

REASON FOR HIGH RATE OF INFLATION

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance. I find it absolutely incomprehensible that almost at the end of the twentieth century we have a government such as this. Why does the minister think the government is here? It is supposed to provide a framework for full employment and price stability. It is overwhelming to see that the government sits there and thinks it does not have to do anything about any of these problems, with one million Canadians out of work.

Some hon. Members: Hear, hear!

Mr. Gillies: Is it the position of the Minister of Finance—literally, today—that with one million people out of work, with only 80 per cent of the capacity of our plant and equipment in use, inflation in Canada is the result of excess demands on the economy? Is that what the minister is trying to say to the Canadian people?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I never said that; I just said that we had measures which came into effect on January 1 and cut taxes to the tune of $3 billion. When I hear the opposition asking for some action, I think that when the hon. member goes back to Toronto he should ask the government there why it increased taxes by $350 million.

Some hon. Members: Hear, hear!

Mr. Gillies: Mr. Speaker, I happen to be one who thinks parliament is supposed to do something. I do not believe we are here to do nothing about the economic problems of this country. How long does the minister have to wait? The results are in. Retail sales in Canada in the month of January were up 6 per cent. Why is the minister saying he has to wait for statistics before taking action in that regard?

To be more specific, Mr. Speaker, there is no question that the degree of inflation in this country is a result of devaluation of the dollar. It is incomprehensible that the Minister of Finance would say that the dollar is floating, or the dollar is setting its own level, and the government has no responsibility to set the framework within which that happens. Why did he change interest rates too late? Why did he do that, if he expects the dollar to be just floating around? The question I ask is whether the minister is going to do something. Is the government going to try to do something about the devaluation of the dollar before it goes further down and causes more inflation? Does the government have any policy whatsoever or any action to propose?

Mr. Chrétien: Mr. Speaker, under the circumstances, it is evident that today the opposition is losing its cool. The hon. member made a long speech about the value of the Canadian dollar. I say to him that last night the minister of economic development of Quebec attributed the fact that the unemployment situation is better in Quebec to the level of the Canadian dollar. I would like the hon. member to read the speech made by the treasurer of Ontario, who said that the 90 cent dollar is good for the economy of Ontario.

Mr. Lawrence: He said we need a federal budget.

Mr. Gillies: I make no apologies for losing my cool, with one million Canadians out of work.

INCREASE IN PRICE OF OIL AND GAS—EFFECT ON CPI

Mr. Derek Blackburn (Brant): Mr. Speaker, I should like to ask a question of the Minister of Finance. Since included in this morning's consumer price index is a whopping 14.5 per cent increase in fuel and utilities, I ask the minister whether he can confirm studies done by his department which show that the March 1 increase allowed by the government in the price of oil and natural gas will mean an additional 1 per cent increase in the CPI. This will mean a real cost of living increase this year of 8 per cent to 9 per cent, compared to his forecast of 6 per cent.

• (1427)

Will the minister confirm that his department's studies on the oil price increase and, further, that his own forecasts on the cost of living are out of kilter?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we decided some time ago that oil prices in Canada were to increase per barrel. We did not accept the international situation to the effect that the price increase had quadrupled in one month or one year. I would like to remind the hon. member that these policies were agreed to a long time ago and they are taken into account when we make our forecasts. I would also like to remind the hon. member that one of the great proponents of an international price for oil is the government of Saskatchewan.

REQUEST GOVERNMENT ASK ONTARIO TO RESCIND OHIP PREMIUM INCREASE

Mr. Derek Blackburn (Brant): Mr. Speaker, since the minister did not refer to that study or acknowledge that he had any knowledge of it, I will be happy to send him a copy. It was produced by his department.

My supplementary question to the Minister of Finance is this. Since the Anti-Inflation Board is restricting the salaries and wages of ordinary workers to an average of 6 per cent, and since the Ontario government has announced a 37.5 per cent increase in health premiums which, oddly enough, the Leader of the Progressive Conservative party has not mentioned today, will the minister get in touch with the Ontario government and

request that it rescind this inflationary and regressive health tax which will seriously decrease the standard of living of many Ontario families?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will take notice of the hon. member's view on the budget of Ontario. The hon. member has the opportunity to vote for having that type of government in this province. I do not.

Mr. Blackburn: My final supplementary question is addressed to the Minister of Finance. Given the fact that the minister's forecast of 6 per cent inflation is proving to be completely erroneous since we will be recording increases in the cost of living this year of between 8 per cent and 9 per cent, will the minister, as a minimum, change the guidelines of the Anti-Inflation Board to ensure that wage and salary earners in Canada receive increases at least up to the level of the CPI, so that a decrease will not be recorded in their standard of living?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I stated on several occasions that it is not possible to protect Canadians forever against the effects of this offshore inflation. Trying to do so would spell disaster as far as importing goods is concerned, for our purchasing power on international markets has dropped due to the devaluation of the Canadian dollar, and it would certainly fuel inflation and cause us to lose our competitive edge in the world.

The Canadian public has accepted this approach, and the terms of most working contracts today are within the limits we had set, which explains why Canada's competitive position on international markets has considerably improved over the past year.

* * *

AGRICULTURE

SUGGESTED GOVERNMENT ASSISTANCE FOR QUEBEC INDUSTRIAL MILK PRODUCERS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is directed to the Minister of Agriculture.

Quebec industrial milk producers have had a lot of difficulties with quotas this winter and they had to stop producing milk or throw it away because bargaining between them and whole milk producers has been detrimental to them. In order to be fair, can the minister tell us whether he will make representations to the Quebec marketing board on this matter.

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member knows that the administration of a marketing commission, board or system of any kind within a province is the province's prerogative or right. We can make suggestions, but we cannot tell them how to distribute quotas: that is their responsibility. I must say some of them are not doing a very good job.

● (1432)

[*Translation*]

REQUEST MEASURES BE ADOPTED TO PROTECT DAIRY INDUSTRY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, the dairy industry in Canada, especially in Quebec, is a basic industry. Considering that a few years ago the dairy producers fought vigorously against the government allowing the Canadian market to be flooded by a substitute called margarine which is now jeopardizing the dairy industry, can the Minister of Agriculture tell the House whether he will take steps to protect better the dairy industry so that milk production will not be reduced during the next dairy year thus ensuring that dairy producers will have a viable industry?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is aware that several years ago dairy production was on a downward trend. It has increased and has been more stable in the past five years than at any time in its history. Returns to our dairy farmers have been the best in living memory. It is true there are some faults, but we have one of the best dairy policies in the world.

I ask the hon. member to make a comparison with the terrible dairy policy in the European Community, where they are compounding the problem and creating economic difficulties for us as a result of their inability to manage their system. It is being compounded as a result of their surplus dairy products being thrown on the world market at distress prices. The hon. member must remember that we are dealing in a world operation with surplus dairy products. We have our position. As far as I am concerned, we have one of the best dairy industries in the world; in fact, it is the envy of most of the world.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DEPUTY PRIME MINISTER OF IRELAND

Mr. Speaker: Before we continue with the question period, may I call the attention of hon. members to the presence in our gallery of a very distinguished visitor in the person of Mr. George Colley, Deputy Prime Minister of Ireland.

Some hon. Members: Hear, hear!

Oral Questions

THE CANADIAN ECONOMY

SUGGESTION ELECTION WILL BE CALLED BEFORE BUDGET INTRODUCED

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have listened to the Minister of Finance for several days.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I have always had admiration for his veracity. I am beginning to wonder why, over and over again, he asserts certain things which he must know are not true.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: The choral group over there is starting to hoot: that is the best contribution they can make. The minister pretends there is going to be a budget, or at least he suggests that possibility. I suggest that he and the Prime Minister have decided to hold the election in June, to have no budget, go to the country and pretend that we in the opposition denied them the opportunity of doing something for the Canadian economy which is in the worst mess it has been in for years.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am pleased because of the compliment the right hon. member has paid to me: I thank him for that. Of course, I am the Minister of Finance and I operate in my own department. I am not in a position to decide the date of the election, and I am not influenced by that. I want to say to the right hon. member that I presented a budget, or economic statement, on October 20. I made provision for tax cuts amounting to $3 billion, which came into effect January 1.

The right hon. member will know, because he has been prime minister, that before we move we want to know the effects of a tax cut. We want to know that before we prepare a budget. That is reasonable and it is something that everyone expects. I am sure the right hon. member does not want me to bring in a budget like the Ontario government's budget that increased taxes.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, any alibi is apparently good for this government. I suggest to the minister that after the pilgrimage to western Canada of 14 ministers, at the expense of the Canadian people, he has found out that the criticism is of the government—and he is ruining this country day by day and week by week.

Mr. Chrétien: Mr. Speaker, I had the pleasure of visiting Saskatchewan. I talked to a very non-partisan group, the Board of Trade of Saskatoon. I explained our economic problems and my faith in Canada. I am very proud to tell the right hon. member that his fellow Saskatchewaners gave me a standing ovation.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

[Mr. Speaker.]

LABOUR RELATIONS

REQUEST FOR PROGRESS REPORT ON NEGOTIATIONS BETWEEN CAPE BRETON DEVELOPMENT CORP. AND UMW

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Labour: it concerns recent meetings he held, together with the Deputy Prime Minister and the Minister of Regional Economic Expansion, with executive district 26 and some of us on the problem affecting the Prince mine.

Since there seems to be a strong conflict of opinion between the management of the Cape Breton Development Corporation and the district executive of the United Mine Workers, is the minister in a position to advise the House whether progress is being made between the parties regarding that mine, affecting several hundred men?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask a question along these lines. I have been in touch with both Devco and the union. They are holding meetings today and, hopefully, over the course of the next few days, in an effort to resolve on their own, without further governmental intervention, the problems that were identified with regard to employment of people in that mine.

I might again emphasize that Devco indicated, I believe in the hon. member's presence, that they had no intention of closing the mine. The problem they will endeavour to work out is the employment of people while they are trying to settle their problems with the mine.

* * *

NATIONAL SECURITY

CANADIAN CITIZENSHIP IN RETURN FOR UNDERTAKING RCMP INTELLIGENCE WORK

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General. How many persons have been recruited to work with or for the RCMP to perform dangerous, complex and important tasks in return for the assurance of Canadian citizenship as part of the remuneration for work and services performed?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I do not quite understand the purport of the hon. member's question. Indeed, I do not know to which area he wants to address his question or which area of the RCM Police he is asking about.

* * *

IMMIGRATION

DEPARTMENT'S POSITION ON ACCEPTING IMMIGRANTS PERFORMING RCMP INTELLIGENCE WORK

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is perfectly clear. I will ask a supplementary of the

Minister of Employment and Immigration. Has the Department of Immigration been refusing to ratify or confirm any arrangements, undertakings or contractual obligations made by or on behalf of the RCMP involving citizens of other countries who have been recruited or induced in any way to perform work and services with or for the RCMP?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, that question is pretty broad.

Some hon. Members: Oh, oh!

Mr. Cullen: Do hon. members want an answer, or do they want to shout me down? We work, and are proud to co-operate, with the RCMP in the many areas they have to work in, guarding and protecting the security of this nation. We deal with each case they approach us with on an individual basis, check out the merits and decide, on the information received from them, what is in the best interests of the country. I make no apology for that. I will not go into specific cases, if the hon. member is not prepared to do so.

Mr. MacKay: Mr. Speaker, I can assure both ministers that I am very prepared to go into specific cases. I am asking, as a matter of policy—and I can name them—whether such contractual obligations have been incurred by and on behalf of the RCMP, and whether such obligations and solemn promises are being repudiated by the Department of Employment and Immigration.

● (1442)

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, as I have indicated, there have been instances where certain arrangements have been made. The hon. gentleman is suggesting that some contractual obligations have been undertaken and that there have been breaches of those undertakings. I do not have any particulars. If the hon. member has some allegations to make, I would be pleased to have him indicate what they are. I remind him that if he is dealing with matters involving national security, I would appreciate some private indication of the nature of the complaints or allegations in order to avoid any discussion of matters which could be detrimental to national security.

* * *

TRADE

GATT NEGOTIATIONS RESPECTING ELECTRONICS INDUSTRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in view of the fact that the Minister of Finance does not want to act as Minister of Finance but wants to amuse backbenchers, I would like to direct my question to the Prime Minister, the Liberal "Hee-Haw". Manufacturers' domestic sales of TV sets declined by 50 per cent in January. Four TV manufacturers ceased operating in Canada last year, and Canadian General Electric has just announced that it is going to discontinue manufacturing TV sets in Canada in June. Thirty thousand jobs have been lost in the electronic and electrical industry in the last eight years.

My question for the Prime Minister is, what steps is his government taking to assist the industry, and what instructions have been given to our negotiators at Geneva in negotiating particularly with respect to the electrical and electronics industry? We are in the process of de-industrialization. Is the Prime Minister taking any steps to stop that?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will be glad to take note of the question, on behalf of the minister.

Mr. Crosbie: Mr. Speaker, all the studies show that there is a loss of 10,000 manufacturing jobs a month in Canada now, and that central Canada is being denuded of industry. Is the Prime Minister prepared to get himself a Minister of Industry, Trade and Commerce to take some interest himself in this subject and to try to put a stop to this process? Has he any personal knowledge of what is happening in Geneva in those negotiations, and what instructions has he given? Is the industry to be thrown to the wind?

Mr. Trudeau: Mr. Speaker, it is possible at any time to point out a loss of jobs in any part of the country, but I remind the hon. member that statistics yesterday indicated that 290,000 jobs were created in the past year.

* * *

SMALL BUSINESS

FINANCING THROUGH FEDERAL BUSINESS DEVELOPMENT BANK

Mr. Leonard Hopkins (Renfrew North-Nipissing East): Mr. Speaker, I have a question for the Minister of State (Small Business). Because the Federal Business Development Bank is supposed to be a lender of last resort, and hence should be a risk capital bank to a certain degree and at the same time attempt to gear itself to the over-all needs of small business, is the minister planning any change in legislation or regulations to cancel the financial penalty that a small businessman is required to pay if he wishes to pay off his loan sooner than the required date? Also, is the minister planning to provide for longer term capital through the Federal Business Development Bank than the bank seems to have been willing to give to date?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I would have to start by indicating that the Federal Business Development Bank is a Crown corporation and, as such, is governed by its enabling statute and managed by its directors. Naturally, the bank listens very carefully and very cordially to advice from its only shareholder. I point out that the prepayment penalty which is imposed on these term loans is a traditional practice and the bank is considering its position in this regard.

With regard to the bank being a lender of last resort, as it properly describes itself, I personally believe that a borrower of

last resort, if he finds himself with funds and wants to pay off his loan, should be entitled to do so without penalty.

Some hon. Members: Hear, hear!

Mr. Abbott: I hope to meet next Monday with the newly appointed president of the bank, Mr. Guy Lavigeur, and have a chat with him about this subject and others. With regard to the extension of the term or otherwise, I might add that this is a matter which is very much related to the loan itself, to the risk of the borrower and to a number of other factors. I will be discussing these matters as well.

* * *

EXTERNAL AFFAIRS

ALLEGED CONTRADICTION BETWEEN STATEMENTS ON TRADING RELATIONS WITH SOUTH AFRICA

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question involves two departments of the federal government; therefore, I should like to put it to the Prime Minister unless, because of its nature, he would like to pass it to the Deputy Prime Minister. On December 19 the Secretary of State for External Affairs, speaking in this House, said this:

> I am, therefore, announcing today that Canada is phasing out all its government-sponsored, commercially-supported activities in South Africa.

Later, the minister went on to say:

> In addition to this phasing out of our commercial activities, we will also withdraw all Export Development Corporation government account support from any transactions relating to South Africa.

An official publication put out by the Department of Industry, Trade and Commerce, dated 1978, draws attention to the services available to businessmen around the world and says, in particular, that businessmen are urged to take advantage of the personalized government service available at its 88 posts around the world. Then the publication includes South Africa in the list of those 88 posts.

In view of that, I would like to ask the Prime Minister or the Deputy Prime Minister which policy prevails, the one announced by the Secretary of State for External Affairs which was approved in the House, or the one indicated in the official publication of the Department of Industry, Trade and Commerce?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, obviously, the statement made in the House prevails. I am sure the hon. member knows that there are routes to take in order to get answers to questions of this kind. If he had given notice, we could have inquired whether or not this was a mistake in printing.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I will ignore the tone of that answer and ask the Prime Minister if he will take this matter up with the Minister of Industry, Trade and Commerce and ask him why his departmental publications do not conform to the government policy which has been confirmed today by the Prime Minister.

[Mr. Abbott.]

Mr. Trudeau: Mr. Speaker, obviously, the answer is the same. It is very possible that the publication was in draft form, and perhaps even in print, before the statement was made. But the hon. gentleman knows something of the traditions in this House and, if he really wanted an answer rather than a debate, he would have sent us notice of that question and he would have had the answer.

* * *

NATIONAL SECURITY

INVESTIGATION INTO SOURCES OF LEAKED INFORMATION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is reluctantly directed to the Solicitor General, because he may not want to answer; he may want to leave it to a more senior and competent minister, like the Deputy Prime Minister. However, my question relates to the attempt of the Solicitor General to find copies of documents which he has been fiercely looking for over the past few weeks.

In view of the article in the Toronto *Sun* of March 7, 1978, I wonder whether the minister has had the opportunity to request an interview by General Dare, himself, or a combination of both, with Peter Worthington, the editor in chief of the Toronto *Sun*. Has the minister initiated any investigation with respect to the source of information contained in the article to which I refer?

Mr. Paproski: Try Lubor Zink.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I can understand the hon. gentleman's opening remarks and his sensitivity today, especially after the comments made by the Minister of Finance relating to his own success in the hon. gentleman's riding and relating to the ovation the minister received there.

Some hon. Members: Hear, Hear!

Mr. Blais: Having been in Saskatoon myself, I know that if I were the hon. gentleman I would be very concerned.

Mr. Andre: We are all concerned for our country with you guys in charge, you turkey.

Mr. Blais: I am sure the same goes for the Calgary area. I understand that our presence in that area—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Perhaps the Solicitor General was intending to answer the question put by the hon. member for Saskatoon-Biggar.

Mr. Gillies: The minister is a disgrace.

Mr. Blais: We will also be going to Don Valley soon. The question put by the hon. member referred to certain allegations contained in publications in Toronto. As I indicated

previously, the subject matter is subject to investigation and that investigation is ongoing.

Mr. Hnatyshyn: Mr. Speaker, when we in Saskatoon appear to be giving a standing ovation, we are usually slapping our thighs.

Some hon. Members: Oh, oh!

● (1452)

Mr. Hnatyshyn: The Prime Minister will learn that there will be more than thigh-slapping in the next election; I can tell him that. In view of the fact that the government has already involved itself in one raid on the Toronto *Sun* in relation to the attempt to get the source of the government blacklist leak from that newspaper, will the government give the Toronto *Sun* notice of any future raids they might carry out?

Mr. Blais: I am not the one conducting the investigation.

Mr. Gillies: That's for sure; you are not doing anything.

INQUIRY WHETHER WARREN HART TAPES WERE DESTROYED

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General, if I may bring him back from Saskatchewan to his responsibilities, which so far he has avoided so well.

Some hon. Members: Oh, oh!

Mr. Jarvis: I hear a chorus of "Oh, oh". Over there incompetence really does demand such a chorus. I should like to ask him a question about a specific incident, the Warren Hart incident. The Solicitor General is aware of the reports of the tapings by Mr. Hart, allegedly under the direction of a former solicitor general, a member of the House, and he is also aware of the reports that these tapes were destroyed. Will the minister advise the House whether, in fact, the tapes were destroyed and, if so, under whose authority; and were any transcripts made from those tapes before their destruction?

Hon. J.-J. Blais (Solicitor General): I think all aspects of that question were covered quite explicitly by me on previous occasions when other members asked exactly the same questions. The hon. gentleman referred to allegations of directions respecting the taping. That has been specifically denied: no directions of that nature have ever been issued.

Mr. Jarvis: Mr. Warren Hart has been contacted by a Lieutenant-Colonel C. A. Christian. Can the Solicitor General confirm that that gentleman is in the employ of the McDonald commission? Would he, at the same time, tell us whether Lieutenant-Colonel Christian is the same Mr. Christian who was previously a member of the Canadian armed forces who was recalled in the late 1960s from a tour of duty in Europe?

Mr. Blais: Mr. Speaker, I am not aware of the gentleman who has been identified. But surely the hon. member has a telephone in his office and can obtain that information from the royal commission as readily as I can.

Some hon. Members: Oh, oh!

* * *

MANPOWER

APPLICATION FORMS FOR FARMERS SEEKING OFFSHORE WORKERS

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, my question is for the Minister of Employment and Immigration. Why is it that Canada Manpower centres and farm labour pools across Ontario are requiring farmers who apply for offshore labour to sign a blank application form, which gives Manpower the right to write in the wages at a later date without consulting the farmer?

Hon. Bud Cullen (Minister of Employment and Immigration): We have had few complaints from farmers in this area. They know about the wages spelled out and the means employed, in the interest of hiring offshore labour, to see that they get a fair shake. I do not think it is appropriate that they should be signing blank application forms. I will check it out. I thank the hon. member for his representation.

Mr. Knowles (Norfolk-Haldimand): In light of the confusion and frustration being experienced by fruit and vegetable farmers when applying for offshore labour at farm labour pools, will the minister now withdraw the conditions which are creating the problem and permit the farmers, who are producing cheap food for Canadians, to obtain the same number of offshore workers as they did last year, at least until the minister has had time to consult farm organizations?

Mr. Cullen: Mr. Speaker, not only have I had time, but I made time to discuss this matter as recently as two days ago with apple growers in one part of Ontario. I think I met every group that is hiring offshore labour. We have gone over the terms and conditions. The concern that they recognize I have is that at a time of high unemployment, we should be making a solid effort to hire as many Canadians as we can. I have indicated we will bring in the same number this year as we did last year, so there will be no cutting back. We have indicated that we are prepared to be flexible in the timing so far as various farmers and various crop periods of the year are concerned. Also we are prepared to allow some flexibility in moving from one farm to another. So we have done everything possible to accommodate these individuals. But I think our prime responsibility is to Canadians looking for work.

Oral Questions

HEALTH AND WELFARE

OHIP PREMIUM INCREASE PROPOSED IN ONTARIO BUDGET

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I should like to ask the Minister of National Health and Welfare whether she has made, or is considering making, any representations to the Ontario minister of health on behalf of the hard pressed people of Ontario who are faced with an increase in the cost of living because of the unreasonable increase in OHIP premiums exceeding AIB guidelines.

Hon. Monique Bégin (Minister of National Health and Welfare): I wish I could, Mr. Speaker.

* * *

AGRICULTURE

REQUEST FOR INCREASE IN MARKET SHARE QUOTA ON CHEESE

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is for the Minister of Agriculture. We are well aware of the minister's view on the market share quota, but would he seriously consider expanding the market share quota for Ontario—not very much, say 20 million pounds—on an experimental basis only, for aged Cheddar cheese strictly for export, the milk to be used for no other purpose than exported Cheddar cheese?

Hon. E. F. Whelan (Minister of Agriculture): We are willing to consider anything. However, I am sure the hon. member knows that the market share quota is decided by a group of people from all producer organizations in every province, along with the Canadian Dairy Commission. I can transmit his wish to them and have it discussed.

* * *

CANADA COUNCIL

GUIDELINES FOR ALLOCATION OF GRANTS

Mr. Arnold Malone (Battle River): Mr. Speaker, I have a question for the Secretary of State, whom I see at present counselling the Prime Minister, perhaps to see if he is eligible for a Canada Council grant.

Some hon. Members: Oh, oh!

Mr. Malone: Could the minister say whether or not he has received representations regarding the regulations that apply to Canada Council grants and, if so, could he give us an indication of the scope and the extent of those representations from across Canada appealing to the minister to establish definite guidelines for the allocation and receipt of Canada Council grants?

Hon. John Roberts (Secretary of State): I did not quite grasp the whole question, as a result of faulty hearing, but I believe the hon. member was asking whether I have received representations relating to Canada Council grants. The answer is that I have, indeed. However, the hon. member will know that the allocation of Canada Council grants is undertaken by the Council and is not under my direction. As a matter of course, I do transfer to the Council representations that I receive, for its information.

* * *

FINANCE

REPORTED PRESSURE ON SUN LIFE TO STAY IN MONTREAL

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I wished to address my question to the Minister of Finance, but in his absence perhaps I may direct it to his parliamentary secretary and get an answer from the minister tomorrow. Could the parliamentary secretary confirm the story that is going around financial houses, that members of the office of the Minister of Finance are putting pressure on major life insurance companies across this country to try to persuade Sun Life to stay in Montreal, and in return are offering them an extension of the monopoly for RRSP conversions?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): I am not aware of the rumours alleged by the hon. member.

* * *

AGRICULTURE

STORM DAMAGE TO FARM PROPERTIES—REQUEST FOR FINANCIAL ASSISTANCE

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture. It relates to the very severe Storm that Sweph across southwestern Ontario on January 26 of this year, causing general damage amounting to millions of dollars and also causing damage to individual farm properties, sometimes in excess of $200,000 each. Can the minister say what compensation, if any, he is prepared to make to farmers and, indeed, to other property owners for the storm damage?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is aware that before we even consider giving any aid, we must receive some form of request from the province which has suffered the disaster. I received in my office, I believe yesterday, from the Ontario minister a report in which he asks me to participate in an interest-free loan program in that we share the cost of the interest which would be involved in providing these loans to the farmers.

If I understand it correctly, although I would have to review it to be certain, I think it is for the produce that was lost, not for the buildings, etc., because I am sure the hon. member knows as well as I do that insurance is available for that, and no province or federal government becomes involved in a program when insurance is available in such cases.

• (1502)

Mr. Wise: Mr. Speaker, do I take it from the minister's remarks that he is actually saying there will be no compensation forthcoming from the federal government with reference to storm damage? Is that what the minister is saying?

Mr. Whelan: Mr. Speaker, I am saying that I received the request from the minister of agriculture for the province of Ontario, I believe yesterday. All he is asking us to do is participate in the interest cost of loans which he is proposing to administer to farmers in hard-hit areas. We are considering that matter at the present time.

* * *

VETERANS AFFAIRS

REQUEST WAR DISABILITY PENSION BE RAISED TO LEVEL OF 1973 FORMULA

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is directed to the Minister of Veterans Affairs. In view of the fact that the percentage increase in the CPI, of 8.7 per cent, has surpassed already the percentage indexing allowed to war disability pensioners in January of the past year, and that the recommendations of the standing committee in 1973 were to equate the basic rate of pension with the standard of living, I wonder if the minister is going to do that now by introducing legislation to amend the war disability pensions act to allow for that equation of the veterans with the five lowest categories in the public service.

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I am quite conscious of the question. When a review has taken place, the information will be conveyed to the House.

ROUTINE PROCEEDINGS

[*Translation*]

NATIONAL RESOURCES AND PUBLIC WORKS

Second report of Standing Committee on National Resources and Public Works—Mr. Leblanc (Laurier)

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

[*English*]

ENERGY

TABLING OF REPORT ON FUNDY TIDAL POWER

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, under Standing Order 41(2) I wish to table two copies, in both official languages, of a report entitled: "Reassessment of Fundy Tidal Power". It was prepared by the Bay of Fundy Tidal Power Review Board and was submitted to the Minister of Industry, Trade and Commerce (Mr. Horner), to the Premier of Nova Scotia and to the Premier of New Brunswick.

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[*Translation*]

CANADA LABOUR CODE

MEASURE REGARDING OPERATION OF VEHICLES IN INTERPROVINCIAL JURISDICTION

Mr. Fernand E. Leblanc (Laurier) moved for leave to introduce a bill entitled "An Act to amend the Canada Labour Code (motor vehicle undertakings)".

Some hon. Members: Explain!

Mr. Leblanc (Laurier): Mr. Speaker, the purpose of this bill is to provide that, when the owner of a motor vehicle transport company operates both provincially and interprovincially, part III of the Canada Labour Code applies only to those employees involved in the operation of vehicles used for interprovincial transportation.

At present, this right is unfair for companies and employees involved solely in provincial transportation. They must compete with companies which operate interprovincially and which are not subject to provincial legislation when they operate within the same province as local companies.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 729, 777, 902, 957, 961, 1,096, 1,138, 1,141, 1,164, 1,202, 1,221, 1,261, 1,300 and 1,328.

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

Order Paper Questions

[*Text*]

ICEBREAKING SERVICES

Question No. 729—**Mr. Forrestall:**

1. Is the government aware that ice dues are charged for the provision of icebreaking services at various Scandinavian and Baltic ports?

2. Does the government intend to implement ice dues for commercial vessels requiring icebreaking at St. Lawrence River ports and (a) if so, on what date (b) if not, for what reason?

3. Does the government consider that the lack of ice dues at St. Lawrence ports is discriminatory against the Ports of Halifax and Saint John?

Hon. Otto E. Lang (Minister of Transport): 1. Yes.

2. (a) Transport Canada is in the process of assessing cost-recovery options (including ice dues) for services offered by the Canadian Coast Guard. Present efforts are directed towards Seaway tolls, pilotage charges and the financial position of ports under the proposed Canadian Ports Commission. (b) N/A.

3. Transport Canada does not consider that the lack of ice dues at St. Lawrence ports is discriminatory against the ports of Halifax and Saint John. These ports which are not affected by ice in winter months have a natural advantage for shippers over ports located within ice covered waters.

GOVERNMENT'S DATA BANKS—USE AND MEANS OF ACCESS OF S.I.N.

Question No. 777—**Mr. Beatty:**

1. What is a complete listing of the government's data banks containing personally-identifiable information about individuals in which the Social Insurance Number may be used to access the computerized file and, in each case (a) what is the nature of the information contained in the file (b) on how many individuals is the information kept (c) in what ways, other than by using the Social Insurance Number, can an individual's file be accessed?

2. What (a) statutes (b) regulations require the use of a Social Insurance Number by an individual to participate in the programme?

3. As of November 1, 1977 (a) how many individuals had taken out Social Insurance Numbers (b) approximately how many applications for Social Insurance Numbers were waiting to be processed?

4. How many new Social Insurance Numbers were issued in 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Treasury Board and Canada Employment and Immigration Commission as follows: 1. Presently unknown, but within six months questions on the use of the Social Insurance Number, authority for such use and alternate means of access can be added to an inventory of information banks containing personally-identifiable information about individuals which is being compiled in conjunction with Part IV of Canadian Human Rights Act. (a) as in 1. (b) as in 1. (c) as in 1.

2. As in 1.

3. (a) As of November 1, 1977, 19,874,749 Social Insurance Numbers had been issued since the start of the program in 1964. (b) At the close of business on November 1, 1977, the balance of applications on hand in all sections of the Central Index was as follows: S-1 applications (for new SIN's or replacement cards), 22,206; S-5 for record amendments, 4,840. Total: 27,046.

4. 875,784

ASSISTANCE TO THE INTERNATIONAL AIR TRANSPORT ASSOCIATION

Question No. 902—**Mr. Brisco:**

1. Does the government assist the International Air Transport Association and, if so, to what extent and in what form?

2. Has financial assistance been provided to the Association and, if so, in what amount in the past five years and during the current year?

Hon. Otto E. Lang (Minister of Transport): Transport Canada advises as follows: 1. Transport Canada provides assistance to the International Air Transport Association in the following forms: (a) Consultation on Air operations by IATA members while in Canadian airspace. (b) As a result of discussions held under the auspices of international organizations such as ICAO, government officials have cooperated with IATA technical officials to review and recommend courses of action related to specific technical problems.

2. No.

CONSUMABLE MEDICINAL PRODUCTS

Question No. 957—**Mr. Howie:**

Since January 1, 1977, how many consumable medicinal products were banned or recommended against use by the Department of National Health and Welfare?

Hon. Monique Bégin (Minister of National Health and Welfare): Since January 1, 1977, four consumable medicinal products were removed from the Canadian market: two phenformin products, Animo-Cerv and anti-asthmatic cigarettes. Also effective January 1, 1978, the sale of 97 products containing chloroform as an active ingredient has been prohibited. Manufacturers have been advised of a proposal that a further ten products containing oxyphenisatin and related compounds be removed from sale.

STUDIES REGARDING CHILD NEGLECT OR ABUSE

Question No. 961—**Mr. Howie:**

Since January 1, 1976, were studies made for the Department of National Health and Welfare by outside consultants regarding child neglect or abuse?

Hon. Monique Bégin (Minister of National Health and Welfare): Yes. The National Health Research and Development Program has supported studies in this subject area for a total of $24,540 for 1976-77 and for $142,097 for 1977-78. A study carried out by the Tree Foundation of Canada in conjunction with the Challenge for Change program of the National Film Board of Canada from December 1975 to September 1976, concerning a review of all available North American audio-visual material on child abuse, resulted in the Department of National Health and Welfare having purchased for distribution a number of films and filmstrips dealing with child abuse and neglect. These include copies of five

general awareness films plus a CBC documentary, all of which are currently available in all National Film Board offices across Canada. 130 copies of 13 filmstrips intended for use by professional groups for training purposes are being distributed separately. In the first six weeks that the general awareness films were available, 117 bookings were made. The Department will continue to cover the costs of all booking charges associated with the distribution of the films. The Department contracted with the Canadian Home and School and Parent-Teaching Federation to write, produce and distribute a pamphlet on child abuse and neglect. This brochure is particularly oriented to schools and will be distributed shortly to all provincial federations who will in turn distribute it to 1,500 parent-teacher associations. The Department underwrote the cost of videotaping, shooting and recording the proceedings of the Second World Conference of the International Society on Family Law, June 1977 at McGill University, which was done by the Tree Foundation of Canada. The National Film Board in conjunction with Tree is editing and producing two half-hour cassettes which will be added to the child abuse materials for distribution.

RESEARCH INTO MOTION SICKNESS

Question No. 1,096—**Mr. Howie:**

Since April 1, 1976, what amount did the government grant or spend for research into motion sickness?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The Department of National Defence has no long term program dedicated specifically to research studies into motion sickness. However, some applied studies on motion sickness problems are being carried out and the cost since April 1, 1976 has been $2,400.

In so far as the Medical Research Council is concerned: $192,079.

In so far as the Departments of National Health and Welfare, Transport Canada and the National Research Council are concerned: Nil.

CREDIT TO POOR RISK OPERATORS IN AGRICULTURE

Question No. 1,138—**Mr. Herbert:**

1. Does the government intend to introduce measures to facilitate the provision of credit for poor risk operators in agriculture?

2. (a) For each of the past five years, what was the number of defaulters and the total amount involved for the Farm Credit Corporation (b) what was or is expected to be the actual loss of the amount defaulted?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Finance and the Farm Credit Corporation as follows: 1. With regard to the Farm Improvement Loans Act, which is administered by the Department of Finance, no such measures are being considered. With regard to the Farm Credit Act, low equity loans may now be made to those under 35 years of age where there is a reasonable change of success. Studies are now underway to determine what further improvements in legislation might be made.

2. (a) Foreclosures and Arrears under Farm Credit Act, 1972-73 to 1976-77:

Year	No. of Foreclosures During Year	Arrears on March 31 Number of Borrowers	Arrears on March 31 Amount
1972-73	151	7,687	$13,960,811
1973-74	109	5,238	9,040,195
1974-75	79	4,393	7,238,360
1975-76	2	5,001	9,429,672
1976-77	34	5,852	14,280,435

(b) As of March 31, 1977, the allowance for doubtful accounts was $1,130,000.

ESTIMATED POPULATION OF QUEBEC

Question No. 1,141—**Mr. Herbert:**

What was the estimated population of Quebec in (a) December 1975 (b) June 1976 (c) December 1976 (d) June 1977 (e) December 1977?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following: Population estimates for the month of December are not produced. The information has therefore been given for the month of January.

Date	Population
(a) January 1, 1976	6,211,500
(b) June 1, 1976[C]	6,234,500
(c) January 1, 1977*	6,265,600
(d) June 1, 1977*	6,283,100
(e) October 1, 1977* (latest available estimate)	6,283,500

Notes

C = Census counts
* Preliminary estimates

HUMANE TRAPPING

Question No. 1,164—**Mr. Cossitt:**

1. Was a Federal-Provincial Committee for Humane Trapping, known as FPCHT set up in September 1973 and, if so (a) was its purpose to speed the invention and development of humane traps so that cruel methods of trapping could be banned (b) what progress has been made on this matter since 1973?

2. Has any research contract been let for the invention of humane traps and, if not (a) for what reason (b) on what date will such a contract be let?

3. What part does the Department of the Environment play in this matter insofar as testing possible new forms of traps and what contribution has it made to the FPCHT?

4. Does the Department of Indian Affairs and Northern Development contribute an annual amount to the FPCHT and, if so (a) what amount (b) what are the purposes to which this money has been put?

5. Did the Science Procurement Branch of the Department of Supply and Services publish a request for feasibility studies in 1974-75 on the possible invention of new traps and, if so, were any contracts awarded to pursue the matter and, if not, for what reason?

6. Was the National Research Council involved in this matter and (a) if so (i) to what extent (ii) on what date (b) if not, will the matter be referred to them for possible consideration and action?

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Fisheries and the Environment, Indian Affairs and Northern Development, Supply and Services and the National Research Council as follows: 1. Yes. (a) Yes; (b) Committee has received 181 submissions of ideas, models, drawings and modifications of traps. Several have been tested. Committee hopes to make recommendation by 1979.

2. No. (a) The purpose of the Committee is to invite ideas for traps and test them to ascertain if they meet standards for biological and mechanical suitability which the Committee has established. If the traps meet those standards, they are then tested in the field. Contracts have been let to establish those standards and to test traps, but not to invent them. (b) See 2. (a).

3. The Department of Fisheries and the Environment gave impetus to the formation of the Committee. The Department let contracts with the Canadian Standards Association and the University of Guelph to assist the Committee.

4. (a) Yes, the Department of Indian Affairs and Northern Development contributes an annual amount as follows: 1973-74—$3,750; 1974-75—$14,125; 1975-76—$18,642; 1976-77—$21,450; 1977-78—$22,800; 1978-79—$22,800, (proposed). The N.W.T. Government has made the following contributions: 1973-74—$672; 1974-75—$2,540; 1975-76—$3,350; 1976-77—$3,850; 1977-78—$4,000; 1978-79—$4,000, (proposed). (b) The departmental contribution, together with contributions from the provinces and territories, is used to finance the F.P.C.H.T. Program, a full report of which was submitted to the Standing Committee on Fisheries and Forestry, in February 1977. The 1977-78 Program included the following:

Administration: Office furniture; cleaning; press clippings; printing; translation; xerox; office rent; telephone; mail and miscellaneous (staff ads).

Salaries: Co-ordinator; Assistant; Secretary and Honorarium.

Other Operations: Inventor awareness; field testing; animal procurement; trap procurement; travel and costs of Scientific and Technical Sub-Committee.

Research: Terminal dive study; trap evaluation; trap development and optimization; lateral impact study and animal approach tests.

5. The Science Procurement Branch published the following request for proposals in the R&D Bulletin No. 28, dated July 1975: "... for the development of a suitable trapping system that meets both performance and humane needs ...". A contract for the determination of criteria and design of models for the evaluation of humane traps was let on July 14, 1976 to University of Guelph. The contractor's final report was delivered on January 19, 1978 and is under review. Further related work has been undertaken as follows: At the University of Guelph: Research to determine the kinamatic characteristics of animal traps. This work was completed in the summer of 1977 at a cost of $17,612. Research on the effect of side blows delivered to fur bearing species is under way at University of Guelph and the estimated cost is $9,000. Both these projects are funded by grants from the Federal Provincial Committee of Humane Trapping. At McMaster University: a contract was let by the Federal Provincial Committee of Humane Trapping for humane trap design, modification, development and optimization at an estimated cost of $10,000. This work is in progress.

6. (a) No. (b) Not known.

[Mr. Cossitt.]

PRIME MINISTER'S TRIP TO COLORADO

Question No. 1,202—**Mr. Cossitt:**

1. Did the Minister of Finance recently suggest that Canadians should keep their dollars at home by holidaying in Canada during the current economic crisis and, if so, was he stating government policy and does this policy apply to all Canadians including the Prime Minister and members of the Cabinet?

2. Did the Prime Minister travel to or from Colorado during the 1977-78 Parliamentary Christmas Recess by means of government-owned aircraft and, if so (a) what type of aircraft was used and what was the total cost to the taxpayer including transportation, both in the air and waiting time, accommodations and food and drink for the Prime Minister and any person(s) accompanying him (b) what are the names and job designations of all government employees accompanying him and how long did they spend with him, in each case?

3. What is a list of all points of departure and arrival for any government aircraft used on the trip, including all trips made to and from Canada during the Prime Minister's stay in the United States?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Finance, Transport Canada and the Prime Minister's and Privy Council Offices as follows: 1. The Minister of Finance has stated that it would help the Canadian economy if Canadians were to travel in Canada rather than outside the country. There are no formal government directives in effect on travel expenditures by Canadians.

2. Yes. (a) Type of aircraft—see flight details below. Re cost etc.—see reply to Question No. 2,881, page 8266 of *Hansard* for October 17, 1977. (b) See reply to Question No. 2,881 referred to above.

3. See flight details below:

Minister	Type of Aircraft	Dates
Rt. Hon. P. E. Trudeau	JetStar	December 27-28, 1977.
Point of Origin	Stop	Destination/Termination
Ottawa	Omaha	Colorado Springs

ONE STOP CLIENT SERVICE CENTERS IN NEWFOUNDLAND

Question No. 1,221—**Mr. Marshall:**

Have locations been chosen in the Province of Newfoundland under the Department of National Health and Welfare's one-stop client service and, if so, which locations?

Hon. Monique Bégin (Minister of National Health and Welfare): In all probability they will be the existing Canada Pension Plan District Offices located in St. John's and Corner Brook and the existing local offices in Clarenville and Grand Falls.

SWINE INFLUENZA IMMUNIZATION COMPAIGN

Question No. 1,261—**Mr. Yewchuk:**

In 1976 and 1977 were lawsuits brought against the government after the launching of the swine influenza immunization campaign and the subsequent reported cases of Guillain-Barré Syndrom and, if so (a) how many (b) what was the claim in each case (c) what was the total amount paid to claimants?

Hon. Monique Bégin (Minister of National Health and Welfare): No. (a) Not applicable; (b) Not applicable; (c) Not applicable.

PERMANENT EXHIBIT "THE SURVIVAL OF THE ACADIANS"

Question No. 1,300—**Mr. Jones:**

1. What is the cost of the permanent exhibit "The Survival of the Acadians" to be?

2. Were tenders called for the construction of this display, and if so, give details?

3. Will persons of the Maritime region be allowed to contribute to this exhibit and if so, what form will their contributions take?

4. How many persons or organizations have offered assistance to this project and what is the nature of their offers?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1 and 2. The exhibit is still at a preliminary stage of development. Costs have not yet been determined, nor have tenders been called.

3. It is hoped that interested historical societies, New Brunswick government resource persons, the Memramcook Institute and University of Moncton and any private individuals who so wish, will contribute to this project. Their contribution will provide Parks Canada with the necessary historical information relating to the Acadian story, and may assist in the locating of appropriate artifacts for the exhibit. At this early stage, the form which these anticipated contributions will take cannot be identified with any greater precision.

4. To date, the Memramcook Institute and officials of the University of Moncton have offered assistance in identifying potential sources for historical information. Further contacts will be made with interested agencies and individuals as work progresses.

1976 STORM IN NOVA SCOTIA

Question No. 1,328—**Miss Campbell:**

Were funds provided by the government through the Emergency Measures Organization for the February 2, 1976 storm in Nova Scotia to (a) municipal corporations (b) private companies (c) private individuals for the Counties of (i) Annapolis (ii) Digby (iii) Yarmouth (iv) Shelburne and, if so, in each case, how much?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): During 1976 the Federal Government made an advance payment to the Province of Nova Scotia of $3,000,000. Subsequently, in August 1977 Emergency Planning Canada passed a final claim based on the disaster assistance formula to the Department of Finance for approval and audit. This claim included:

(a) Municipal Corporations (Public Sector)

City of Halifax	$ 9,289.22
City of Dartmouth	6,399.24
Municipality of Clare	405.00
Town of Lunenburg	1,500.00
Town of Stewiacke	505.06
Town of Kentville	8,881.50
Town of Shelburne	9,366.00
Town of Yarmouth	6,614.00
Town of Lockeport	434.00
Village of Weymouth	99.85
Granville Ferry Water Commission	1,200.00
Yarmouth County Tourist Association	4,565.00
Total	$49,258.87

(b) Private Sector

(i) General

Total value of claims paid		$938,082.37
Number of claims submitted	1,097	
Number of claims paid	176	
Average value of claims paid	$5,330.01	

(ii) Fisheries

Total value of claims paid		$1,862,613.37
Number of claims submitted	880	
Number of claims paid	816	
Average value of claims paid	$2,282.61	

(c) Payments to individuals and private companies were made by the province after reviewing their claims. The whole claim is now under the audit procedure and details of individual payments are not available at this stage of the audit.

[*English*]

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

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, notice of motion for the production of papers No. 61 is acceptable to the government, subject to the usual reservations relating to confidential documents and authorization by the governmental authorities concerned.

Mr. Speaker: Is it the pleasure of the House that notice of motion for the production of papers No. 61 be deemed to be adopted?

Some hon. Members: Agreed.

Farm Income

[*Text*]

COPY OF CORRESPONDENCE ON FUTURE PARK POLICIES BETWEEN GOVERNMENT AND PROVINCE OF NEWFOUNDLAND

Motion No. 61—**Mr. Marshall:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence, minutes of meetings, letters, telegrams and all other pertiment material, between the government and the Province of Newfoundland, having to do with the formulation of a master plan by which future park policies would be determined and having to do particularly with the Gros Morne National Park in the Contituency of Humber-St. George's-St. Barbe.

[*Translation*]

Motion agreed to.

Mr. Pinard: I ask, Mr. Speaker, that the remaining notices of motions for the production of papers be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—DECLINE IN FARM INCOME

Mr. John Wise (Elgin) moved:

—That this House regrets the continuing decline in farm income and urges the government to:

(1) extend the deferral of capital gains taxation now levied on family farms to include partnerships and incorporated farms;

(2) promote agricultural exports and reduce Canada's present reliance on imported agricultural products;

(3) develop marketing programs that will encourage long-term income stability;

(4) encourage the expansion and improvement of agricultural research to ensure efficient production techniques;

(5) provide direct food aid and human and financial assistance to Third World countries.

Mr. Speaker: Hon. members will note that pursuant to Standing Order 32(1)(k) and Standing Order 58(10), proceedings upon this motion will expire at the ordinary hour of adjournment this afternoon.

Mr. Wise: Mr. Speaker, the reason and the purpose of this motion today is another attempt by my colleagues and I to draw to the attention of the government its continuing failure to deal effectively with the serious problems of the agricultural industry in general, and more particularly, to deal with the problem of the continuing decline in farm incomes.

Primary producers will recognize, but the House should be reminded, that the last time the plight of the agricultural industry was debated in the House, it was on the initiative of hon. members of the official opposition. The complete absence of any government legislation, not only now but for the last number of months, contrasted with our past and present actions, clearly discloses this government's indifference or complete incompetence regarding agricultural problems. As well it reflects our deep concern, and underlines our continuing commitment to the growth and development of a very basic and vital sector of our economy.

Prior to 1976 Canadians could observe, compare and state with considerable accuracy that other countries which had failed or neglected to maintain or develop a strong and viable agricultural industry were countries which found themselves in serious difficulties, both socially and economically. Today, and partially because of what has happened in the primary sector of the industry, and indeed throughout the entire food chain, we need not look beyond our own borders to find a country suffering both socially and economically.

It is obvious that the government would like us to forget the one million unemployed, the shaky state of our economy and the decline in farm income. Particularly the Minister of Agriculture (Mr. Whelan) would like us to forget that decline. It is incumbent upon us, as members of the opposition, to raise these questions. However, it is incumbent upon the government, a government which has held office for 36 of the last 40 years, to do something about them.

Their record of performance evidenced by their own statistics reflects an unacceptable and shameful performance. Farm income has dropped for the second consecutive year. If present indicators hold true, we can expect a further drop in income levels again this year.

● (1512)

When we compare the 1975 income level with that of 1976, the decline is $500 million. When we compare the income level from 1975 to 1977, a two year period, the decline is $1 billion, and citing the forecasts for 1978 we can expect a further decline of $1.5 billion in the three year period. Over that same period of time, expressed in percentage terms the decline is in excess of 40 per cent. That places Canadian farmers in the same position, as far as income levels are concerned, as they were in six years ago in 1972.

To make matters worse, if we look at what has happened to our input costs, or our expenses, we see increases almost as dramatic as the declines in farm income. Input costs increased by $500,000 between 1976 and 1977. If we compare the estimated increases for the current year with 1976 we might well experience a figure in the neighbourhood of $1 billion. Is it any wonder or mystery that negative profit margins are becoming common place on income tax forms submitted to the income tax department of this government by Canadian farmers?

These conditions have been reflected in the sale of farm machinery. Sales in this area have decreased by 10 per cent on a national basis. In fact, in the provinces of Saskatchewan and Manitoba declines in the sales of farm machinery to the extent of 24 per cent and 19 per cent respectively are reported. Farm borrowing has doubled over the last six years from $4 billion to

$8 billion. This figure could well reach some $10 billion by the end of 1978.

Given present conditions it is impossible, I suppose short of having a rich uncle, a rich aunt, or winning a lottery, to enter and succeed in this business of farming. Young farmers now in the business are in serious financial circumstances. Charles Munro, immediate past president of the Canadian Federation of Agriculture, speaking at their recent convention in Quebec City, made reference to the fact that three quarters of the 4,465 farm credit loans made last year went to farmers under 35 years of age, and these loans averaged $73,000. At an interest rate of 10 per cent these borrowers would need some $61,000 in gross sales to cover expenses. The fact is that only 15 per cent of these borrowers had 1976 gross receipts of $60,000 or more. In 1976 it should be noted that less than half of all census farms had less than $15,000 gross sales.

Western livestock farmers in certain areas are showing their dissatisfaction by demonstrations and, indeed, by withholding their livestock from the market. In Atlantic Canada reports indicate heavy financial losses and people leaving the land in the maritimes in record numbers. The primary sector faced serious difficulties two years ago. No action has been taken during that time and the situation has worsened and must be described today as acute. Farmers cannot and will not continue to be ignored or swept aside by this government. Nor will they continue to be content or satisfied listening to the Minister of Agriculture and his entertaining speeches.

It is unacceptable that this minister has proposed not a single major new piece of legislation relative to the agricultural industry since assuming that portfolio in 1972. Certainly the minister has extended programs and brought forward amendments to a few others, but the fact remains that no new major or significant piece of legislation has been introduced. That in itself is clear and ample evidence of the lack of commitment by this government and this minister to the agricultural industry.

It has been said that the hon. member for Essex-Windsor wanted to be Minister of Agriculture in the worst way. I might suggest that if what has happened to farm income is any indication, then he certainly has achieved what he set out to accomplish. I hope for the good of the industry this minister will not avoid seizing upon this golden opportunity to lay before the House today some meaningful and concrete plans to deal specifically with the contents of our motion today. Surely the minister will want to make a positive response to the motion, and surely he will not want to resort to his usual recital of ongoing government programs, support and subsidy payments to producers. We must remember that when many of these support programs and subsidy payments are triggered into action, that in itself signals financial difficulties within that particular industry.

Producers deserve and will demand a firm commitment from government that it is prepared, not simply by political statements but rather by action and appropriate legislation, to deal effectively with the industry in order to ensure a return to financial stability. Producers above all are as anxious as any that inflation and stability within our economy be improved and resolved. Producers are heavy spenders, not because of their human nature but because of the nature of their businesses. They are large purchasers of goods and services and, consequently, are suffering extensively because of the mismanagement of the economy by this government.

Producers want and deserve the assurance that they will have access to a greater share of the domestic market. Import penetration has seriously damaged not only primary producers but the whole food processing chain, food processors and manufacturers. We need action and legislation, not to prohibit international trade but rather to limit it to an acceptable level which will permit and create an ongoing incentive for a healthy industry here at home in Canada.

We as a party are convinced that if we are to save our rapidly disappearing fruit and vegetable industry this government must implement seasonal surcharges and automatic surtaxes on a commodity by commodity basis at appropriately prescribed levels based on historic trade patterns. It is essential that this government bargain vigorously and successfully to restore equity in our tariff rates. These rates have existed for over a quarter of a century.

This government must adopt a firm policy of fair trade before free trade. Producers can and will adapt to changing market conditions, but they should not be expected to compete in any marketplace, particularly the marketplace here at home, against heavily subsidized food products and commodities.

Dairy farmers are still looking for a long term dairy policy, not just in words or printed political statements, but in reality and in practice. We recognize that this policy would obviously have to be changed from time to time, but these changes should be negotiated by the industry with the government and they should be signalled to the industry at least 12 months in advance. The dairy farmers continue to call for a reduction of 10 million to 15 million pounds of cheese imports, yet the present government continues to ignore that request. Cheese imports even today remain at the high level of 50 million pounds.

Perhaps the minister will seek an opportunity to address himself to this question as well this afternoon. I hope he will release the study he referred to when the $13.5 million consumer subsidy was dropped recently. This was a decision taken without any consultation with producers or consumers. If any case could be made for such a move, then common sense would indicate that a phase out approach should be utilized.

Beef producers have gone through three of the worst years in the history of their industry. These people want and deserve more up to date and more accurate market information. They must be commended for taking such action on their own. Since 1976 they have called for a Canadian meat import law, yet even today no such legislation appears on the order paper. The record reveals on numerous occasions our full commitment to that type of legislation. Producers and their respective organizations have sought an extension of capital gains deferral to partnerships and incorporated farms.

● (1522)

There is a desperate need to revise the valuation day values, taking into account inflation and other factors which have added artificially to the real production potential value of farm lands. I believe that a once in a lifetime exemption should be available, and it should be available now. Serious consideration should be given to the whole application of capital gains taxation as it relates to farm lands to determine its long term effect and its relationship to, and influence on, farm prices.

We want to know, Mr. Speaker, what efforts are being made in co-operation with commodity organizations to seek out and develop new markets abroad. What effort has the government made to increase the number of personnel trained in and knowledgeable of the agricultural industry and charged with the sole responsibility to promote trade in our embassies and trade offices throughout the world? Perhaps the minister will give a firm commitment to the establishment of an agricultural products export division to work with and assist commodity groups to explore and develop market possibilities abroad.

There still remains, Mr. Speaker, the need to encourage and assist our own marketing boards and marketing commissions so as to place greater emphasis on market development and sales promotion of their own products. We want to know what action has been taken by the government in that regard. Producers want to know what plans the government has to reverse the erosion of responsibility from the Department of Agriculture to other government departments, and producers now under orderly marketing systems want and deserve a clear exemption from the government's latest competition bill. They want this government to take seriously their obligation to contribute far more substantially to research and development funding. Canada's contribution in this regard is nothing more than shameful. No investment can be made today that will pay greater dividends in the future than moneys invested in research and development.

This government continues to ignore the Senate committee report on this subject which recommends an expenditure of 2.5 per cent of the gross national product by 1980. I suppose as we stand here we could look for 1985, but Canada spent less than 1.2 per cent of its gross national product. This is substantially less than comparable expenditures in France, Germany, Japan, Sweden, the U.K. and the U.S. Expenditures in these countries range from 1.7 to 2.4 per cent. In the biological science area the average National Research Council grant was only 6 per cent larger than in 1969 but its purchasing power was 40 per cent less. We are told by qualified people that as little as 4 per cent of total funds are actually available to do research work. The agricultural industry and particularly the primary sector cannot continue to function at the efficiency it has achieved today in the absence of a concerted effort adequately to fund areas of new crop varieties and production methods. This is particularly true in areas such as eastern and western Canada.

One of the fundamental requirements of an efficient food production system is a sound, adequately financed and well co-ordinated research and development capability. We have that potential, Mr. Speaker. We have the facilities and the resources and we possess an excellent intellectual group of scientifically trained academics as well; but we run the high risk of losing this latter resource if proper and prompt action is not taken. My colleagues will be enlarging upon this and making additional suggestions and recommendations in the very limited time available to us this afternoon, but the fact remains that farm income has fallen, and fallen dramatically, since 1975.

It is evident to all that the programs and policies of this government are undermining the agricultural industry. They are not building the industry, they are not developing the industry, and they are not strengthening the industry. The policies of this government serve neither the producer nor the consumer. They weaken our whole Canadian economy.

Canadian producers have accepted and will continue to accept their responsibilities and rise to the challenges that face them. But the time is limited. What is needed now is a government that recognizes the economic state of the industry today and is prepared to respond to that issue in a manner which ensures not only the survival of the industry, but its expansion and growth for the benefit of all Canadians and, indeed, for others throughout the world.

Mr. Derek Blackburn (Brant): Mr. Speaker, I would like, first of all, to extend my appreciation to the hon. member for Elgin (Mr. Wise) for bringing this motion before the House on an allotted day. Most of the farm community in Canada has been neglected for a long time. A lot of people who live in the cities of our nation when driving through rural areas see a big combine or tractor or a big barn and so on. They do not realize that young farmers, even those who have been in the farm industry for many years, are paying off tremendous mortgages on their farms and paying high prices for their machinery. The countryside may look to the non-farmer as if it is prospering, but if you talk to farmers you will know that they are not prospering in most instances.

The state of our farm economy affects all Canadians, and I welcome the opportunity to contribute to the debate on such an important and, unfortunately, neglected issue. I say neglected because, despite all of the media attention and fuss over Canada's supposed national food policy and the recent food strategy conference here in Ottawa, the government has so far failed to address the real problem confronting farmers today. The government's track record to date has been a classic case of much talk and very little action.

We all know times are tough for farmers across Canada, and indications are the situation is going to get worse. Farm incomes have declined for two years in a row, and the Department of Agriculture predicts net farm income will drop by a further 6 per cent this year. Farm incomes in 1977 were already down 11 per cent from 1976—a year which could be described as one of the darkest for Canadian farmers across this country in recent history. During that year farm incomes plummeted to 20 per cent below 1975 levels.

This morning we received the latest consumer price index released by Statistics Canada. It showed food prices increased 13.4 per cent between February of last year and February of this year. Obviously, there is something wrong with a system that allows prices to increase by over 13 per cent when the producer is receiving as much as 6, 11, and even 20 per cent less for his efforts. This includes not only the farmer but the farmer's wife as well because they very often work closely together in their production.

The blame for declining farm incomes rests squarely with the government in its failure to develop an effective agricultural policy for Canada. Agriculture and food production accounts for more than 40 per cent of our gross national product, and the absence of comprehensive planning in this vital sector threatens both the farmers and consumers. It is time a closer examination was made of Canada's food chain, and particularly the middleman in that chain, to find out why prices are rising while farm incomes are permitted to decline.

More than one farmer has written to me to say he has been forced into bankruptcy. Just last week I received a letter from a farmer in my constituency near St. George, Ontario, stating that "farmers are working themselves into the grave just trying to survive". Indeed, it is becoming very difficult to persuade young people to go into farming, and this is a tragedy. Urban businessmen would like their sons, or sons-in-law, to go into their industries. Why is it that farmers are finding it increasingly more difficult to attract their sons or sons-in-law, daughters and so on, to carry on with the family farming business? Many are abandoning the farm and heading for the cities. It is little wonder farming today is not a viable business proposition for most who are in it. There are some farmers across this country, of course, who are making some money. But generally speaking, farmers are not making a good profit on their investment and labour when confronted with high interest rates on their mortgages and considering the long hours they put in day after day.

● (1532)

I think part of this goes back with the Liberal party. I would suggest it even goes back with the Conservative party. They have taken farmers for granted. They have been able to do this in many cases because both old parties know that most people who were born and raised on a farm and went to a rural school, or to a small district high school, want to stay on the farm. That has been the traditional attitude. In recent years, however, the young people on the farms are taking a different attitude. Obviously the government is not.

I cannot blame young people for wanting to leave the farms today. They are in conflict with themselves. They want to leave the rural life not because they want the good life or the rich life but because they cannot have the rural life with a decent income in return for their labour, their investment and the interest on their mortgage.

Cattle producers have been suffering from depressed prices since 1974, that is three and a half years. I am addressing my remarks to the minister through you, Mr. Speaker, and I hope he is paying attention. Steer calves sell at 30 per cent below the cost of production and top grade cattle sell at 20 per cent below cost. At the same time beef prices to the consumer have increased by 33 per cent. Consumers need protection, but so do farmers. The price of wheat has also declined in the past few years to the point where it is difficult for farmers to meet the cost of production.

A healthy farm economy is in the interests of all Canadians. Already the farm income slide is affecting other sectors of the economy. Hard-pressed farmers purchased far less machinery in 1977, with the result that hundreds of workers have been laid off. This winter over 500 employees were temporarily laid off for a week at the Massey-Ferguson plant at Brantford, in my riding of Brant. Last month over 200 employees were laid off permanently at Massey-Ferguson in Toronto.

Mismanagement of the economy, and not just the farm economy, is at the root of this serious situation. The slowdown in the farm machinery industry is worsened by heavy imports from the United States and the government's failure to encourage the development of a strong domestic farm industry. Imports now account for more than 85 per cent of all the farm machinery sold to Canadian farmers. The declining value of our dollar promises to make new farm implements so expensive that they will be out of the reach of most farmers.

There are a number of steps that could be taken to aid the agricultural industry in Canada. Perhaps the most important is a re-examination of this government's tariff policies— or, I should probably say, the government's lack of tariff policy. The Minister of Agriculture (Mr. Whelan) seems to take pride in the low level of government support Canada provides for farmers compared to other countries. In a speech to the Canadian Bankers' Association last October—that must have been a jolly affair—he proudly pointed out that in Canada, even adding in all provincial plans, less than 4 per cent of gross government spending goes into agriculture, and that Canadian agriculture has the lowest tariffs in the world. In Canada, the average farm tariff is less than one half of one per cent across the board.

Canadian producers have long been asking for tariff equalization with the United States and other countries. This is a serious problem right across the country, but I am most familiar with the plight of fruit and vegetable growers in southern Ontario and the Niagara peninsula, as well as tobacco farmers and fruit and vegetable growers in my own constituency. I am trying not to be parochial here. I am talking about agriculture right across the country and not in one constituency. These farmers have been demanding a seasonal tariff for their produce to prevent the dumping of fruits and vegetables in their markets. This is easy to understand when you consider that last fall frozen or canned peaches could enter this country for 2¼ cents per pound, while the tariff on peaches going into the United States was set at 20 per cent. I ask the minister to consider those statistics very carefully.

Lack of government regulations has also affected the beef industry. The minister has been reluctant to upset trade with the United States and other countries, and producers are

suffering. I have already noted the depressed prices producers receive for cattle. Part of the reason is the government's decision to raise this year's quota for imported beef another two million pounds over last year. I am going to repeat that, Mr. Speaker. Part of the reason is the government's decision to raise this year's quota for imported beef another two million pounds over last year. The market has been flooded by low grade beef from Australia and New Zealand that depresses prices across the board. The government is beginning to recognize that high tariff walls are necessary to protect and develop some of our more vulnerable manufacturing industries.

The motion moved today is in five parts, Mr. Speaker, and in twenty minutes I cannot address myself to each part although I agree with the motion in general.

We have a very real problem in this country. As I said earlier, people who live in the cities are paying very high prices for food produced in this country while farm incomes are away down and are going to be down again next year.

Let us look at some of the other human aspects of farming today apart from the statistics, which are bad enough and should clinch the argument if anybody from the government side wishes to refute what I have said. Let us consider the problem of the young farmer who takes a mortgage from the local bank. I talked to a tobacco farmer about two years ago who told me—and I am sure he was not lying—that the interest alone on his mortgage was $12,000 per year. As we all know, tobacco farmers are not making the money they did in the fifties. This is also true of fruit and vegetable growers. In fact, this is true of farming in general. For a young person to buy out a family farm, he has to get into such tremendous debt spread over so many years, and will receive so little for his labour and investment, that it will take him years to catch up, if in fact, he ever does.

Another problem which is not general across the country but affects fruit and vegetable growers and tobacco producers is labour—hired help. There are arguments on both sides. If a person drawing unemployment insurance knows he is going to be called back to work, for him to go through all the red tape of the UIC after he has a temporary job and then get back on UIC until he is called back, he would rather say to himself: "What is the point in going through all that red tape if I am going to be called back to work in three weeks?" There is something wrong there.

● (1542)

Some farmers in my riding have voiced their criticism to me about our local people—Canadians—young as well as middle-aged. To some extent their criticism is justified. Manpower often sends out people who want to go out for the day, have two square meals and then take off. That is not the general picture. A lot of the young people in my constituency, and I am talking about the fruit and vegetable growers, the tobacco growers and so on, put in a pretty good day's work. But not only do farmers have a problem of weather; they have the problem of acquiring good people at the right time.

[Mr. Blackburn.]

In most of these cases I have cited we are talking about planting, which is usually done in late May, and harvesting, which is usually done August through to September. I agree it is difficult for some farmers, particularly the small growers, to keep a man or woman on the payroll from early May to late September or early October. That is one of the reasons it is difficult to employ local farm help.

In view of the facts which I have stated today, why are we cutting down on offshore labour from the Caribbean? We have over one million people registered as being out of work. I know that I am treading on very thin ice here. I know that some of the farmers in the particular fields which I have just referred to prefer offshore labour. I also know that many of them prefer to hire local people, so we have to keep in mind this balance. It seems impossible to hire enough good local people who will work for decent wages. I am not talking about somebody who wants to get away with $2.75 an hour without room and board; I am talking about a lot of farmers who are prepared to pay $3.50 or $4 an hour with room and board or those who are willing to provide meals and transportation back and forth from, say, Brantford to the rural areas. These people are getting fed up with the government's manpower program, the agricultural offshore labour pool, or whatever it is called. They are fed up with the tightening up of the rules and regulations in this regard. On the other hand, I can understand the problem the government faces when it has allowed unemployment to reach one million—the official figure—in this country. I do not think there is any basic dispute if you are talking about the underemployed and people who are off the lists. Taking these into account the total would perhaps be one and a half million Canadians.

I end on this note, Mr. Speaker. I have worked as hard as I can to assist farmers in my riding, and the minister knows because I have sent him many letters. I am not trying to say that they are a special group. They do not want to be looked upon as a special group in our society; they want a fair share from their labour and their investment. At the same time, if they make a profit and they have money they will spend their money. That will then create jobs in the farm implement business, whether in Massey-Ferguson—and I am not any great lover of the Argus Corporation—or White Farm. I do not care which company it is or what that company produces in the way of machinery or other goods for farmers, it works both ways. If farmers are receiving a decent income then the workers in the plants who produce goods for farmers will also receive a decent income. Not only that, but they will retain their jobs.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, it is a pleasure for me to rise to speak on the motion put forward by the hon. member for Elgin (Mr. Wise). Since most of the issues he has raised have been mentioned by me at some length in many of the speeches I have delivered during the past year, I would have thought there would have been some effort amongst the more literate members of the opposition to acquaint themselves with the content of the speeches made by myself and representatives of the Department of Agriculture.

Apparently this is not the case. Once again this demonstrates just how much importance is placed on agriculture by those occupying the opposition benches who are supposed to be its critics. If more energy was directed toward finding out what was actually happening and there was less criticism for criticism's sake, perhaps they would start living up to the name of their party by becoming a little more progressive.

As I was in the United States yesterday I was unable to talk to the hon. member for Elgin. Perhaps if I had been here I could have said: "Look, to be really constructive today you can say anything you want and we can give second reading to the farm credit bill and have it sent to the committee." Instead we are today wasting the time of the House of Commons on an opposition day.

Paper legislation does not necessarily make good agricultural policy, good food policy or whatever you want to call it. Spokesmen for both the Conservative and New Democratic parties have indicated, Mr. Speaker, that everything was doom and gloom in the agriculture industry in Canada. I can tell the House, and I am sure a lot of hon. members are aware, that is not the situation in the agriculture industry. There are a lot of people who feel quite good about it.

Let me go down the list and talk about some of the producers that are making a decent net income today in agriculture. Egg producers are making a decent net income; poultry farmers raising broilers and turkeys are receiving a decent net income; pork producers are receiving a decent net income; and fluid milk and industrial milk provides a decent net income. These farmers have never been in a position where they have paid so much income tax in their lives before. They only pay income tax on net income, as they should, and they are happy about doing that.

Let us turn to the horticultural industry and find out what they are doing in that industry. I do not have the note here at the moment, but I will find it. The hon. member for Elgin knows very well that in Ontario there are about 20 some producers of horticultural commodities represented on their marketing board and I would challenge him to name just one of those who is not making a net profit. I say to the hon. member for Brant (Mr. Blackburn), who spoke on behalf of the New Democratic Party, name one of those people covered under a marketing board or a provincial association of some kind or another who is not making a net income. And that applies across Canada to all who belong to some kind of an agricultural organization.

The poorest group of all at the moment are the potato producers in Canada. They are suffering more than any. They are not in the same position all across Canada. In Alberta and Manitoba they are probably just about breaking even. However, in Ontario, Quebec, Prince Edward Island and New Brunswick the potato producers are losing money because they refuse to organize but instead accept that same old dilapidated marketing system they have always had.

Then the hon. member talked about the beef producers. There has been a bigger loss in that industry and he said we did nothing to prevent it. I suggest he look at the record. The record shows that since August, 1974 we have had import controls almost constantly, with the exception of nine months in 1976. I was a bad fellow because I had import controls. Hon. members will recall that I got into trade wars and so on. I was told that was bad, that I should not get into a trade war with the United States, that great free trading nation to the south of us. The Canadian cattlemen charged in here with everything but their bulls, saying we must back off on this. Whenever I tried to do anything in cabinet, 29 telegrams were sent to my colleagues urging that I not be allowed to do that.

● (1552)

There is such disunity in the beef production industry today it is amazing that any producers are still active in that business. They did not want government to do anything until they got desperate. Then they made all kinds of requests. I can list four and a half pages of what we did in response to what they asked for, such as surcharges, payments and subsidy payments.

I stated at one time that I thought one of the surcharge programs with the United States and other oceanic countries shipping beef meant $100 million to the producers of beef in Canada. The head of the Cattlemen's Association, the managing director or whatever he is called, wrote to me and said, of all things, "Mr. Minister, you are being too conservative." He said it meant a saving of over $200 million in income advantage for the beef producers of Canada.

There are some beef producers in Canada who say they are still not making money. I have seen the books of some of them and they did not make that much in the last year. However, they are few and far between. Those in the cow-calf business are probably the ones who have suffered more than any other group. They have no other production entity to which they can turn. They cannot operate a complete finishing unit. These people were encouraged to get into the cow-calf operations by the provinces, which loaned them millions and millions of dollars. That was because there was going to be a great need for beef for a long time.

The hon. member for Brant stated that we increased the imports of beef into Canada this year. He knows we are a member of the Commonwealth and have trading agreements with its members. We are also a member of, and have signed trading agreements with, GATT.

Beef consumption increased by 4.4 per cent last year. Those countries that belong to the Commonwealth also belong to GATT. They could ask for a 4.4 per cent increase in exports to this country. We did not give it to them. They could ask for compensation from GATT and we would then have to pay that compensation. We would fight it as hard as we could.

Are we going to live in the international trading world or are we going to disappear from it? What do members opposite want us to do? If they want us to break away from the Commonwealth and GATT, let them say so.

The hon. member also talked about farm machinery. I wish to put some facts on the record. Farm implement sales dropped by an estimated 4 per cent in value last year. Quebec, however,

bucked the trend with sharply higher purchases. The estimates show a general decline except for Quebec. The separatist premier of that province says that the agricultural situation is very bad, yet they increased their farm machinery purchases by 21 per cent last year.

Let us get the facts straight. Things are not the same all over. In Ontario, the province of the hon. member for Brant, farm machinery sales increased by about 6 per cent. If Massey-Ferguson plants are closing, it is not totally the fault of Canada. There is a general depression in agriculture in all countries of the world, especially those producing surplus food products. We still have more net return to farmers in this country than ever before.

Members opposite talk about how farm income has gone down. We would like to see it up. The hon. member for Elgin knows that those farmers who look after themselves without great masses of government legislation and great reams of paper are more efficient. The hon. member for Elgin was a dairy farmer and he made a good living at it. He told me that himself.

Mr. Wise: That was before you were Minister of Agriculture.

Mr. Whelan: I think he was a better dairy farmer than he is a member of parliament. When he comes to the House, he presents nothing but gloom and doom with regard to agriculture. The people of Elgin sent the hon. member to Ottawa to represent them because they knew he had expertise in agriculture. However, he has not kept up that expertise. He was a better producer of agricultural products than agricultural economics.

Talking about income, the total was 1 per cent ahead of 1976 income and about four tenths of 1 per cent ahead of the previous record of 1975, $10.07 billion. It exceeded the $10 billion mark for the second time in the history of our country. Costs were up, but what caused income to go down was world prices of grain. We export 74 per cent of our production of cereal grain. No other country in the world exports that much. True enough, we are financing the treasuries of countries like Japan, the OPEC countries and the European community.

The hon. member talked about how proud I was when we went to the bankers' meeting. He is damn right I am proud that I do not have to put that much money into the farm economy to make it one of the healthiest and most enviable in the world. It is right here in Canada, put together by ten provinces working together with the federal government.

No one else in the northern hemisphere can brag like I do. Everyone in this country should brag about it. We have one of the most productive and efficient agricultural industries in the world. In the last 30 years we have increased our productivity by about 500 per cent. This is something to which we can point. That is why the Chinese, Russians and those from other socialist countries come to see how we operate. They want to know how we can be so productive. They cannot understand how a country with only 5 per cent of its people in agriculture can produce so much for themselves and so much for the other people of the world. It is because we have the know-how and the ability.

We still have incentives in our programs to be that productive. We are not telling the Canadian farmers this year to discontinue wheat and grain production, as they are with the supply management system in the United States. I was there yesterday. They are going to come out with $75 an acre payments to keep the land idle. They have all kinds of other programs. When I left Washington this morning, the farmers were there by the thousands. They were in the offices and all over the buildings. The senators and congressmen react to that, especially the senators. Every senator has some rural constituents no matter where he is from, whether it be New York or California. It would not hurt if our members in the House of Commons had more rural constituents. Maybe they would then pay more attention to them.

Some hon. Members: Hear, hear!

Mr. Whelan: The hon. member's colleagues go to the city of Windsor in my constituency, which is 96 per cent urban, and lambaste me because of the price of food. When we came back this morning, I asked him if he had said anything about marketing boards. He replied that he sure had but the media did not report it. I have no way of knowing whether it was an unfair speech or an unfair reporter. This is something I find a bit hard to accept.

The hon. member for Elgin talked about the roll-over tax. I agree with him, it is important. The hon. member for Elgin could have said that this government did something revolutionary, and parliament sanctioned it, when it allowed the transfer of farm property to a son or daughter.

Mr. Wise: That is the family farm.

Mr. Whelan: Yes, the family farm. At lot of farms are incorporated and are now family corporations. No other country has what we have at the present time. If there is an inequity and we can find a way to get around it, we will because we want the family farm to continue.

Many people talk about efficiency. The former chairman of the Food Prices Review Board and other learned and knowledgeable people said maybe we want bigger and more efficient units. Twenty universities in the United States of America—not just one—all came to the conclusion that the efficient family farm is the most important thing in our society in terms of food production. Those universities did not point to the great socialist type of farming, the great co-operative type of farming or anything else. They pointed to the family farm. Twenty universities conducted that survey, and they all said the same thing. We are also strong believers in family farms, marketing boards, programs, etc. These are the kinds of things we want.

● (1602)

With regard to marketing boards, there was a ministers' conference held in Winnipeg last January, and every minister there supported that type of program. Some say there has been

no consultation and that we have no programs, but no two groups work closer together than the provincial ministries of agriculture and the federal Department of Agriculture in this confederation of ours. If all federal-provincial relations were conducted with that kind of harmony, I am sure no one would be suggesting that there should be a separatist movement in our country. Programs which have been worked out and upon which we are presently working are worked out in harmony. Stabilization programs and so forth are worked out with our provincial counterparts to ensure the best for this nation, which, as I said earlier, is the envy of the whole world.

With regard to production increases, efficiency and exports, the hon. member talked about the price of food, but he neglected to say that in 1977 alone it was the price of imported food which increased. Some of that food could very well be produced here. There are no restrictions or quotas on hog production in western Canada, but hog production there has decreased by about 50 per cent in a little over a year. Every working day last year we imported $1 million worth of pork. We imported $222 million worth of pork last year. The fact that products are coming in is not the fault of the Canadian farmer. The productivity of the Canadian farmer has increased by 500 per cent in 35 years. No other part of our society can claim that. All I want is for farmers to do some things for themselves, as the vast majority of them have been doing.

Earlier in my presentation I referred to beef farmers who refused to do some of the things other farmers in the dairy business, the horticultural business or the poultry business are willing to do. These other producers have been working together, running their own independent farms and selling their resources through marketing boards, associations and so forth. We should not be using the medieval system of bartering which is still used in the beef industry today. Producers are not saying "My beef animal is worth so much". They are saying "How much will you give me for it?" and bargaining from there, like they did before the time of Christ. Hon. members will remember that Christ threw the moneychangers out of the temple, and it is about time people in the beef industry recognized that they must do the same thing.

The hon. member spoke about Canada's exports. We are in a hurly-burly world when it comes to exports at the present time. Many countries are retrenching. They have rich treasuries. The United States said it would not get into a surplus dairy position, but it is in a surplus dairy position today. The United States said it would not enter markets other dairy producing countries were in, but it is starting to do so.

Needless to say, there was a lengthy discussion about that yesterday. If the Americans do enter those markets, hon. members can be sure we will be asking for compensation. Exports have risen every year since 1969. That includes the very difficult years of 1975 and 1976. Preliminary estimates for 1977 indicate that agricultural exports increased by more than $400 million in 1977. That represents an increase—not a decrease—of more than 11 per cent in one calendar year. That is an enviable record for any country.

There are approximately 24 million people in Canada. Canada is a northern hemisphere country which competes with such economic giants as the United States of America, which has a population of more than 230 million people. Canada competes with the European Economic Community which serves 260 million people. The EEC spends 74 per cent of the $15 billion it spends on its operations on agriculture, and the health of the European agricultural industry is not half as good as the health of the industry in Canada. When the head of the EEC was here the other day he said the EEC spends too much on agriculture, and everyone laughed. I said I agreed that it spends too much and that we have to compete because of its stupidity in the way it manages its agricultural economy.

In Europe there is a surplus of skim milk powder, fat products and so forth to a total of two million tons. About four years ago egg production in Canada decreased by one half of one per cent. A small percentage like that amounts to billions and billions of pounds when it comes to skim milk powder. At the beginning of 1978 there were no unsold surplus dairy products in the Dominion of Canada. The dairy industry in Canada is run by the Canadian Dairy Commission. Somebody said something today about no consultation with regard to taking a $13 million subsidy off skim milk powder. I have just finished reading an article in a great Montreal newspaper which says that skim milk costs 40 cents a quart in supermarkets in Montreal. It should cost that because skim milk is not skim milk powder. Skim milk powder costs $1.06 and produces four quarts of a highly nutritious drink. That amounts to 26.5 cents a quart. That is cheaper than Coke, ginger ale or anything of a similar weight, and these other beverages have no food value whatsoever.

Some say we are bad fellows when we transfer payments, index pensions for veterans and others and index family allowances. We transfer additional new dollars to the provinces to take care of poor people, and then we are condemned.

Some say there is no consultation. The hon. member for Elgin is from a very productive agricultural area. He is a good farmer from way down in southwestern Ontario. I would like to say to him that we did not consult when we put on the subsidy either. The agreement we have with the dairy farmers of Canada is designed to produce a return. If there need be social services in this country, let us not have the agricultural community providing them directly. We are already producing the cheapest food in the world when related to the earning power of our people. About 13.8 per cent of the earnings of Canadians is spent on food. In the United States the figure is 15 per cent. People accuse me of not having a food policy. Some people suggest that we have millions of bureaucrats looking into every can of soup or beans, into every chicken house, into every pig yard and everything else. One could imagine the cost if that was added to the cost of food, as is the case in some socialist countries where 30 per cent, 35 per cent or 40 per cent of their budgets are spent on food production.

I am proud of the system we have in this country, and our desire is to make it even better.

Some hon. Members: Hear, hear!

Mr. Whelan: People from all over the world come to see what we are doing in our country, and those who are not getting the economic return they should are being told that there are mechanisms for them to use. Those mechanisms are provided by the most democratic institution in the world, the parliament of Canada. If producers want to work together, those mechanisms are available. To those who think that that big country to the south of us is getting ready to be a great liberal trader because of the tremendous pressure which is on its government, I can say that that is not the impression I came away with from Washington yesterday. The United States is willing to lower the tariff on soybeans 60 per cent. That reduces the price 36 cents a bushel, leaving 24 cents a bushel. That still stops me or any farmer producing beans in southern Ontario from taking advantage of the market in Ohio and Michigan.

● (1612)

The other day the price went up to $7. To buy $7 beans in the U.S., you have to add 84 cents because of our devalued money. Did the trade pay our own producers that here in Canada? No, I can tell hon. members they did not do that. They cheated them out of over 90 cents a bushel. When they were buying American beans for nearly $7 in U.S. funds, they were paying $6.65 in Canadian funds for beans in Canada. If I had the same advantage as the buyer or processor had to go to Ohio, Michigan or Chicago to buy or sell my beans over there, I would be in a much better position because I could have loaded up with duty free fertilizer from Ohio or potash from Saskatchewan and brought it back in my big truck—if I had a big truck. I do not have a big truck because I am Minister of Agriculture.

I am just pointing out our disadvantages, and the advantages which the processors have over us. The United States does not intend to wipe out the 60 cents a bushel soybean tariff because the law only allows them to go down to 60 per cent. They cannot lower it below 60 per cent because the law does not allow it. Can you imagine a brave senator or congressman giving the administration the right to wipe out 100 per cent of the tariff? I cannot imagine that after yesterday. I could not imagine it before when I criticized the U.S. ambassador for running around and talking about liberalized trade. Tom Enders knows what their laws are, he knows how far they can go, and he knows they cannot go as far as we can because we are the freest agricultural trading nation in the world. We have been successful at that.

The hon. member for Brant referred to 1 per cent. I think it shows that industry is protected about 14 per cent and agriculture about 6.5 per cent or 7 per cent. We do not protect with tariffs any of the products that come into Canada that are high in price. I am talking about such products as coffee, spices and all these other products we import into Canada. We do not protect them with any significant tariff, and practically all of them are duty free. Many other countries do not do that. They look at that as revenue with which to offset some of their other costs of production. We have import controls on many products, and many people in western Canada think they are free traders. I do not know.

I see here the hon. member who used to be head of the grain commission in Canada, a very knowledgeable person. He knows there have not been free traders since 1935 when R. B. Bennett imposed the Wheat Board on the people of Canada because of the horrible system of marketing grain in western Canada. I cannot even bring a bushel of wheat into Canada—and I approve of the system—to do research as Minister of Agriculture unless I obtain a permit. That applies to any of the grains under the Canadian Wheat Board. No matter what the world price might be, whether it is cheap or expensive—and not many people will want to bring it in if it is expensive—you cannot bring those grains into Canada under that system.

With regard to the Canadian Dairy Commission, opposition members say we have done nothing. We had no quotas on cheese before the Minister of Agriculture placed a 50 million pound quota on special cheeses coming into Canada. All the dairy producers in the dairy processing industry heralded that as a breakthrough. It might be of interest to the hon. member for Elgin and his party to know that the 50 million pound quota is not being filled. Cheese consumption has gone up in Canada in two years by about 18 per cent. That 18 per cent is all domestically produced cheese. Am I supposed to go out and pound people's heads and say, "Get into cheese production"?

When the House checks what we have done in the dairy industry they will find that we have increased production of condensed milk by 38 per cent in one year. Why did we do that? That was done under the transfer of fat program. When you have condensed milk on the world market, you do not have butter or skim milk powder; you just take some of the moisture out of milk. It can be added back or used in that form. It is in little cans that can be easily used in thousands of different places in the world. It is in a much better form than skim milk powder. We know that butter cannot be used in many countries, so why produce a product that will be financing the treasuries of other countries?

Advertising has been mentioned. The hon. member knows that the Dairy Commission has received $4 million. We can give an example of what the marketing boards can do. We can go to Alberta which has some of the strictest provincial marketing boards that I have ever seen. Last year, with the cheap price of beef—there was never a time when the consumer got more beef for an hour's wages—a phenomenal thing took place in Alberta, which has the most expensive poultry in all of Canada. Perhaps it is slightly more expensive in British Columbia, but the producers in Alberta get the best return. Do you know, Mr. Speaker, that consumption of broiler chickens increased in Alberta 10 per cent when the national average was only 2.3 per cent? What does that tell you? The producers themselves sold the chicken.

The Acting Speaker (Mr. Ethier): I regret to interrupt the minister, but the time allotted to him has expired. He may continue with unanimous consent. Is that agreed?

Some hon. Members: Agreed.

Mr. Whelan: Mr. Speaker, I will not take up much more time because this is an opposition day, and I appreciate the opportunity to participate in this debate.

When we talk about trade, I think we should have some symposia on this subject. We are developing marketing programs and working harder in that area than any other nation in the world. I am often criticized for travelling, but when I travel abroad it is generally because a group of associations have come to the Government of Canada and said: "We think the minister could have some impact on such countries as Brazil to sell our livestock, or on the Balkans to sell our poultry, breeding stock or livestock, or some of the farm machinery we make here." As the hon. member for Brant said, and I agree with him, we should have something like the auto pact with respect to farm machinery, although his leader criticized it the other day. I think we could make some improvements to it because we can see some failings in the auto pact. But if we had not had the auto pact, we would be in the same position with regard to auto parts as we are with farm machinery, which comes in duty free. That is something that many people do not know. Even many farmers think that farm machinery has a tariff on it. We can bring machinery parts in duty free while an American farmer cannot do so. I think the duty is 7 per cent on parts bought here and taken back to the United States.

Another way to discourage our know-how and spirit of entrepreneurship is to try to create a parts system for machinery in Canada. This is just impossible and is not warranted because one has to pay duty to supply the North American market.

The motion reads in part:

—encourage the expansion and improvement of agricultural research to ensure efficient production techniques;

I have never heard so much talk about research and what is happening to it, yet I have not heard one hon. member, one of the scientists, point out to me one research area that is suffering. We have done some of the greatest research in agriculture. There are no in-house research projects for which I am responsible that are suffering or that are going to suffer, because I am the one who makes the decision for any contracting out. Universities will go to some members in the House and say to them: "We must have agricultural research". That is contracting out. Make sure you let your constituents know that you made representations to the Minister of Agriculture and he responds to your request by giving a grant to a university to do agricultural research.

Provincial ministers have also said they do not want any more contracting out. They are proud of our CDA research group, the greatest in the world. We signed an agreement yesterday to share expertise and research with the United States. Thus we will share the research, not duplicate it. We think that is the best way of going about it. Instead of their doing research and us doing the same kind of research, which would be a complete duplication, we could have a shared program.

• (1622)

I should like to refer to direct food aid. Recently I made our pledge to the United Nations; it was approximately two weeks ago. Once again Canada is in the forefront of food aid and food aid development of every description. We are not ashamed of anything. I am not ashamed when I suggest some kind of cartel to sell our food on the world market in order to receive a decent price for it from countries such as Japan, the European Economic Community and the OPEC countries. These countries are stockpiling our food at below the cost of production. Then people, including hon. members on both sides of the House, ask us to use stablization programs to make sure our producers stay in business. They are still pointing out the great economic strides being made by countries like Japan. That indicates how powerful these countries are. The very system we operate under is based on stabilizing our commodities to stay in business. Then they are thrown on the world market. We pound one another on the head. What does all this economic nonsense add up to? Should we subsidize the treasuries of those countries? Should our funds be used in such a manner?

As I have indicated, we spend the least of any country in the world percentagewise. The budget of my department only amounts to 2 per cent of total federal expenditures. When all provincial and federal expenditures across Canada are added, one will find approximately 4 per cent goes to agriculture. We have a healthy, productive agricultural entity. The organization we have allows farmers to look after themselves. People say that the bureaucracy is running these agricultural entities which I am talking about, those people who have net incomes. They are not run by public service bureaucracy, they are run by the producers themselves. In some instances even consumers are on the board. They are running one of the most efficient ships in the world.

I think I would be remiss if I did not end up with a four letter word: eggs. What other product went down in price 3.4 per cent last year and still gives a very fair return to the producers? They receive a net profit for their investment, for the total cost of operation, for their managerial ability, etc. Some people have indicated that it is wrong for farmers to make a constant, steady income. They are efficient producers. I have added the word "efficient" because generally people do not. Never has there been a time in our history when an hour's wage would buy so many eggs as it does now. An hour's wage buys approximately eight dozen eggs.

When I was a young man, I remember working in a factory. I received 55 cents an hour for my work. At that time a dozen eggs cost 45 cents, a pound of beef cost 50 cents and a pound of butter cost 46 cents. It almost took an hour's wage to buy one pound of those products. Never before in our lives has an hour's wage bought so much. Our export policy, agricultural policy, food policy, or whatever one wants to call that humble-jumble, is the best in the world.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, as I rise to take part in the debate on the motion proposed by the

hon. member for Elgin (Mr. Wise), I cannot help but think Canadian farmers are looking very closely at what we say about their declining incomes. After having heard what the Minister of Agriculture (Mr. Whelan) said today, I feel somewhat inadequate. When it comes to bragging, I do not hold a candle to that minister. Sometimes I think perhaps he has missed his calling and should be travelling the world in order to inform them of how great things are in the Canadian farming industry. He is excellent at telling our farmers that they have never had it so good, but he forgot to deal with the motion entirely. He forgot to explain how he intends to deal with farm incomes which have dropped approximately 40 per cent in the last two years.

No one on this side of the House is saying that we are not proud of our farmers. No one is indicating that they are not efficient, nor among the best in the world. We agree with the Minister of Agriculture when he indicates that.

Mr. Oberle: They have to be good to withstand this mess.

Mr. Schellenberger: As my hon. colleague has so ably stated, they must be excellent farmers in order to continue to produce under the conditions they have faced over the last number of years. One must consider inflation, the cost of inputs and the lack of policy. As the hon. member for Elgin indicated, no bills have been put before the House dealing with the problem of net farm incomes. Farmers who are facing the 1978 crop season are doing so wondering just where their incomes will go this year.

Comparisons were brought out today concerning farm cash receipts. They show that receipts for January 1978 over 1977 are down .9 per cent. This is the most recent figure. Net farm income in Canada dropped 11 per cent from 1976 to 1977. Agriculture Canada forecasts for 1978 indicate a further decline of 6.1 per cent. All the bragging about the greatness of this industry will not help farmers balance their books at the end of 1978.

The problem of decreasing farm incomes has not been dealt with. Any farmer can attest to this when he commences his operations this spring. Almost all farm input costs are up. Seed, labour rates, chemicals, fertilizer, the entire gamut, have risen in cost.

I should like to put on the record certain statistics. The gross income for 1976 over 1975 is $33,000 compared to $31,000. Net farm incomes dropped from $12,900 to $11,933 for 1976 over 1975. From 1972 to 1977, the costs have risen 9 per cent over a decrease in income of 1 per cent.

I should like to refer to some individual statistics to indicate what is happening to farmer input costs in Canada today. His total input costs in 1977 over 1976— and this is based on 1961 equalling 100 per cent—went from 232.2 per cent in 1976 to 247.2 per cent in 1977. Mixed fertilizers are up three points, and straight fertilizers are up 3.4 per cent. Land and farm buildings have increased from 285 per cent in 1976 to 297 per cent in 1977. Farm machinery and motor vehicles have increased from 195 per cent in 1976 to 210 per cent in 1977. The same is true with regard to feed, electricity, farm labour and petro-chemical products. All have risen in cost from 1976 to 1977. One could go back to 1961 to show the ever-increasing cost on a percentage basis.

In many cases farmers have had to increase the debt loads they are carrying. If one looks at the total estimated farm credit in millions of dollars over the last number of years, and puts it on a per farm basis, the trend is shown. Perhaps this is not indicative of what has happened, because only farms consisting of more that 50 acres have been included. In 1974 the total credit on all farms was $6,904 million. In 1975 it increased to $8,170 million. In 1976 it went up to $9,536 million. I am sure the 1977 statistics would show a similar increase if they were available.

I should like to refer to average interest rates. Since farmers are required to borrow more money, interest rates have increased as well. In 1974 the average interest rate was 8.8 per cent for borrowed capital. In 1975 it increased to 9.2 per cent. In 1976 it increased to 9.6 per cent. That is another input cost a farmer has to pay in order to continue to meet his balance of payments, or deficit as we like to talk about it in this country. On a per farm basis again, the credit that each farmer on the average has to pay in his operation in 1976 was up from $20,938 in 1975 to $25,158, an increase on the average farm of almost $5,000. These statistics show every individual case over the last five years, and we could go beyond that if we wanted to use these statistics. They show that farm input costs have increased at a very rapid rate.

● (1632)

The minister referred to farm machinery. The cost of a self-propelled combine jumped 89.7 per cent in the years 1973 to 1977. Let us compare the increase in the cost of a tractor with the increase in the cost of an automobile during the same period of time. If the individual consumer had to pay the same percentage increase for his automobile, he would scream to high heaven. During that same period of time the cost of an automobile increased by 24 per cent, yet the cost of a tractor went up by 64 per cent, and for a combine the increase was 89 per cent. It is no wonder farmers are asking why they are consistently having to pay more through input costs than other members of society.

Consumers are always talking about constant dollars based on 1961 statistics. I thought it might be of interest if we did the same in respect of farm commodities. Using the 1961 index base as 100, the cost in relation to a bushel of barley was 217 per cent higher in 1975. If we take the price of a bushel of barley in 1971 as being 75 per cent and work that back to 1930, that bushel of barley would have been worth $1.32. The same bushel of barley based on 1961 dollars would be worth $1.02 in 1975. To produce that bushel of barley in 1930, on the 1961 index of 100 it would cost 41.7 cents. To produce it in 1975 would cost $2.17. This shows that a farmer producing a bushel of barley today has a cost five times greater than in 1930 but is getting less for the same bushel of barley. It costs twice as much as it did in 1961 to produce, but the farmer is getting only 20 cents more per bushel than in 1961.

One can relate these statistics to hogs and cattle, and in all cases in constant dollars farmers are in worse shape today than they were during the years of the depression.

An hon. Member: Oh, come on!

Mr. Schellenberger: Members can well ask how the farmer has been able to exist under these conditions. The only reason is that he has become more efficient. Small farmers have been driven off the farms by these cost increases resulting from the inefficiency of our system in providing farmers a fair return on production.

The Acting Speaker (Mr. Ethier): The hon. member for St. Catharines is rising on a point of order.

Mr. Parent: Mr. Speaker, the hon. member opposite indicated that small farmers are being driven off the land. That is a false statement, because they are not. I happen to be a small farmer. My family still farms effectively and very efficiently, and they are making a good living.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member may have a very valid point of argument, but it is certainly not a point of order.

Mr. Schellenberger: Mr. Speaker, all I can say in response to that interjection is that the hon. member should look again at the statistics. Today the number of people on farms is less than 6 per cent of the population. Not many years ago, probably just before 1968, some 17 per cent of the people of Canada were living on farms.

Let us have a look at what the consumer has to pay for his food today. Canadians are paying the lowest percentage of their disposable income on food. In 1976 Canadians spent only 13.8 per cent of their disposable income on food. This compares very favourably with other countries; 15 per cent by the Americans, 19.2 per cent by the French, 21 per cent by the British and 26 per cent by the Italians. As Canadians we spend proportionately less for our food than the people of most other nations, and this is at a time when our farmers are incurring higher and higher production costs.

Members of this party placed a motion before the House giving specific suggestions on how to increase the income of farmers. We also suggested that the Minister of Agriculture look very seriously at ways of decreasing input costs as well as the price of their commodities. Action is needed now if we are to improve the agricultural income picture and alleviate the constraints which are stifling growth within the agricultural sector.

Before dealing with some specific areas where attention is needed, it should be underlined, as it was underlined by the hon. member for Elgin, that a healthier national economy would definitely improve the income position of farmers and the agricultural sector of Canada. While this is a simple and somewhat obvious conclusion, it needs to be stated. We sometimes forget that the best producers in the country are also consumers who are confronted with the same increases in the cost of living as others and, therefore, need the same increases in their disposable incomes as those in urban climates.

Where are the prime areas where we would like to see action? First, we would like to see action in the field of taxation. Let us allow our farmers to keep more of their earnings, and I suppose this idea could be extended to all people in the country. We feel that one of the areas which should specifically be designated is the area of capital gains. We realize that the capital gains structure for family farms is excellent. However, the people who are left out are the corporate farmers. Many farmers were persuaded by government policy in 1971, when the capital gains tax was first brought in, to incorporate their operations. A large percentage of those corporate farms are in fact family farms. We have suggested over and over again that this method of capital gains should be extended to the corporate farm.

At the same time a large percentage of our farmers in Canada are over the age of 55, and many of them will soon be seeking retirement. If they sell their property now, because land prices from 1971 to 1978 have increased so rapidly a great percentage of the sale would go to capital gains. Many of these farmers would move into the cities for their retirement where a house would cost approximately $60,000 to $70,000. They might retire with, say, $140,000. A home in most towns, and I am only familiar with Alberta, will cost that farmer between $65,000 and $70,000. That comes off the $140,000. By the time he pays $30,000 or $40,000 in capital gains tax he has very little money to place in the bank for retirement. We are suggesting that every farmer be allowed a once-in-a-lifetime capital gains tax-free sale.

● (1642)

In order to combat the problem of price and, subsequently, income fluctuation, attention should be given to a more coherent stabilization policy. We now have the Western Grain Stabilization Act, and we have the Agricultural Stabilization Act. Many of us in western Canada feel there should be regional differences built into those stabilization acts. In the beef industry we find that consistently producers in eastern Canada are getting $4 to $5 more per hundred than we are in western Canada. At the same time the average is based on beef right across the country. Certainly, regional differences in our stabilization plan should be built in.

The hon. member for Swift Current-Maple Creek (Mr. Hamilton) and myself have both proposed that individual stabilization plans should be built into the farmer's operation. There are a number of ways that this could work. The provincial department of agriculture in Alberta had a team of consultants examine the feasibility of such an income averaging scheme. Their suggestion was that the farmers be allowed to open a bank account with a minimum deposit term of one year and a maximum deposit term of seven years, and that the deposit be a minimum of $1,000. The farmers would have to be in the age group of 18 to 70, and only income from farm operations could be deposited into the fund. After examining the plan the management consultants concluded that income

averaging trust accounts were indeed feasible and, if implemented, would help stabilize the rural economy and the prices of farm supplies.

As everyone realizes, there are cycles in the agricultural commodity phases. A farmer in a high cycle would be able to put part of his income in a tax-free account and withdraw that money when his net income was low. It could be further expanded to allow—as in the western grain stabilization fund—for fluctuations of government money at a time when the whole region is in a low income position.

Taxation and stabilization methods can do only part of the job. At present we are lagging behind the United States in agricultural productivity. Some of our traditional export markets for farm products are being eroded. It seems to me that one of the major reasons for this sluggishness is in the federal government's almost exclusive emphasis on price stability as achieved through supply management schemes. What we are suggesting is that the government place more emphasis on the marketing end of the marketing board and much less emphasis on the supply end of the supply management board.

Surely as everyone realizes, farmers like to produce everything that they are capable of producing; but when told that they have to live under quotas and that their input costs are guaranteed, a percentage of them could become sluggish and inefficient in their operations. We are stating that the Department of Agriculture should have a policy in marketing boards emphasizing the marketing end and de-emphasizing the supply management end of it. As well, it should increase the number—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but I have to inform him that his allotted time has expired. Nevertheless, he may continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. Schellenberger: Mr. Speaker, I thank hon. members. I will be very brief because others of my colleagues would like to address the House on this matter.

The last area that I would like to cover very quickly is renewable energy, and this goes along with the research end of the department. I think it is imperative that one of the areas that farmers can save money in terms of their input costs is in the field of energy. The department should be encouraging by way of research areas of renewable energy such as biomass and solar energy. This is an area I would like to see emphasized as much as possible in the future.

We have put forward an excellent motion. We have extended to the minister five areas which he should consider so as to increase the net income of farmers across this country. I urge the members of this House to support this motion.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I am particularly pleased that the official opposition has chosen such an important matter as agriculture to conclude this important series of opposition days before Easter. I hope this Lenten period will be beneficial to all Canadian farmers, not only in Quebec but throughout Canada.

Agriculture is the most important industry, since it provides every human being with the necessary food to ensure his survival. One may be educated, have all kinds of degrees and great knowledge, but the fact is that a man must feed himself each day to recuperate and start again the next day. And it is with food coming from the agricultural sector that most human beings can recuperate from day to day. Therefore, Mr. Speaker, farming is the most important profession on earth, but unfortunately that sector has found and is still finding it very difficult to have its rights recognized, to obtain a fair income equivalent to that of workers in other sectors of economic activity.

Mr. Speaker, I remember having to go one day to a specialist in a hospital. Of course, those people who dispense their science to the sick have the right to be paid for their services. That is absolutely normal. I asked him for a bill. In those days, there was no hospital insurance, and you had to pay your own hospital expenses so I said to my specialist: For the love of God, let me have a bill and I will pay you. He pulled out of his drawer, a book containing a list of fees.

So, I told my good friend to spare himself the trouble of reading the list, or even of showing it to me because I was unable, at that time to show him my own book with the list of the rates I could charge those who availed themselves of my services: I had no such book. So then, I said to my specialist: "make me out a bill so I can pay you." He insisted on telling me what his fee was. On hearing it, I understood that at the going rate, some years ago, even at $2 an hour, it would take me 250 hours of work to pay him for his own four hours of work. As we both had the same number of hours in a day, and in a year, I told him: "I shall have to live to a ripe old age to be able to pay you, and if the other professionals with whom I deal charge the same rate, I shall never live long enough to pay all of you."

But he understood that the work of the farmer is just as important as that of any other person, in any other profession, because I had said to him: "Your work is essential because you repair bodies; but, on the other hand, I feel that my work is also just as important because the bodies that you heal, before they become ill, I have to feed them."

So, Mr. Speaker, I feel it is good that we should pause a moment today to think upon the part the farmer plays in our society. The farming community, Mr. Speaker, have rights, and I wholeheartedly agree that in the past few years we have progressed tremendously far. I recall, Mr. Speaker, that in hard times, during the depression, from 1930 to 1940, many farmers had incurred indebtedness after the first world war, during the inflation years, when people were buying land at extremely high prices and when farm products were selling at very good prices.

This easy period was followed by a decline in prices, while obligations remained the same; the farmers who had committed themselves at that time, were deep in debt, but had no money to pay. It was at that time, between 1930 and 1935, that the Conservative government of Prime Minister Bennett introduced a piece of legislation in this House which was passed by Parliament and was known as the Farmers Creditors Arrangement Act. Under this Act, creditors were required to accept reductions of monies owed them as well as agreements with borrowers so that those farmers could keep their farms, in order, in the years following, to continue their operations, and eventually pay off their debts.

● (1652)

Mr. Speaker, I was forced during these years—and I am not ashamed to say so—to turn with all the other people who were in the same situation, to wards the so-called "back to the land" movement. They got rid of the unemployed in cities by sending them to the so-called settlers' parishes. They were expatriated and left in misery. Today, we see abandoned churches and houses in many parishes which were built with enormous sacrifice and miseries during these years. As far as I am concerned, I was among the lucky ones. I was a farmer and I am not ashamed of it because Canada was precisely built during these first years, these first parishes, these first towns by people named "settlers". This word means that they settled, reclaimed land for cultivation, cut down trees, built farms to expand our national heritage.

I thank the Providence, Mr. Speaker, for giving me the opportunity to have this forum today to explain the colonization to those who do not understand anything to farm workers, to those who are the real builders of this country. It is time, Mr. Speaker, that we did some colonization in the minds and the brains of those who control finance in this country, who think only in terms of profits, stockpiling wealth and forget that there are people who deserve to be paid and to live. Mr. Speaker, I think that today's motion is a good one. Earlier I listened very attentively to the Minister of Agriculture (Mr. Whelan). I did not have the opportunity to hear his whole speech because I was held up outside the House in an important committee. I had to be excused to come and take part in this debate.

Mr. Speaker, in all honesty I would like to make my contribution and second the efforts of all those parliamentarians, on either side of the House, who really want to ensure the survival of our agricultural sector.

Mr. Speaker, I recognize that in the last few years giant steps have been made in the dairy industry. But, on the other hand, just today I received representations from milk producers who have not had the opportunity in the last few months to deliver their production and get paid for it. That is unfortunate, Mr. Speaker.

Imagine, for example, if public servants of this Parliament—and there are thousands of them—would be forced at a given moment to work without getting paid every second week. Today is Wednesday, and you should have seen the number of public servants going into banks to cash their pay cheques, which I hope they earned well. On the other hand, you would have seen the number of people in front of the office of the Treasury Board to claim their pay cheques if they had been denied them today. That is the same feeling experienced by farm producers and milk producers. Those people must capitalize heavily.

Mr. Speaker, it can be boring to quote statistics, but I think that it is necessary from time to time. In 1975, the average capital investment for farms was $135,000. This is a lot of money, and to be able to stay on the farm, especially in dairy production, you must invest even more money. I would like to quote some figures because I believe that it is necessary to see in what direction we are going. In 1850, and some may say that this is old history and that they do not care to hear about it, but we do care about our history. This week, the Prime Minister of Canada quoted whole pages of our history during a visit to Western Canada. I think that he was right and that it is unfortunate that our young people do not know the history and the origins of their country better.

Yesterday, we had in Ottawa students from all provinces of Canada. I was able like many others, for instance, like the hon. member for Riviere-du-Loup-Temiscouata (Mr. Gendron) to meet these young people from Riviere-du-Loup and to see that they were very interested in this institution and in our proceedings. They visited the galleries and many of them were quite surprised to see that the French-speaking and English-speaking parliamentarians were able to meet, to exchange views, because they have been taught that we should hate each other and were not allowed to meet. It is therefore essential that our young people learn about our history, Mr. Speaker. This is why I want to quote some true figures to see if there is really nothing to be done to save our agriculture, which can not only provide food for the Canadian people, but also, because of the richness of our soil, produce a certain amount of food to ease the misery and hunger of human beings in other countries.

In 1850, the Canadian farmer provided for the needs of four people. He needed all of his time to do so. In 1960, the farmer could provide for the needs of 28 people. In 1976, which is not very long ago, the farmer could provide for the needs of 55 people. According to current estimates, the population of Canada will increase from 22.5 millions to 27 millions in 1990, if we stop allowing abortions, of course. We can therefore conclude that the farmer will then have to feed even more people. However, it is important to note that in 1930, the Canadian labour force amounted to four million people, of whom $1.3 million, or 33 per cent, were farmers.

But in 1965, the work force had risen to 9.3 million, of which 0.48 million or 5 per cent only were in farming. There-

fore, food requirements will increase in coming years, which means that if we really want our farmers to be able to produce enough to feed all Canadians, they will have to invest more, to produce more through higher mechanization, which means higher expenditures. So production costs will increase. Something has to be done. More stability will have to be ensured to young farmers.

I live in a rural area and I must speak to these problems. I meet these people every weekend. I get letters and phone calls and as lately as today, I was asked: "What are you going to do about our quotas? Are you going to do something?" Mr. Speaker, we did fool ourselves. As early as 1955, when I was an active farmer living off the land, I was fighting against a product called margarine that was invading the market. We were asking the government to protect us, to protect our dairy industry against margarine. We were told there was no danger, it was a low-quality product, it was not dangerous, it could never replace butter, and so forth. Well, Mr. Speaker, behind that were big corportions, a powerful organization capable of taking over the market for that product, and today, Mr. Speaker, I am not blaming the consumers.

● (1702)

[*English*]

The Acting Speaker (Mr. Turner): I regret to have to interrupt the hon. member but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Lambert (Bellechasse): Thank you. Mr. Speaker. My, such generosity today, how amazing! I thank you and I shall not take advantage of it.

I simply want to say this: we are now paying for our nearsightedness: this product has invaded the market, it now replaces the dairy product. As for the minister, who is listening to me very closely from his seat, I am convinced that deep down he knows that if this year, when the next dairy year is announced, and I hope he will announce the policy very soon and there will be improvements instead of condemnations, the consumption of dairy products has decreased, it is precisely because more dairy produce substitutes are consumed, and today, that is a well-established fact on the market, prices have gone up. Margarine is just as expensive as butter. So what should we do? I should like to propose something, Mr. Speaker. It is nothing new, it was done under a minority government and gave concrete results. Under a minority government, there was a discount policy for the consumption of whole milk. It does not sound like much, a nickel a quart, but when you add up all the quarts, millions of dollars have been paid in discounts to Canadian families for the consumption of whole milk.

Mr. Speaker, I would like to ask the minister why we could not return to that policy because it was a human policy and it would be beneficial to families with several children. I understand that are converting to the metric system. Today it is called a litre. It is eight ounces less than a quart, so at 5 cents that would represent a substantial discount for families. So as not to overburden the neighbour, he may not have any children but in the present system we must still pay for the discount the other one is getting, since we have a higher gross national product and there is a lack of income available to families to be able to increase production made by Canadians and for Canadians, that is where the discount mechanism comes in. This discount mechanism could be paid by new credit, not by chartered bank borrowings, not by taxes on individuals, but by credit created and minted by the Bank of Canada and made available to the Minister of Agriculture (Mr. Whelan) and the Canadian Dairy Commission.

The Prime Minister and the Minister of Finance (Mr. Chrétien) were telling us not long ago that the purchasing power had to be increased to stimulate consumption and restore balance in this country. I share their view but with different means. Instead of increasing the purchasing power of people who really need it by taking it out of the pockets of those who do not really have enough of it, let us rather increase the purchasing power of those families with new credit made available by the Bank of Canada. I will never give up on that because I am so convinced, Mr. Speaker, that this must be the instrument to bring about the increase in the money supply in this country based on industry and work. This seems to me to be so logical. Why go and borrow water from the neighbour's well when we have a good well full of good water? Why pay someone something to be able to use it when we have what we need at home and without hurting the other fellow?

Mr. Speaker, it seems to me that is elementary logic, and that is why I say, in closing, that in the interest of Canadians, agriculture must be protected, our farmers must be encouraged to remain on the land and continue to work and produce the food required to meet people's needs; but, in return, let us try to ensure them a stable income, a decent worker's wage. If we adopt such policies, Mr. Speaker, we can be sure that generations to come will be grateful to those who, today, have the courage to grab the bull by the horns and straighten out our economic system by protecting the basic industry, the most essential in our country, namely, agriculture, and in the case of Quebec, the dairy industry.

● (1712)

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): First of all, I should like to tell the hon. member for Bellechasse (Mr. Lambert) that we, on the government side, share his concern for Canadian agriculture and that, together with the Department of Agriculture, we are constant-

ly striving to improve the situation of agriculture in Canada generally, but more specifically in the province of Quebec.

Mr. Speaker, the motion before the House today lists five areas of concern in agriculture, and I suggest that in his remarks a while ago, the Minister of Agriculture (Mr. Whelan) clearly indicated that he is well aware of them. I should like to mention the efforts the Department of Agriculture has been making to sell our surplus abroad, with particular emphasis on the work the Minister of Agriculture recently carried out in a number of countries. Canada is one of the major food producing countries in the world and must, because of this, assume a large burden of responsibility for the millions of starving human beings all over the world.

The malnutrition problem can be solved only by increasing the food production of developing countries. We must however expect food assistance in the form of donations from wealthy countries to continue to be necessary for a long time. Canadian food assistance is sent multilaterally and through certain non-government organizations. Before 1974, most of this assistance was given bilaterally, that is from country to country. In 1976, Canada sent directly to the poorest countries $125 million worth of food products. More than 20 countries have benefitted from this assistance in the last five years.

Canada sends most of its food assistance through the United Nations World Food Program which includes more than 100 donating or receiving countries. Canadian shipments are made up mostly of wheat surplus, wheat flour, powdered skim milk, which is often mentioned in relation with our dairy policy, cheese, fish, canned beef, beans and egg powder. From 1973, when the World Food Program was created, to 1976, the total contribution of Canada in funds and in food products amounted to $320 million, including $50 million in funds. UNICEF and other UN organizations also benefit from this type of assistance. Finally, part of our food assistance is distributed through non-government organizations.

Important conferences on this subject have been held in the last few weeks. The Minister of Agriculture represented our country at these conferences. At the 19th FAO Conference held in Rome on November 16, 1977, the Minister of Agriculture noted that the commitment of Canada to the World Food Program for the fiscal year 1977-78 amounted to 400,000 tons of grain, which is part of our commitment of one million ton for the current year, in addition to $13 million worth of other food products and $10 million in funds.

Canada also announced his intention, subject to parliamentary approval, to contribute $7.5 million for 500,000 tons of the emergency world food reserve. Our country also pays $33 million to the International Farm Development Fund because we believe it is important to invest in international farming development. In spite of the enormous quantity of food products transported from one continent to another, most human beings depend on the food produced in their own country or near their own town or village. This is why Canada strongly supports increased food production in underdeveloped countries. The Canadian aim is to devote 33 per cent of its bilateral funds to agricultural development projects for 1977 to 1982.

This sector would thus be the major beneficiary of our bilateral aid program. Right now almost 300 agricultural projects are already under way or are being planned and, for all practical purposes, Canadian assistance in various sectors is over $1 billion a year.

At the meeting of the OECD agriculture committee held in Paris on February 9 and 10 last, the Minister of Agriculture of Canada, as deputy chairman of the committee, pointed out that the food strategy which is being set up in Canada will be beneficial for Canadian farming as well as for our world food assistance. The aims suggested for the food strategy are as follows: to give consumers permanent access to high quality food at reasonable prices; second, to assure a decent agricultural income enabling farmers to enjoy an acceptable standard of living; third, to produce for export purposes the foodstuff for which the country enjoys a worldwide competitive position; fourth, to provide food assistance to needy countries.

On that occasion, he pointed out that it was no longer sufficient to assess the qualify of our food aid programs and that we should also consider the whole food supply management at the international level. Finally, at the United Nations and FAO Conference on the contributions to the World Food Program held in New York City on February 21 last, the minister reported that the Canadian government had allowed $95 million for each of the years 1979 and 1980. The two year plan therefore grants $170 million in food and $20 million in cash. That aid reflects the concern of Canada over the world food situation. Our contribution to the developing countries covers therefore three main aspects: aid under the form of food, whether wheat, skim powder or cheese which are surplus products in Canada and represent several tens of millions of dollars in technical aid.

So, Canada has tried over the years 70 to draw closer its ties with its neighbours of Latin America. One of the first steps in this direction is a bilateral technical aid program in Latin America, through the Canadian International Development Agency. This aid is aimed at three sectors: agriculture, education and community development. Another way for Canada to have closer ties is to increase its participation in regional institutions and organizations, such as the Inter-American Institute of Agricultural Sciences. Also, the department has appointed an official whose function will be to explain our agricultural research programs to the international organizations concerned.

Agriculture Canada is aware of its responsibilities in the face of the world food situation, and it is our farmers who are producing the foodstuff that Canada gives to developing countries. It is the officials of this department, be they agronomists, veterinarians or researchers, who support them, and the Department of Agriculture attends all international confer-

ences on world food supply. It does its share to help underdeveloped countries or countries with insufficent food supply, and we can say that our current program is indeed very generous. The department wishes to remain active in this field.

Before resuming my seat, Mr. Speaker, because time is running out and one of my colleagues also wants to speak on this opposition motion, I would like to reassure the hon. member for Bellechasse (Mr. Lambert) concerning the dairy policy. He voiced his concern over the soon to be announced new dairy policy. I must reassure him because this government has always endeavoured to have the most viable dairy policy for milk producers in Quebec and in Canada.

I must assure him that a special committee of government members—an agriculture sub-committee—has been working for three months to produce if not the best, at least a very good dairy policy for every industrial milk producer in Canada. We certainly share the concerns of producer federations over reduced quotas, but we are aiming for the maintenance in 1978-79 of quotas issued in 1977-78, under a farm policy being developed be the sub-committee on agriculture and hon. members from this side of the House.

● (1722)

[*English*]

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, I want to thank the hon. member for Elgin (Mr. Wise) for introducing this motion today. I think it is very timely and appropriate that this House should discuss the problems and the plight of the farm producers of Canada. The hon. member spoke about declining farm income in various sectors. We then heard from other hon. members, including the minister. I commend the minister for his efforts and his devotion to the cause of the Canadian farmer.

Hon. members opposite like to criticize the minister at times, but I think in their hearts they know that this Minister of Agriculture (Mr. Whelan) has carried the cause of the farmer to every corner of this country and to every sector. He has done so at all times in a fearless, forthright manner. While hon. members opposite might at times disagree with him, I am sure they do not deny that fact and the effectiveness of the job he has done for the food producers of this country. The minister's efforts are not well known by many people, even people in rural communities who perhaps should have a better appreciation of farm producers' problems.

Farm production has become so complex that a great part of our population does not really understand some of the problems faced by farmers. I am happy to have in my possession a letter from which I will read one paragraph, as follows:

I need not tell you the high regard and esteem in which you are held by all associated with this Council.

This is a copy of a letter addressed to the minister.

As you indicated in your address, all of our members may not be Liberals, but let me assure that all accept you as a true friend and the best spokesman for horticultural producers we have known.

[Mr. Caron.]

That is signed by the secretary-treasurer of the Canadian Horticultural Council, and I think it is typical of the feelings of many farm groups in this country.

I realize that my time is very short. Having said what I have said with respect to the minister, let me say that I happened to see a clipping from a western Canadian newspaper over the weekend. It was a release by the deputy minister quoting a report of a task force on beef production. I only wish that some of the people conducting these studies who are working for the minister were as up to date as the minister is. According to this report, it costs 35 cents a pound to produce beef in this country today.

Somewhere along the line a report has been buried. That might have applied 15, 18 or 20 years ago, but it certainly does not apply today. I was amazed at that report, and I have not yet had an opportunity to find out where it came from or how it became public. I hope nobody in the minister's department believes that. I know the minister does not believe it. He knows that the situation is different from that. I only hope some of the officials he has working for him are more aware of the facts than that newspaper clipping serves to indicate.

An hon. member opposite mentioned capital gains legislation. I certainly agree with the hon. member for Wetaskiwin (Mr. Schellenberger) that there have been two major improvements for the farmer, but there is room for more. The initial rollover rights which apply now to the family farm—and have, I suppose, since the beginning of that legislation—could be expanded. I am sure the hon. member for Wetaskiwin is well aware that we have provided for an exchange of property to apply not only to the farmer but also to the small businessman. That was a major improvement.

We can certainly look forward to the extension of that rollover provision and other provisions relating to capital gains for the incorporated farm, which has over the years become the trend, according to tax advisers and others, for many farmers. Tax people recommended that, farmers picked it up and today they must leave their land outside their operating company. It seems to me that the law should be changed in that respect.

Perhaps we could look at another change, a change in the valuation day, December 31, 1971. Perhaps we could move that date forward and suggest an average of other dates to improve that figure to the benefit of the taxpayer. Perhaps we could provide some kind of indexation which would adjust the value of a particular farm. Another option might be a once-in-a-lifetime exemption for capital gains, whether for a farmer or a small businessman.

● (1732)

Precedents have been set with the former gift tax provisions under the Income Tax Act and other provincial legislation. That is an avenue which should be explored more fully. As a matter of fact, it is a resolution which was recently approved at the national Liberal convention, and I am sure there is no disagreement in principle on either side of the House with

provisions of that kind to improve the tax situation of the farmer.

In conclusion, let me say a few words regarding what hon. members opposite said concerning the lack of a farm policy. We amended the Agricultural Stabilization Act a couple of years ago to include production costs. I can recall many hon. members opposite decrying the fact that we are even looking at that. They certainly did not want to do anything which could be construed as stabilizing, putting in a floor price or in any way supporting the incomes of producers. We are very concerned about that. Many of them fought every inch of the way as we worked for years to implement the western grain income stabilization act. I am very happy—it must be because an election is coming or something—that my hon. friends opposite are suddenly realizing that we should seek new ways to bring about greater stability in the incomes of farm and food producers in this country.

Mr. Speaker, in view of the time and of my commitments to hon. members opposite, I will now conclude my remarks.

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, as I listened to the minister I was reminded of the story of the new reverend who went to the south west corner of Saskatchewan in the ranching country and on his first Sunday out there waited outside the church. Finally, one rancher showed up. As there were no more, they went inside, sang the hymn, preached the sermon and took the collection. Then the reverend went to the back of the church and met the rancher as he was leaving. He shook his hand, thought for a minute and said to the rancher: "Say, if you went out to feed your cattle and only one animal showed up, would you still feed it?" The rancher thought for a while and said: "Yes, I reckon I would, but I sure wouldn't give it the full load." Well, we sure got the whole load from the minister today.

Some hon. Members: Hear, hear!

Mr. Hamilton (Swift Current-Maple Creek): The minister has been described as a bull who carries his own china shop. It is an apt description. Some time ago he told us to pray. Today he spoke about Christ. I have here the March issue of *Farm Light & Power* which contains an article headlined: "Farmers repeating Bible story"—written by the Minister of Agriculture (Mr. Whelan). It recounts the Old Testament story of the Egyptian famine. The minister writes:

> This is how I reconstruct that story:
>
> ... Joseph was appointed manager of the organization and bought up all the grain produced each year. But he instructed each farmer to hold back enough grain for seeding the next year.
>
> So, for seven years the farmers planted their own grain, including all the weed seeds and diseased seeds. The weeds and diseases multiplied. After seven years, Joseph brought about the famine he had predicted.

Well, Mr. Speaker, I read a different message into that story.

Some hon. Members: Hear, hear!

Mr. Hamilton (Swift Current-Maple Creek): The minister is always talking about levelling out the boom and bust cycles in agriculture. This is what concerns us, because he has worked hard at it but so far has only managed to level out the boom periods. Today he compared the government to a ship. All I can say is that if this is the correct analogy, then farmers are certainly getting ready to take to the lifeboats.

With regard to the Farm Credit Corporation amendments, all I can say is: Bring them in, we will go to work on them.

The minister brags about marketing boards. My view from western Canada is that without exception they tend to reduce the number of producers. I grant you, Mr. Speaker, that the money is there, but the family farms are not, and that is the fastest way I know to depopulate our rural areas.

The minister spoke about the declining world price of grain responsible for the farm income slide. It is interesting to note right now that the top grade grain asking price in Vancouver is $4.30 a bushel. And still his colleague, that economic virgin from Saskatoon, has the temerity to tell farmers that they will be receiving nothing above the $2.75 initial price which they have already received. There is over $1.50 a bushel difference between what the farmer has received and will receive for the rest of the crop year and what the grain is selling for at present. Is it any wonder that my party is asking to have the Auditor General take a look at the accounts of the Canadian Wheat Board?

About a week ago some 14 of my colleagues and I went up to Saskatoon to meet with Mr. Justice Hall and have a talk with him about the recommendations contained in the Hall report. We were aware that so far only six of the 92 recommendations have been implemented, five others have been partially acted upon, but no action taken on the rest. We were disturbed to find that neither the government nor the Minister of Transport (Mr. Lang) had ever contacted the chief architect of the Hall commission. Our main concern was that the piecemeal approach of this government to implement the report was jeopardizing the whole concept of Judge Hall's report, which was to try to improve the economic situation on the prairies and rationalize our primary grain handling system.

Another concern was that the prairie rail action committee set up by the Minister of Transport, instead of the prairie rail authority recommended by the commission, was just a stall which would put us right back where we were before the commission was established, back in the hands of the eastern controlled Canadian Transport Commission. We are concerned that the railways are receiving far too much taxpayers' money without having to account in any way for how that money is being spent.

We were also disturbed at the fact that there is no government policy to assist the prairie livestock feeding industry or the oilseed crushers by offsetting the low statutory rates on grain.

Our policy on the Hall report is very plain and it has been stated before. First, we believe that the low Crow statutory rate for the grain producers must stay; that the government must pick up the difference between the Crow rate and the compensatory rate; that a subsidy is required to remove the

current freight rate distortion on livestock, meat products and oilseed products—this would cost this year some $30 million—and that the railroads must be responsible for maintaining and upgrading their prairie rail network with no further subsidy from taxpayers.

At present, the railroads have the best of both worlds—subsidy plus grants to be spent as they wish. So far as I am aware, not one cent of the subsidy has been spent on branch lines. Certainly they have upgraded the mainlines. I was surprised at the last Wheat Board area meeting in Swift Current a couple of weeks ago to find that although the hopper cars, some 6,000 to 8,000 of them, are a complete gift to the railways, if they are involved in a wreck the railways are not even required to replace the wrecked cars. Yet they are responsible for maintenance. So what happens if the cars are damaged? Rather than fix them, they scrap them. This is incredible.

We tend to be a little nervous about the low statutory rates on grain but what do our good neighbours to the south do? Over $1 billion a year is spent by the U.S. corps of army engineers on their toll-free waterways. This makes the assistance that western Canada receives look pretty small.

I have a couple of interesting news releases put out by the Minister of Agriculture and the Minister of Transport. It is not much wonder they are putting out this sort of news release when you take a look at some of the editorials in the western papers. I have one here called the *Free Press Report on Farming* of February, which states in the editorial:

> If anybody in this country gave a damn about Canada's future as a grain exporter, the present situation at the west coast would be a national scandal . . .
>
> The scandalous part is that after a few years of reasonable grain prices and massive amounts of study and discussion, Canada isn't any better equipped to move grain through west coast ports than it was in 1972.
>
> All Canada has been able to do since the last transportation tie-up (besides offering incentives for more storage) has been to provide work for huge numbers of civil servants and numerous trips, at taxpayers' expense, to balmy Vancouver.

● (1742)

> What do farmers have to do to preserve their reputation as reliable suppliers of grain and oil seeds?
>
> This time Canada has no excuse—no serious labour problems or natural catastrophe has caused the backlog.
>
> Our customers have seen this before, and they are getting sick of it.

It continues:

> It's a problem that will only be solved with concrete, steel and long term investment.

The government has indicated that it will spend money on its terminal at Prince Rupert. This is at a time when the terminal is not being used to capacity and has not been for years. Also it is at a time when the government of Canada owns a terminal in the port of Vancouver which has not been used for the last 15 years.

I should like to refer to a newspaper article entitled: "Whelan promotes cartel". The Minister of Agriculture referred to this today. In part the article reads as follows:

[Mr. Hamilton (Swift Current-Maple Creek).]

> Food-producing countries should organize themselves as oil-producing nations have to force the industrial powers to pay higher food prices, Agriculture Minister Eugene Whelan said last week.

Certainly I would like to issue a word of caution on this question. Historically any scheme to build reserve stocks has tended to depress prices, even though administered pricing is involved. No buyer is likely to panic and pay the high prices we received a few years ago, as long as reserve stocks are available.

It has been fashionable in this country to think that our political rights guarantee equality in all things. This has come to mean equality not only at the starting line but at the finishing line as well. I just do not believe it. We should all have equality at the starting line and while the race is on. We should have the freedom to run that race as best we can. Finally, we should have the freedom to receive the rewards of that effort.

There is a great reservoir of energy and new ideas waiting to be tapped in Canada, but there is a feeling of hopelessness throughout the entire land. We need a change in policy, attitudes and outlook. We need a new Canada with a new government.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Florian Côté (Richelieu): Mr. Speaker, these last remaining minutes at my disposal will be very short indeed. I would have liked to deal first with the problem faced by the dairy industry, which seemed to concern even the mover (Mr. Wise) and the hon. member for Bellechasse (Mr. Lambert). I noticed that in the motion, five paragraphs are apparently putting this before the House as a whole and we are merely all in agreement this indeed has already been implemented by the governnment. The formulation of the motion is somewhat late, because we have the area of exports and help to underdeveloped countries, as mentioned by my colleague from Beauce (Mr. Caron). The minister also dealt with marketing. However, I would have liked to have more time to explain to some of my colleagues who may not really know the problem faced by the dairy industry the difficulty for the government of administering that industry since 1971 in a more democratic way. In 1971, in this large democracy of ours, jurisdiction over and administration of milk quotas were transferred at the request of the provinces. Since then, the only thing the Canadian government has to do is "repay", administration being a provincial responsibility. Mr. Speaker, may I say it is 5:45 p.m. There is a lot more I would like to say, but I respect our agreement.

[*English*]

Mr. MacGuigan: Mr. Speaker, I rise on a point of order to request the unanimous consent of the House to revert to Presenting Reports from Standing or Special Committees in order to present a committee report.

Mr. Speaker: I understand the hon. member for Windsor-Walkerville (Mr. MacGuigan) will receive the unanimous consent of the House in order to revert to the reception of committee reports for the tabling of a report.

Mr. Baker (Grenville-Carleton): That is correct, Mr. Speaker.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

JUSTICE AND LEGAL AFFAIRS

FIRST REPORT OF STANDING COMMITTEE

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I have the honour to present the first report of the Standing Committee on Justice and Legal Affairs in both official languages.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTED DAY S.O. 58—DECLINE IN FARM INCOME

The House resumed consideration of the motion of Mr. Wise:

That this Houses regrets the continuing decline in farm income and urges the government to:

(1) extend the deferral of capital gains taxation now levied on family farms to include partnerships and incorporated farms;

(2) promote agricultural exports and reduce Canada's present reliance on imported agricultural products;

(3) develop marketing programs that will encourage long-term income stability;

(4) encourage the expansion and improvement of agricultural research to ensure efficient production techniques;

(5) provide direct food aid and human and financial assistance to Third World countries.

Mr. Speaker: It being 5.45 o'clock p.m., it is my duty, pursuant to Standing Order 58(10) and the order made on Monday, March 13, 1978, to interrupt the proceedings and put forthwith every question necessary to dispose of all Business of Supply now before the House, including the bill based on Supplementary Estimates (B) and first reading of the bill based on interim supply.

Interim Supply

MOTION FOR CONCURRENCE IN SUPPLEMENTARY ESTIMATES

Hon. Bud Cullen (for President of the Treasury Board) moved:

That supplementary estimates (B) 1977-78, laid upon the Table, Wednesday, March 1, 1978, be concurred in.

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

Some hon. Members: Agreed.

Motion agreed to.

Hon. Bud Cullen (for President of the Treasury Board) thereupon moved that Bill C-30, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978, be read the first time and be printed.

Motion agreed to and bill read the first time.

Mr. Speaker: Pursuant to Standing Order 58(10) the question is upon the motion of Mr. Cullen (for Mr. Andras), seconded by Mr. Whelan, that Bill C-30 be now read the second time and be referred to Committee of the Whole.

Mr. Cullen (for President of the Treasury Board) thereupon moved that Bill C-30, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1978, be read the second time and referred to Committee of the Whole.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Turner in the chair.

The Deputy Chairman: Order, please. House in committee of the whole on Bill C-30, an act for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1978.

Clauses 2 to 7 inclusive agreed to.

Schedule agreed to.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time? By leave, now?

Some hon. Members: Agreed.

Mr. Cullen (for Mr. Andras) moved the third reading of the bill.

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

Some hon. Members: Agreed.

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

● (1752)

INTERIM SUPPLY

Mr. Speaker: The motion is by Mr. Cullen, for Mr. Andras, seconded by Mr. Whelan, that this House do concur in interim supply as follows. I would hope that these two pages of rather detailed figures have been made available for examination by hon. members and I may dispense with the reading of the motion, and that it will be printed as having been read.

Some hon. Members: Agreed.

Hon. Bud Cullen (for President of the Treasury Board) moved:

That a sum not exceeding $5,657,022,492.00 being the aggregate of:

(a) three-twelfths of the total of the amounts of the items set forth in the Estimates for the fiscal year ending March 31, 1979, laid before the House of Commons on February 22, 1978, $5,188,330,365.50;

(b) an additional eight-twelfths of the total amount of Energy, Mines and Resources Item L65, External Affairs Item L15, Indian Affairs and Northern Development Items L40 and L45, Transport Item 90, Treasury Board Items 20 and 35 and Urban Affairs Item 20 (Schedule A) of the said Estimates, $64,618,666.67;

(c) an additional six-twelfths of the total amount of Secretary of State Item 70 and Treasury Board Item 10 (Schedule B) of the said Estimates, $75,050,000.00;

(d) an additional five-twelfths of the total amount of Treasury Board Item 5 (Schedule C) of the said Estimates, $83,333,333.33;

(e) an additional four-twelfths of the total amount of Finance Item 5 (Schedule D) of the said Estimates, $45,666,666.67;

(f) an additional three-twelfths of the total amount of Communications Item 1 and Secretary of State Item 45 (Schedule E) of the said Estimates, $28,786,500.00;

(g) an additional two-twelfths of the total amount of Energy, Mines and Resources Item 10 and External Affairs Item 5 (Schedule F) of the said Estimates, $97,250,500.00;

(h) an additional one-twelfth of the total amount of Energy, Mines and Resources Item 20, Finance Item 1, Indian Affairs and Northern Development Item 5, Privy Council Item 1, Supply and Services Items 1 and 15 and Transport Item 20 (Schedule G) of the said Estimates, $73,986,459.83;

be granted to Her Majesty on account of the fiscal year ending March 31, 1979.

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

Some hon. Members: Agreed.

Motion agreed to.

Mr. Cullen (for President of the Treasury Board) moved that Bill C-31, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1979, be now read a first time and be printed.

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

Some hon. Members: Agreed.

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

Mr. Speaker: Shall I call it six o'clock?

Some hon. Members: Agreed.

Mr. Speaker: It being six o'clock, the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 5:53 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, March 16, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

NORTHERN AFFAIRS

NORTHERN PIPELINE—GOVERNMENT POLICY ON SETTLEMENT OF NATIVE LAND CLAIMS—MOTION UNDER S.O. 43

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. During yesterday's meeting, March 15, of the Special Committee on a Northern Gas Pipeline, an internal departmental document was identified and was quoted in part.

In view of the fact that the government document states, "The government of Canada is prepared to extinguish native land claims if necessary by legislation to support its international word and commitment but it will do so in a way which represents the fairest possible settlement to those involved", and that the contents of the document could prejudice Indian and native people and impede meaningful negotiations, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House requests the Prime Minister to take the first opportunity on motions to clarify government policy with a view to reassuring the Indian and native people in the Yukon and British Columbia and indeed in Canada that the government will not legislate a unilateral settlement of native claims but will continue the policy of negotiating a fair and just settlement of those claims.

Mr. Speaker: Presentation of such a motion for discussion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

ANNOUNCED SHUTDOWN OF CHRYSLER PLANT—REQUEST FOR GOVERNMENT INTERVENTION—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that Chrysler Corporation today announced it will be shutting down its truck plant in Windsor in July, with a loss of 800 jobs, while the operation moves to the United States, that within the last three years the federal government forgave Chrysler $17.5 million in duties built up because Chrysler had failed to meet its commitments regarding trucks under the auto pact, and that it is unlikely Chrysler will continue to be able to meet its commitments in the medium- to long-term after the closing of this plant, I move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That this House instruct the Minister of Industry, Trade and Commerce to personally intervene and take whatever steps are necessary to force Chrysler to maintain production in this country.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

WITHDRAWAL OF JANUARY, 1978, SUBSIDIES TO QUEBEC MILK PRODUCERS—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity for Quebec dairy producers and especially this government's integrity.

In view of the fact that the CDC is holding back part of the subsidies dairy producers should have received for their January 1978 production, that approximately 50 per cent of Quebec dairy producers have gone along with the government's request to comply with the set quotas, and that these are precisely the producers who are most severely punished by the CDC's decision, in spite of the fact that their only mistake has been to do their duty and comply with the government's regulations, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House direct the Minister of Agriculture (Mr. Whelan) to order CDC Chairman Gilles Choquette to shed light on the marketing boards' quota tampering, and ask the federal government to cancel this shameful holding back from Quebec dairy producers of the subsidies they should have received for their January 1978 production.

S.O. 43

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

POST OFFICE

UNFULFILLED ORDERS FOR OLYMPIC COINS—GOVERNMENT POSITION—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise on a matter of urgency under the provisions of Standing Order 43. In view of the fact that prepaid 1976 orders for Olympic coins remain outstanding, purchasers are unable to get delivery or refunds from Olympic coin dealers under this federally-legislated program for which the government should be accountable to the general public, and that the Post Office Department apparently will not accept responsibility, I move, seconded by the hon. member for Capilano (Mr. Huntington):

That the Postmaster General report to the House of Commons prior to the Easter recess of parliament on this important matter.

Mr. Speaker: Presentation of such a motion for discussion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

MINISTER'S SPEECH NO SUBSTITUTE FOR BUDGET—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

● (1412)

That this House wishes to make it clear to the Minister of Finance that a speech by him at 8 o'clock tonight during the debate on Bill C-31 is not to be construed as a substitute for a budget, and this House calls on the Prime Minister to make it clear that there will be a budget before parliament is dissolved for the holding of a general election.

Mr. Speaker: Such a motion, pursuant to the provisions of Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Beaudoin.]

EXTERNAL AFFAIRS

GOVERNMENT INITIATIVES TO RE-ESTABLISH PEACE IN MIDDLE EAST—MOTION UNDER S.O. 43

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, under the provisions of Standing Order 43, I rise to bring a matter of urgent and pressing necessity before the House regarding the critical situation in the Middle East.

While Canadians can understand the frustration which has led people to resort to violence and terrorism, such activities cannot be condoned, whether in the form of terrorism or open aggression. Such activities are unacceptable from any source. I therefore move:

That this government, at the earliest possible moment, bring forth initiatives at the Security Council of the United Nations, bilaterally with the United States and with the states currently in confrontation, that would re-stabilize the situation in the Middle East in order that earlier, positive peace initiatives may be resumed.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

REGIONAL ECONOMIC EXPANSION

REQUESTED ASSISTANCE FOR CASTLEGAR, B.C.—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that radon gas has been discovered in the ground-water supply in the city of Castlegar, in view of the fact that the Department of National Health and Welfare is to conduct a survey of the basements of residences in Castlegar for the detection of radon gas, and in view of the fact that up to now the federal government has ignored an application by that city for assistance under the DREE program, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the Minister of Regional Economic Expansion reconsider his decision to fund that community under the DREE program.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

EXTERNAL AFFAIRS

KIDNAPPING OF FORMER ITALIAN PREMIER, ALDO MORO—EXPRESSION OF HOPE FOR EARLY RELEASE—MOTION UNDER S.O. 43

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for York West (Mr. Fleming):

That in view of the kidnapping this morning in Rome of former premier Aldo Moro, a political figure respected internationally for his integrity and stature, this House express to the government of Italy the deep shock felt by this House and by the people of Canada upon learning of the kidnapping, and express the hope and prayers on Canada's part that Mr. Moro be freed unharmed and soon.

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The House has heard the terms of the motion—

Some hon. Members: No.

Mr. Speaker: Oral questions.

ORAL QUESTION PERIOD

[*English*]

INDUSTRY

TRADE IMBALANCE RESULTING FROM AUTOMOTIVE PACT WITH U.S.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I want to put a question to the Minister of Industry, Trade and Commerce regarding our trade deficit in the automotive account that we note has risen 8.5 per cent to $1,088 million. The minister is quoted as having said on the CTV program "Question Period" recently:

We've done very well in the auto pact; we've only lost about a billion in parts.

He is also quoted as saying:

More agreements similar to that might help Canada.

I ask the minister if he is aware that we have had five consecutive years of trade deficits in the automotive account. That amounts to $5,653 million and represents 39 per cent of our total balance of payments deficit over the past five-year period. The Canadian study done on the auto pact by his department indicates that the share of new trade would decline because new investment is being concentrated in the United States. Does the Minister still believe that the government has done very well, noting the effect the automotive trade imbalance is having on our balance of payments?

● (1417)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, there are many ways to look at the automotive pact. We gain in employment. We have 11.2 per cent of the employment in the automotive pact, and we have about 8.9 per cent of the market. Actually, our exports of automotive vehicles and parts increased something like 25 per cent last year. I hope that with the efforts we are taking in 1978, we will come much closer to balancing automotive trade between Canada and the U.S. in total parts and vehicles. The 8.5 per cent which the hon. member speaks of, if he compares that with the inflationary rate he will see that we are holding our own very well.

Mr. Kempling: Mr. Speaker, I would never consider a trade imbalance of $1,088 million as "holding our own very well." Be that as it may, the automotive agreement is a bilateral agreement between the Americans and Canadians. However, from the Canadian side it is a multilateral agreement.

I ask the minister why the government has not negotiated with the Americans for a North American content in automobile production and specified this by agreement as to the percentage of components we could have in that content. Why has he not done this, to offset the terrible loss in automotive parts that we are suffering at the present time?

Mr. Horner: Mr. Speaker, our exports of automobiles increased something like 26 per cent last year over 1976. In order to increase our export of vehicles, we have to import parts to put into the vehicles.

An hon. Member: That is intelligent.

Mr. Horner: If our vehicle exports increase, then it is understandable in the agreement that many more parts might have to come into Canada in order to allow us to increase our exports of vehicles. If the hon. member is suggesting that we go to the United States and renegotiate the automotive pact, that is a thought which we have considered from time to time. But we have not given up on the auto pact. We believe that with a great deal more encouragement we can get more parts manufactured in Canada.

Mr. Kempling: Mr. Speaker, I am not suggesting that we necessarily renegotiate the auto pact, because it is an ongoing process. I am concerned about the parts which come in from Brazil and Mexico. I am talking about North American content. I ask the minister, what negotiations is he having with Chrysler Corporation regarding the closing of their truck plant in Windsor? Is he aware that we will lose 800 jobs? Does he know what effect this will have on our balance of payments and balance of trade? Also, what effect will it have on Chrysler's Canadian value added equation in the auto pact agreement?

State. Does the minister still believe that the government has

Mr. Horner: Mr. Speaker, my officials are in Windsor this week talking to Chrysler. I understand that Chrysler is to shut down one old truck plant. In the last two years they have spent $43 million in overhauling their new truck plant. They hope there will be no loss of jobs and that they will be able to accommodate the workers from the old truck plant in the new truck plant.

[*Translation*]

GENERAL MOTORS—POSSIBILITY OF ESTABLISHING FOUNDRY IN CANADA

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is also for the Minister of Industry, Trade and Commerce. The minister will recognize that, under the auto pact, our country is now facing an increasing deficit as concerns automotive parts, but according to certain information, it seems that General Motors would be very interested in establishing a large foundry in Canada. Can the minister tell the House if he has had personal negotiations with officials of this company concerning the building of a foundry in Canada in the near future?

● (1422)

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, as I have said many times in this House, we are carrying on negotiations with the Big Three automobile manufacturers. They are considering a foundry such as the hon. member speaks of. For me to comment on it now would perhaps hinder, rather than help the negotiations. I know the hon. member wants to see the negotiations come to a successful conclusion. For me to intervene now and say something publicly would not help.

[*Translation*]

Mr. La Salle: Mr. Speaker, I would like to ask the minister responsible for these negotiations if there still is a possibility of a major foundry being established in Canada by General Motors, which would make us very happy, and can he tell us if he has recommended any locations for this project? If so, can he say where this foundry could be built in Canada?

[*English*]

Mr. Horner: Mr. Speaker, many areas are being considered. Here, again, I do not believe the government should decide where it is to be. We have placed before General Motors the options available to them in Canada, and we are awaiting their decision.

ANNOUNCED CLOSING OF CHRYSLER PLANT IN WINDSOR—INCREASE IN UNEMPLOYMENT

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. At 11.30 this morning the city of Windsor was informed by Chrysler Corporation that it was closing its truck plant, thus creating unemployment of 800 in the Windsor area, in July of this year. When did the minister first become aware that that plant might be closing, what consultation did his department undertake with Chrysler Corporation, and what steps does he intend to take to keep the plant operating in the Windsor area?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): As I said, Mr. Speaker, my officials have been in Windsor all week discussing Chrysler's hopes and expectations with regard to that truck plant. It is not for my officials to say the truck plant is old and needs a complete overhaul, or that a new plant will not do the same work as the old plant is doing. As I said earlier, Chrysler has spent $43 million on a new truck plant and hopes to accommodate the workers laid off at the old plant.

Mr. Rodriguez: The new branch plant is operating at almost full capacity at the moment; therefore, it will not be able to absorb another 800 workers. Chrysler Corporation is building a plant in Jefferson, in the United States, to replace the old truck plant. In view of the fact this government forgave $17.5 million in duties which were owed by Chrysler up to 1975 because they failed to meet their commitment under the auto pact for the production of trucks in Canada, what steps does the minister intend to take to protect those 800 jobs now, and to make sure that Chrysler does not again default in its commitments, having already received a gift of $17.5 million from the taxpayers of Canada?

Mr. Horner: I like the hon. member's term "use force" to force Chrysler. We are in a free society. We can encourage. As I have said many times, I do not particularly want to do away with the automotive agreement. My understanding is that the workers who are laid off now will receive 90 per cent of what they are earning. We will have to wait and see whether Chrysler can accommodate them in a new plant. They are merely on a temporary lay-off now and will receive 90 per cent of their salary.

Mr. Rodriguez: Whenever we on this side of the House ask the government to do something beneficial for Canadians we are accused of forcing the company. However, when they announce sudden lay-offs they are never accused of forcing our hand. They are holding the taxpayers up to blackmail. That is absolutely callous on the part of the government. There are now rumours in Windsor of the same sort that preceded today's announcement, that Chrysler will soon be shutting down its six-cylinder operation in that city.

Can the minister tell this House exactly what meaningful consultation is going on with the company? Is he being kept aware of the company's plans? Has his department approved any further shutdowns or been informed of any further shutdowns by Chrysler? Is the minister going to simply sit there and say "There's nobody here but us chickens"?

Mr. Horner: Mr. Speaker, I am not going to run down every rumour that I hear with regard to a shutdown of a plant. I would like to add to what I have already said that most of the

old plant that is now being shut down will be renovated and it is hoped it will be back in operation before the end of 1979.

* * *

[*Translation*]

AGRICULTURE

WITHDRAWAL OF JANUARY, 1978, SUBSIDIES TO QUEBEC MILK PRODUCERS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I would like to direct my question to the Minister of Agriculture.

Certain actions deserve questions and especially replies on the part of the Minister of Agriculture. My question concerns the Canadian Dairy Commission whose function it is to set and implement milk quotas for producers. In view of the fact that the CDC has withheld from Quebec milk producers the promised subsidies for milk production within the quotas set for January 1978, I would like to ask the minister if he does not think it a shame to penalize the Quebec milk producers by letting the CDC withhold the subsidies for their production in January 1978?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member has a copy of the letter which was sent to the dairy producers in Quebec. A meeting was held with their organizations on January 26 this year to try to iron out their difficulties, to determine who is getting the quota and whether they are entitled to receive quota payments. That has not yet been ironed out. They promised they would have this information for the Dairy Commission within a few weeks. I understand that a meeting between the two producer groups and the Dairy Commission will be taking place in Montreal this coming Friday.

● (1427)

[*Translation*]

Mr. Beaudoin: Mr. Speaker, I should like to put a supplementary.

I should like to ask the minister whether he intends to cancel that holdback on the subsidies for the January 1978 production of the Quebec dairy producers, which consists of hiding the errors in the estimates and the lack of coordination of the CDC with regard to the producers. In addition, can he tell the House whether the CDC will be forced to tell the truth about the manipulation of the quotas by the market offices in Montreal and elsewhere?

[*English*]

Mr. Whelan: As far as I know, the CDC is a very honest organization. If anyone has any information that the CDC is doing something dishonest, I want to know that also. They want to make sure that the industrial milk subsidy goes to those who are entitled to it. The provincial marketing boards in Quebec, Ontario and other provinces have jurisdiction over the allocation of quotas. There is a mix-up in the province of Quebec, but they hope to iron it out on Friday. We are not satisfied with the way this quota is being paid in the province of Quebec.

[*Translation*]

Mr. Beaudoin: Mr. Speaker, the minister did not answer the question I put to him. I asked him specifically if the commissioners of the CDC will force the marketing offices, especially in the province of Quebec, to tell the truth about the manipulations or exchanges of quotas which I feel are completely abnormal?

[*English*]

Mr. Whelan: Everything within the power of the Dairy Commission will be done to make sure that any wrongs in Quebec or in any other province will be rectified.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF DISTINGUISHED VISITORS

Mr. Speaker: Before continuing with the question period, I invite all hon. members to join with me in recognizing the presence in our gallery of two very distinguished visitors from separate countries, heading delegations of great importance in our relationships, the first being Mr. Minoru Masuda, Vice-Minister of International Affairs, Ministry of International Trade and Industry, Japan, and the other, Dr. Sandor Beckl, State Secretary and President of the National Bureau of Sport and Physical Education, Hungary.

Some hon. Members: Hear, hear!

* * *

NORTHERN AFFAIRS

NORTHERN PIPELINE—GOVERNMENT POLICY ON SETTLEMENT OF NATIVE LAND CLAIMS

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I have a brief but important question for the Prime Minister. It arises from the fact that a departmental document discussed at the Special Committee on a Northern Gas Pipeline yesterday, stated:

> The government of Canada is prepared to extinguish native land claims if necessary by legislation to support its international word and commitment but it will only do so in a way which represents the fairest possible settlement to those involved.

● (1432)

I ask the Prime Minister if he will reassure the Indian and native people of the Yukon and British Columbia, and indeed people across Canada, that the government will not legislate a unilateral settlement but will continue a policy of negotiating a fair and just settlement of native claims.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I understand that this phrase was taken from a document prepared at a lower level of the bureaucracy, indicating various alternatives. There is no hesitation on my part in repeating what the Deputy Prime Minister said last night before the committee, that there is no intention on the part of the government to proceed in any other way than by looking for a negotiated settlement. The legislation speaks for itself. It has been reported out of the committee today, I understand, and indicates no intention to legislate.

NORTHERN PIPELINE—B.C. WITHDRAWING FROM COMMITMENTS ON NATIVE LAND CLAIMS

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I have a supplementary question for the Prime Minister relating to the document quoted by my friend, the hon. member for Lambton-Kent. The document also states that it is the intention of the province of B.C. not to accept any responsibility and, indeed, to withdraw from any previous commitments it might have made to the government of Canada in respect of the province's obligation on the question of Indian land claims. Can the Prime Minister inform the House whether that position can be confirmed and whether it would not be a serious hindrance to signing the pipeline treaty with the United States?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have no further details on the status of the negotiations with British Columbia. I do know that the Deputy Prime Minister has spoken to the authorities of that province on several occasions. As to the exact status of negotiations on Indian claims jointly with the province of B.C., the question would have to be addressed to the minister responsible for Indian affairs.

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REGIONAL ECONOMIC EXPANSION

NEGOTIATIONS ON PURCHASE OF "MERCATOR I"—GOVERNMENT POSITION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I should like to direct my question to the Minister of Regional Economic Expansion. It arises out of the rumours circulating in the metropolitan area of Halifax that the federal government has entered into negotiations or is giving serious consideration to the purchase of *Mercator I* from its present owners, an overhaul and modification program for it and its eventual turning over to the Bedford Institute of Oceanography for oceanographic purposes.

Can the minister indicate to the House whether or not he is aware of these negotiations, and whether or not any conversations are being carried out between the government of Canada and the government of Nova Scotia or any other related interests with respect to this procedure?

[Mr. Holmes.]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, as has been alluded to by the hon. member, and as I am informed—although I will check this—it is only a rumour.

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THE CANADIAN ECONOMY

ALLEGED MISLEADING STATEMENT BY MINISTER ON $3 BILLION TAX CUT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Perhaps he could be given an opportunity to return from a visit to his Social Credit friends.

Some hon. Members: Oh, oh!

Mr. Stevens: My question is in reference to a serious misrepresentation which I think the minister has repeatedly made to the House. I refer, for example, to what the minister stated last Tuesday in reply to a question put by me, when he said:

> I feel we should wait to see what effect the $3 billion tax cut which came into force on January 1 has on the economy.

That is just not true. There was no $3 billion tax cut effective January 1. I hope the minister will take this opportunity to explain why he so misled the House.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have on several occasions in my speeches given a breakdown of those $3 billion. I do not have the figures here with me but, if I remember correctly, $850 million came from the automatic indexation. There were the $700 million because of the $100 given for the months of January and February, and there was other information of the same nature, which I do not have now but which I shall give the House, in addition to about $900 million in incentives to the industrial sector.

[*English*]

Mr. Stevens: The minister has outlined $1.6 billion of spending, which includes $850 million of indexing which, may I point out with all due respect, is not a tax cut. Would he not agree that the further $1.4 billion to which he referred were actually tax cuts which became effective one year earlier, starting January 1, 1977, and were certainly not felt for the first time on January 1 of this year?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have made those statements many times in the House. I have given explanations about it. The budgetary position of the government gave an impulse of $3 billion to the economy as of January 1. I will be pleased to give from time to time an explanation to the hon. member who does not seem to understand.

[*English*]

EXTERNAL AFFAIRS

KIDNAPPING OF FORMER ITALIAN PREMIER, ALDO MORO—EXPRESSION OF HOPE FOR EARLY RELEASE

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, my question is directed to the right hon. Prime Minister. It has to do with another political kidnapping which took place this morning in Rome, that of former premier Aldo Moro. Does the Government of Canada intend to express to the government of Italy the deep shock felt by the Canadian parliament and by the people of Canada, and indicate our hopes and prayers that Mr. Moro will be freed soon, unharmed?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have already sent to the President of Italy, on behalf of the government, an expression of our sense of deep shock and grief which the government feels at such senseless violence. I added the thought that certainly in a democratic society, that kind of violence is absolutely unjustifiable in the furthering of a cause. I also added, on behalf of the government, our condolences to the people of Italy, to the former prime minister's family and to the families of the victims of these senseless murders.

The government certainly agrees with the terms of the motion put forward by the hon. member. Of course, I cannot speak on behalf of parliament, but I understand there have been some negotiations with members on the other side and they might be prepared to agree to the terms of the motion. However, I do not know if the negotiations have been undertaken with all concerned.

Some hon. Members: Hear, hear!

Some hon. Members: Agreed.

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NATIONAL SECURITY

COMMITMENTS MADE TO RCMP OPERATIVE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a brief question for the Solicitor General concerning the RCMP operative about whom we spoke yesterday. I ask whether he has been able to secure the co-operation of his colleague, the Minister of Employment and Immigration, and whether he is able to assure the House that any commitments that have been made to this important operative, who has been in the country for some years and who still has services to perform, will be kept.

Hon. J.-J. Blais (Solicitor General): Without accepting that any commitments have been made, I will say that there have been discussions between myself and the Minister of Employment and Immigration and the matter is well in hand. As I have indicated to the hon. gentleman privately, I will be able to provide him with additional information in due course.

IMMIGRATION

DEPARTMENT'S CO-OPERATION WITH RCMP ON RCMP OPERATIVE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a brief supplementary question for the Minister of Employment and Immigration. I believe the minister now realizes that this man wrote to him on several occasions last year. I believe the minister has now briefed himself from the file. Can he give us the assurance that there has been complete co-operation between the RCMP, in terms of its commitments to policy, and his department in carrying them out?

Hon. Bud Cullen (Minister of Employment and Immigration): With respect to the individual and the letter which the hon. member was good enough to show me yesterday, I would simply confirm that he is here on a ministerial permit and that no illegal action took place. Certainly, no commitment was made by my department to that individual.

● (1442)

CANADIAN CITIZENSHIP IN RETURN FOR UNDERTAKING RCMP INTELLIGENCE WORK

Mr. Jake Epp (Provencher): Mr. Speaker, I should like to direct my question to the same minister and follow up on the policy area. Is it the policy of the government to offer landed immigrant status, and with that status the possibility of eventual citizenship status, to non-Canadians in return for work which they have done for our security services in the Canadian national interest?

Hon. Bud Cullen (Minister of Employment and Immigration): No, Mr. Speaker, it is not the policy of the government to offer landed immigrant status on that particular basis. I have a responsibility to Canadian citizens to see that individuals who make application to come to this country meet the standards and conditions set for people all over the world. However, from time to time we issue ministerial permits to accommodate people who want to come into this country. Representatives and members of the hon. member's party have requested permission for an individual to come into the country for a week or a month to participate in a particular forum or to make a speech at a particular time. We issue ministerial permits, but we do not give them landed immigrant status. Certainly in so far as citizenship is concerned, that, of course, is within the purview of the Secretary of State.

Mr. Epp: Mr. Speaker, I am not referring to the short-term minister's permits of which the minister and I have spoken on many occasions. I ask the minister whether he or the officials in his department have from time to time received representations from various governmental departments or ministers to have the Department of Employment and Immigration grant landed immigrant status to non-Canadians who have served in Canada's national interests on security matters. Further, can the minister indicate whether landed immigrant status was offered but turned down by his department after the offer had

been made by a department such as that of the Solicitor General?

Mr. Cullen: Mr. Speaker, with respect to the second part of the hon. member's question, individuals do not receive landed immigrant status. Representations may very well be made by departments. As I have indicated, we accommodate not only the office of the Solicitor General but hon. members opposite with ministerial permits. There has been no blanket policy or, for that matter, individual policy to indicate that landed immigrant status will be granted if a particular operation is performed. That commitment has not been made by my department. If it has been made by others, it was done without the knowledge of my department and certainly without its concurrence.

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REGIONAL ECONOMIC EXPANSION

REQUEST AREAS OF SOUTHERN AND CENTRAL ONTARIO QUALIFY FOR DREE ASSISTANCE

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion and follows questions posed by my colleagues several days ago in the House. On a number of occasions I have approached the minister's department asking that regions of southern and central Ontario be considered for DREE eligibility. In light of increased unemployment which indicates that these areas are every bit as needy as some other regions favoured by his department, is the minister now prepared to give my request serious consideration?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I give very serious consideration to representations made by hon. members on problems which they encounter in their own region but there are of course limits which I must respect. One must remember that I come across problems too, and I would like to say also to the hon. member and to those from this part of Ontario who made representations to ministers that we are currently negotiating amendments to existing agreements with the government of Ontario. So it is possible that within the next few days we will be able to announce that progress has been made which will allow us to help the regions mentioned by the hon. member.

[*English*]

Mr. Scott: Mr. Speaker, on February 8, 1978, approximately five weeks ago, I wrote the minister suggesting that we get together to discuss this matter personally, as it affects my riding. I have not yet received a reply to that request. I ask the minister if he will consider discussing this important matter with me, so that I can present the case for the people of my region.

[Mr. Epp.]

Mr. Lessard: Mr. Speaker, I can inform the hon. member that he will receive a reply, because I signed the answer to his letter a couple of days ago.

An hon. Member: It is in the mail.

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THE CANADIAN ECONOMY

INCLUSION IN BUDGET OF INCENTIVES FOR VOLUNTARY WORK-SHARING

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is directed to the Minister of Finance. In spite of the success we have had in creating jobs in this country over the years—

Some hon. Members: Oh, oh!

Mr. McRae: —by far the best of any other country in the OECD, there are still one million people unemployed. Given the high cost of creating jobs, is the minister giving consideration in a future budget to incentives for voluntary work-sharing and pairing so as to free-up a certain number of jobs?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will take the representation of the hon. member into consideration. When we have a budget, we will see if we can do something along those lines.

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[*Translation*]

REGIONAL ECONOMIC EXPANSION

SUGGESTED ESTABLISHMENT OF FERROSILICON PLANT IN RIMOUSKI, QUEBEC

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion.

Could the minister tell the House whether there were some new developments in the case concerning the establishment of the ferrosilicon plant in Rimouski?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, not as far as I know as I checked the matter not long ago and there was no development in connection with that case.

Mr. Allard: Mr. Speaker, I should like to put a supplementary question. Considering the minister's reply, could he tell the House whether he expects an early settlement of the matter?

Mr. Lessard: Mr. Speaker, not at the rate at which the case is evolving. I would be quite surprised if a decision was taken during the next few months.

[*English*]

EDUCATION

SUGGESTED FEDERAL GRANTS FOR NEEDY STUDENTS

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is directed to the Secretary of State. It relates to the protests which are taking place on many university campuses today. Given the fact that some provincial governments have announced funding cutbacks to universities, which will be reflected in higher tuition fees and reduced student aid, thereby discouraging many young people from attending post-secondary institutions and throwing them into a disastrous labour market, will the minister urge the government to institute an emergency program of federal grants for needy students, since the present federal loan program alone does not meet student needs and is only an invitation to go deeper into debt?

Hon. John Roberts (Secretary of State): Mr. Speaker, we are concerned about this problem. It is for that reason I hope to be able to introduce in the House very shortly amendments to the Canadian student loans plan. I hope the hon. member will be able to give me his assurance that his party will give prompt and speedy passage to those legislative changes.

Some hon. Members: Hear, hear!

Mr. Symes: Mr. Speaker, given the fact that the minister knows full well that national students' organizations object to merely increasing loans because that decreases the grants allotted to students, I hope the minister takes my first question seriously. By way of supplementary, since graduating or terminating students must begin repayment of student loans six months after leaving their educational institutions, and in light of the disastrous unemployment rate, will the minister ensure that any bill to amend the Student Loans Act will provide that students need only begin to repay the loans after first obtaining full-time employment?

Mr. Roberts: Mr. Speaker, I have already given the hon. member that assurance privately that I will explore this.

* * *

FINANCE

REPORTED PRESSURE ON SUN LIFE TO STAY IN MONTREAL

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is directed to the Minister of Finance. Has he seen a copy of the question which I asked yesterday in the House concerning the Registered Retirement Savings Plan conversions?

Hon. Jean Chrétien (Minister of Finance): Yes, Mr. Speaker. I have checked with people in my office and in the department. There is absolutely no foundation to that rumour.

ADMINISTRATION OF JUSTICE

INQUIRY WHETHER CHARGES LAID UNDER OFFICIAL SECRETS ACT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask a question of the Minister of Justice in his capacity as the chief law officer of Canada. Has he had any requests from any other minister, or from anyone, to lay any charges under the Official Secrets Act against any persons in the media or in any corporation? If so, has he made a decision in that regard, in light of his statement in the *Globe and Mail* this morning?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I think the hon. member would agree with me that it is a long-standing tradition in the House for attorneys general or law officers of the Crown not to speculate on whether charges are going to be laid. Therefore, I will not answer his question except to say at this point that I have signed no consent for any prosecutions under the Official Secrets Act. I appreciate the fact that the hon. member for Leeds and other hon. members of the House have a lively interest and, in fact, a right to know as quickly as possible what my position may or may not be. At the same time, I hope the hon. member for Calgary North appreciates that in a matter of this nature my decision should be arrived at with some care.

● (1452)

PENITENTIARIES

ST. JÉRÔME—INVOLVEMENT OF GOVERNMENT IN NEGOTIATIONS RESPECTING HOSTAGE-TAKING INCIDENT

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General to whom I gave notice a few moments ago. The question relates to the hostage-taking incident in St. Jérôme at the provincial institution. I acknowledge that it is a provincial responsibility, press releases in the last hour have indicated some form of approach to the federal government, presumably to the Solicitor General or the Secretary of State for External Affairs.

I ask the Solicitor General if it is his position that any direct involvement by the federal government would only be at the request of the province of Quebec and its appropriate minister, or would the federal government become involved on the basis of a request from the negotiators, for example?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the former case is the one I have followed and intend to continue following, namely, that the proper channels will have to be followed, and that would be through the intermediary of the minister of justice of the province of Quebec.

Oral Questions

NATIONAL DEFENCE

PURCHASE OF LEOPARD I TANKS

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the President of the Treasury Board. Can the minister tell the House if he has agreed to have available an extra $60 million to give to the Department of National Defence for its capital budget for the financial year 1978-79 or, indeed, for this financial year, if the department discovers that due to adverse foreign exchange costs it has to pay up to $50 million more than it planned to for the purchase of Leopard I tanks? Is there some kind of contractual link between the ministers in this regard?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I think that question should be addressed to the Minister of National Defence.

Mr. McKinnon: Mr. Speaker, on Tuesday evening the Minister of National Defence said that he had voluntarily surrendered $60 million to the Treasury Board in cash flow this year on the understanding that as the program progressed, that money would be recovered; in other words, it would be added to the end for when it is required.

Does the minister have any contract or firm understanding that the President of the Treasury Board would be prepared to rise and tell us about in the House of Commons, or is it just a handshake arrangement?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, as the hon. member knows from being at the committee meeting the other night, this money goes to contracts which could not be entered into without great care this year. They will be added on at the end of the contract. The delivery of equipment will be the same. It is not to be diverted to any other purpose. It is our understanding with the Treasury Board that that will take place.

Mr. McKinnon: Mr. Speaker, I hate to ask a second supplementary question of the same minister, but he has had $60 million taken out of his estimates. Does he have anything in writing, any note, any IOU, or some contract with the President of the Treasury Board that he will get that $60 million back?

Mr. Danson: Mr. Speaker, the President of the Treasury Board and I do not work on contractual arrangements. It is certainly an understanding. The programs will not be impaired.

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REGIONAL ECONOMIC EXPANSION

NORTHERN PIPELINE—DISCUSSIONS ON ECONOMIC DEVELOPMENT OF CERTAIN AREAS

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. In view of the substantial economic development that the government has indicated will follow the construction and completion of the Alaska pipeline, can the minister advise why his department has not taken any initiatives to discuss economic development with municipal and regional officials in northern British Columbia? Will such discussions take place and, if so, when; or are things going to be left to chance?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, there are discussions now going on between my officials and some other officials of the provincial government. Contrary to what the hon. member has suggested, there are no negotiations with municipal authorities but there are consultations between provincial authorities, some officials of provincial departments and officials of my department who are trying to put into force a subagreement on the industrial development of that province which was signed last year.

* * *

[*English*]

AGRICULTURE

FINANCING OF CO-OP IMPLEMENTS, WINNIPEG

Mr. Jack Murta (Lisgar): Mr. Speaker, my question is for the Minister of Agriculture. Last week the minister admitted rather reluctantly to the Standing Committee on Agriculture that he was going back to cabinet with a new proposal for the financing of the Co-op Implements' operation in Winnipeg. Does he have a decision on that? He was going to cabinet last Thursday, as we understood it. If he has a decision, could he indicate to the House what it is?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the supplementary estimates for agriculture had an item for Co-op Implements of $8.5 million. We are having some difficulty getting the provinces to come up with an equal amount to match that. I think those difficulties are being ironed out at the present time, because I believe the province of Alberta met with Co-op Implements' officials and their lawyers. I hope they are in agreement by now. I am very optimistic that it will be finalized at the end of this month, which is the deadline.

* * *

PUBLIC WORKS

GOVERNMENT PARTICIPATION IN CELEBRATION OF CENTENNIAL OF CNE

Mr. Jim Fleming (York West): Mr. Speaker, my question is for the Minister of Public Works. Considering that this year marks the one-hundredth anniversary of the Canadian National Exhibition, and that community spokesmen from the municipal and federal levels in Toronto have been pressing for government of Canada participation in the celebrations, can the minister say if he will act on these appeals and ensure a proper federal presence at the one-hundredth anniversary?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, we believe it is important for the federal government to have a clear and obvious presence at this function. We are making arrangements for the rental of the automotive building and are gathering together all the federal government exhibitors who for many years have exhibited at the CNE. This year, for the one-hundredth anniversary, we will have them gathered together in one building.

* * *

POST OFFICE

UNFULFILLED ORDERS FOR OLYMPIC COINS—GOVERNMENT POSITION

Mr. Gordon Towers (Red Deer): Mr. Speaker, I have a question for the Postmaster General. Because at least one Olympic coin dealer ignored a double-registered letter and telephone calls related to undelivered, prepaid Olympic coin orders, plus the fact that some of these dealers are rumoured to be on the verge of bankruptcy, will the government accept responsibility for supplying the coins ordered or refunding the purchase price to customers, as they operate under federal legislation?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, notwithstanding the fact that it is federal legislation, I do not believe that the government has any responsibility with regard to the financial predicament of this Olympic coin dealer. Therefore I think the only thing to do is to try to find a way to help those who seem to have been cheated and to assist them.

[*English*]

Mr. Towers: A supplementary question, Mr. Speaker. Due to the fact that Canadian Olympic coin dealers are not filling orders for which they have received payment—in some cases over a year ago—can the Postmaster General assure this House that the same situation did not occur in other countries?

Mr. Lamontagne: Mr. Speaker, I should like to tell the hon. gentleman that this question is under review in my department and a decision will be taken soon.

* * *

SPORTS

COMMONWEALTH GAMES—LACROSSE DEMONSTRATION BY NATIVE TEAM

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, my question is for the Minister of State (Fitness and Amateur Sport). Since the Commonwealth Games will be holding a lacrosse demonstration in Edmonton this summer, and a native team has not been invited to participate, could the minister use her good offices to intervene in this situation?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I have already intervened. There was a suggestion that one native team from the St. Regis reserve should participate in the Senior B championships. They declined because they did not wish to attend the Commonwealth Games but would rather attend the Senior B championships to be held this year in British Columbia. I am investigating the possibility of a midget team demonstrating techniques of lacrosse at the Commonwealth Games. This is not yet settled.

* * *

POST OFFICE

GOVERNMENT POSITION ON CLOSING OF POST OFFICE BOX LOBBIES AFTER WORKING HOURS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is for the Minister of Public Works. It concerns a disturbing rumour. Can the minister advise whether his department is giving consideration to closing all post office box lobbies after regular working hours?

Hon. Judd Buchanan (Department of Public Works and Minister of State for Science and Technology): Not that I am aware of, Mr. Speaker. I think this question should be addressed to my colleague, the Postmaster General, but certainly I am not aware of any policy in our department to do that.

Mr. McKinley: Mr. Speaker, may I put a supplementary question to the Postmaster General? Is there any truth in the rumour that the Post Office department is giving consideration to closing all post office box lobbies after regular working hours?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, there is absolutely no foundation to that rumour.

* * *

PRIVILEGE

MR. RODRIGUEZ—ALLEGED ELECTRONIC SURVEILLANCE OF HON. MEMBER

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, about a week ago, on Wednesday, March 8, I raised a question of privilege relating to alleged electronic surveillance of myself by one Warren Hart. When Your Honour replied to me on that date you made comments which gave me guidance in preparing the motion which I am now prepared to introduce. If you find that I have a prima facie case of privilege I would ask that you put this motion to the House.

● (1502)

I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles).

That the allegation by one Warren Hart, in a sworn affidavit, that he taped electronically, on one or more occasions, the hon. member for Nickel Belt, together with the admission by the Solicitor General that the said Warren Hart was for a time in the employ of the RCMP, be referred to the Standing Committee on Privileges and Elections, for the prupose of inquiring into the said allegation and the circumstances relating to any such electronic surveillance of the said hon. member, including an inquiry as to what happened to any tapes of the said hon. member that may have been made by the said Warren Hart.

Mr. Speaker: Order, please. The hon. member is referring back to circumstances which had been raised several times by himself initially when the information was first brought to the attention of the House, and subsequently by a proposed motion of privilege which I adjudicated upon, as he has just described. At that time I indicated that if the motion was to be purged of discrepancies or alleged discrepancies with statements made by the Solicitor General (Mr. Blais) which have been accepted by the House, and certain other difficulties, it may stand on its own merits. It raises a very serious matter, as I indicated then.

It may very well be that after due deliberation the House ought not to be deprived of the opportunity to address itself to this very important question as to whether electronic surveillance, which is, after all, a very recent and new development, constitutes that kind of interference in the activities of the member of parliament which would stand on the same basis as both classic kinds of interferences which were the basis of privilege in the early days' precedents. Therefore, I hope the hon. member will grant me a few days to consider the matter to see whether the House ought to pronounce itself on this important issue. I will endeavour to adjudicate it in a final way either on Monday or Tuesday.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would like to ask the usual House business question. I understand that the pipeline bill is now out of the committee. In fact, the Prime Minister (Mr. Trudeau) made reference to that. All of us are happy that is so. Could the Deputy Prime Minister (Mr. MacEachen) tell us what priority he attaches to that in terms of dealing with it now that it is back in the House? While he is doing that, since this is the last House business question that we can ask in the ordinary way before the adjournment at Easter time, could he tell us what the government's intentions are with respect to the legislation we will be dealing with when we come back here April 3?

An hon. Member: If we come back.

Mr. MacEachen: Mr. Speaker, the hon. member for Grenville-Carleton (Mr. Baker) knows the business for today. Tomorrow we will deal with Bill C-26 then, if possible, Bill C-21. There is a bill in the name of the Minister of Indian Affairs and Northern Development (Mr. Faulkner) which may be given first reading today that would be considered. With respect to the northern pipeline bill which will be reported out of the committee either today or tomorrow, I would propose to deal with that bill probably beginning Tuesday so that hon. members might have an opportunity to put down whatever amendments they wish to place before the House. Following that, the amendments which we hope will come out of the committee relating to the anti-inflation program would be dealt with following the northern pipeline bill.

Mr. Baker (Grenville-Carleton): Mr. Speaker, perhaps it might be helpful to the House if we could be advised today what the government's legislative priorities are as we look toward spring as it turns into summer. Given the fact there are some rumours that we might be facing an election this year, it would be interesting to know what the government intends to deal with specifically prior to that election. If my hon. friend is in a position to tell the House today, it would be most helpful indeed.

Mr. MacEachen: Mr. Speaker, I am prepared to indicate what business we have on our priority list, provided the hon. member will not hold me to an obligation to deal with it before an election. There are a large number of items on the order paper and we will be bringing them forward—as has been indicated, the bill relating to a referendum and possibly bills relating to constitutional reform. As the hon. member knows, there are on the order paper proposals relating to the Public Service Staff Relations Act, and to the Farm Credit Act which are also very high on the priority list. We will have a rather substantial body of legislation to deal with, including a possible budget after we return.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there is one other matter I would like to mention. I would like to inform my friend that if the government wanted to deal with the pipeline bill this evening, from the point of view of getting it back in the House, if necessary we would be prepared to give consent for that few moments to deal with that matter, because there is some anxiety that we deal with it quickly.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I trust that the additional matter which the hon. member for Grenville-Carleton (Mr. Baker) raised just now can be left to consultation.

May I ask a question of the Deputy Prime Minister (Mr. MacEachen) with respect to a possible budget, to which he has just referred? I realize that the hon. gentleman's right hand does not know what the right hon. gentleman to his left has in mind regarding an election. But there have been suggestions by the Minister of Finance (Mr. Chrétien) that he might not bring a budget down until the month of May, which would mean that there would be no budget if the election is to be held in June. In view of that fact, will the Deputy Prime Minister take this matter up with the Prime Minister (Mr. Trudeau) and ask him to make it clear to the House that there will be a budget before an election is called? Surely the Deputy Prime

Minister agrees that it would be unthinkable for the government to go to the country without presenting a budget.

Mr. MacEachen: Mr. Speaker, I have already discussed these matters with the Prime Minister (Mr. Trudeau). They are under consideration, and the additional views of the hon. member, which seem to be in the direction of putting off an election as long as possible, will be considered.

Mr. Knowles (Winnipeg North Centre): On a point of order, Mr. Speaker, my hon. friend, as he often does, has misinterpreted what I said. The election can come as soon as the government will bring it on. My point was there should be a budget before there is an election.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, it is very entertaining to see the old hands of the House play around with the procedure! In any case, in his initial answer to the House leader of the opposition, the President of Privy Council (Mr. MacEachen) mentioned a number of bills which will necessarily have to be studied and possibly agreed to by the House, and many sittings will be required to do this. I would not want, either to be indiscreet, Mr. Speaker, about the conversation I had with the Minister of Finance (Mr. Chrétien) during the sitting, to the full knowledge of everybody. We were not hiding away, Mr. Speaker, that took place right here.

Anyway, to come back seriously to the proceedings of the House, I should like to ask the President of Privy Council whether it will actually be possible to deal with these bills in a normal way. I am prepared, as well as my colleagues, to give my support so that parliament and the administration of our country will operate normally. However, it is only normal for us to obtain a guarantee from the President of the Privy Council that he will give us the opportunity to work within normal delays, notwithstanding the holding of a general election. Naturally, we are ready to face a general election when the right hon. Prime Minister (Mr. Trudeau) decides to hold one, but let us forget that for now and let us work so as to govern our country in the best possible way. Having said that, I should like the President of Privy Council to state clearly if all the bills he mentioned a moment ago will be dealt with in a normal way, so that we can discuss them normally and adopt them for what they are worth.

● (1512)

[*English*]

Mr. MacEachen: Mr. Speaker, the hon. member has introduced a caveat into his question which I accept, namely the possibility of an election. Apart from that, legislation will be dealt with in the normal way.

Mr. McGrath: On the same point of order, Mr. Speaker, in September, the Prime Minister (Mr. Trudeau) promised legislation dealing with a separate Department of Fisheries. That is a very important matter and, in the Atlantic provinces, a

matter of some priority. Last Monday in the House the Minister of Fisheries and the Environment (Mr. LeBlanc) indicated there would be legislation setting up a separate Department of Fisheries and that this was a matter of some priority. May I ask the government House leader if we can expect this legislation amending the Government Organization Act to set up a Department of Fisheries either before the House is dissolved or a summer recess, whichever comes first.

Mr. MacEachen: Mr. Speaker, we place a high priority on this legislation. I am glad the hon. member has mentioned it. We will introduce it just as soon as possible and deal with it just as quickly as hon. members wish, which I believe will be very quick indeed.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there is one question regarding the order of business following immediately. My friend mentioned his intention to call Bill C-26, followed by Bill C-21. Would he consent to reversing that order and calling Bill C-21 first? I can say to him the debate will be very short indeed and we can dispose of it as soon as it is out.

Mr. MacEachen: Mr. Speaker, Bill C-21, I gather, is the Transfer of Offenders Act. I believe that will be satisfactory.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

MANAGEMENT AND MEMBERS' SERVICES

Fourth report of Standing Committee on Management and Members' Services—Mr. Coates.

JUSTICE AND LEGAL AFFAIRS

Second report of Standing Committee on Justice and Legal Affairs—Mrs. Holt.

[*Editor's Note: For texts of above reports, see today's Votes and Proceedings.*]

* * *

[*Translation*]

ECONOMIC COUNCIL OF CANADA

TABLING OF A LETTER TO DR. SYLVIA OSTRY

Right Hon. P. E. Trudeau (Prime Minister): Mr. President, pursuant to Standing Order 41, I would like to table in the two official languages a letter I sent to Dr. Sylvia Ostry, Chairman of the Economic Council of Canada.

[*English*]

This letter requests that the Economic Council take on certain responsibilities for analysis of inflation and productivi-

ty developments in the period after April 14, 1978, and sets out the conditions and limitations of this reference.

* * *

HONOURS AND AWARDS

RECIPIENTS OF QUEEN'S SILVER JUBILEE MEDAL

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I request permission to table the nominal roll of recipients of the Queen's Silver Jubilee Medal 1977 pursuant to Standing Order 41(2), at the same time advising that the same lists, collected and bound by province and territory, will be placed in the Parliamentary Library for the use of hon. members. I am certain all hon. members will join me in congratulating those deserving Canadians who have been the recipients of this expression of the esteem in which they are held by their fellow Canadians and Her Majesty the Queen.

* * *

NATIONAL CAPITAL REGION

AMENDMENTS RESPECTING LOCALE FOR MEETINGS OF PUBLIC BODIES

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology) moved for leave to introduce Bill C-32, respecting facilities and meetings in the National Capital Region and matters related thereto.

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

* * *

ELECTIONS

AMENDMENTS RESPECTING ELECTORAL PROCESSES

Hon. Judd Buchanan (for the Minister of Indian Affairs and Northern Development) moved for leave to introduce Bill C-33, to amend the Canada Elections Act, the Election Expenses Act and the Northwest Territories Act in respect of territorial elections.

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

* * *

THE CANADA-FRANCE TRADE AGREEMENT ACT, 1933

REPEAL OF STATUTE

Hon. Donald C. Jamieson (Secretary of State for External Affairs) moved for leave to introduce Bill C-34, to repeal the Canada-France Trade Agreement Act, 1933.

[Mr. Trudeau.]

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

* * *

[*Translation*]

HOUSE OF COMMONS

MOTION TO ADJOURN

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, in view of the fact that many milk producers are being penalized by way of a withholding of the subsidies they have earned on the January 1978 production for the quotas they have respected, and since nothing has been provided by the government to regulate the implementation of quotas and since certain delay is needed to hold a cabinet meeting where alternatives could be submitted which could settle that intolerable situation for Canadian milk producers, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House do now adjourn.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

[*English*]

The House divided on the motion (Mr. Beaudoin) which was negatived on the following division:

● (1527)

(*Division No. 30*)

YEAS

Messrs.

Alexander	Andre	Baker
Allard	(Calgary Centre)	(Grenville-Carleton)

Messrs.

Balfour	Hamilton (Qu'Appelle-Moose Mountain)	Masniuk
Beaudoin		Mazankowski
Blackburn	Hamilton (Swift Current-Maple Creek)	McGrath
Brisco		McKenzie
Cadieu	Hees	McKinley
Caouette (Villeneuve)	Hnatyshyn	McKinnon
Coates	Holmes	Mitges
Cossitt	Huntington	Muir
Crouse	Jarvis	Murta
Darling	Johnston	Neil
Diefenbaker	Kempling	Nielsen
Dinsdale	Knowles (Winnipeg North Centre)	Nowlan
Dionne (Kamouraska)		Nystrom
Douglas (Nanaimo-Cowichan-The Islands)	Knowles (Norfolk-Haldimand)	Oberle
		Orlikow
Elzinga	Lambert (Bellechasse)	Paproski
Epp		Patterson
Forrestall	La Salle	Pigott (Mrs.)
Friesen	Lawrence	Ritchie
Gauthier (Roberval)	Leggatt	Roche
	MacDonald (Egmont)	Rodriguez
Gilbert		Schellenberger
Gillies	MacDonald (Miss) (Kingston and the Islands)	Scott
Grafftey		Stanfield
Halliday	Marshall	Stevens
		Symes
		Towers
		Wenman
		Whittaker
		Woolliams—75.

NAYS

Messrs.

Abbott	Foster	Marchand
Andras (Port Arthur)	Francis	Martin
	Gauthier (Ottawa-Vanier)	McIsaac
Appolloni (Mrs.)		McRae
Baker (Gander-Twillingate)	Gillespie	Milne
	Goodale	Nicholson (Miss)
Basford	Goyer	O'Connell
Bégin (Miss)	Guay (St. Boniface)	Olivier
Blouin		Ouellet
Boulanger	Haidasz	Parent
Buchanan	Harquail	Pearsall
Bussières	Herbert	Penner
Caccia	Holt (Mrs.)	Philbrook
Cafik	Hopkins	Pinard
Campbell (Miss) (South Western Nova)	Horner	Poulin
	Isabelle	Prud'homme
Campbell (LaSalle-Émard-Côte Saint-Paul)	Jamieson	Railton
	Kaplan	Raines
	Lajoie	Richardson
Caron	Lalonde	Roberts
Chrétien	Lamontagne	Robinson
Collenette	Landers	Roy (Timmins)
Comtois	Langlois	
Corbin	Lapointe	Roy (Laval)
Corriveau	Leblanc (Laurier)	Sauvé (Mrs.)
Cullen	Lefebvre	Savard
Cyr	Lessard	Sharp
Daudlin	Loiselle (Chambly)	Smith (Saint-Jean)
De Bané		
Demers	Lumley	Stollery
Dionne (Northumberland-Miramichi)	MacDonald (Cardigan)	Tessier
		Trudeau
Douglas (Bruce-Grey)	MacEachen	Trudel
	MacFarlane	Turner
Duclos	MacGuigan	Whelan
Ethier	Maine	Wood
Fleming	Marcęau	Young—98.

● (1542)

Mr. Speaker: I declare the motion lost.

Order Paper Questions

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 136, 1,090, 1,169, 1,239 1,271, 1,292, 1,305 and 1,316.

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

[*Text*]

DEEP SEA LOBSTER FISHERY

Question No. 136—**Mr. Crouse:**

1. What are the names of the Canadian companies who have licenses to fish for deep sea lobsters and how many traps is each permitted to use on a yearly basis?

2. When deep sea lobster traps were found during the Spring of 1977, within the 50-mile limit, in violation of lobster fishing regulations, to which company did they belong?

3. Was a decision taken by the Minister of Fisheries to move the traps outside the 50-mile limit, rather than destroy them and, if so, were the traps put up for sale or were they returned to their original owner?

4. Were the lobsters found in the traps sold and the proceeds given on a pro rata basis to the inshore fishermen and, if not, were they (a) returned to the sea (b) retained by the owner of the illegally set traps?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. The following Canadian companies are licensed to fish for deep sea lobsters: (a) Sable Fish Packers Ltd.; (b) Port La Tour Fisheries Ltd.; (c) Armdale Fisheries Ltd.; (d) Donna Rae Ltd.; (e) C. W. MacLeod Fisheries Ltd. Each licence is authorized to fish 1,000 traps during a nine month season.

2. At the time of the incident, there was no requirement to mark buoys or traps for identification, therefore ownership could not be proved.

3. The traps were reset outside the 50-mile limit under the direction of fishery officers. The traps were not put up for sale nor returned to the owner since ownership could not be proved. The traps were emptied and reset outside the 50-mile limit.

4. The lobsters found in the traps were returned to the sea in the area in which they were caught under the supervision of two fishery officers.

GRANTS TO NATIVE ASSOCIATIONS IN NEWFOUNDLAND

Question No. 1,090—**Mr. Marshall:**

Of the $8.4 million provided by the Department of the Secretary of State for care funding of native associations, what was Newfoundland's allocation?

Hon. John Roberts (Secretary of State): Secretary of State: The Secretary of State Department disbursed the following amounts to native associations in Newfoundland in 1976-77: Indian and Metis Association of Newfoundland/Labrador, $215,176.24; Labrador Inuit Association, $131,290.00; Cartwright Interim Committee, $10,473.00. Total, $356,939.24.

Order Paper Questions

TOTAL NUMBER OF EMPLOYEES IN THE POST OFFICE DEPARTMENT

Question No. 1,169—**Mr. Andre:**

1. For each of the past ten years, what was the total number of employees in the Post Office Department?

2. For the same years, how many (a) pieces of (i) first class mail (ii) second class mail (iii) third class mail (b) parcels were handled by the Post Office Department?

Hon. J.-Gilles Lamontagne (Postmaster General): 1. March 31, 1968—Information not available; March 31, 1969—46,838; March 31, 1970—47,599; March 31, 1971—47,924; March 31, 1972—49,958; March 31, 1973—52,207; March 31, 1974—55,421; March 31, 1975—60,208; March 31, 1976—63,460; March 31, 1977—66,762.

2. See following statement.

Originating Mail Volumes
Pieces (Millions)

Categories	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77
First Class	2,586.4	2,531.7	2,708.2	2,723.0	2,699.0	3,141.3	3,347.4	3,504.0	3,243.8	3,684.7
Second Class	694.3	673.1	518.6	504.7	448.1	443.8	446.9	445.3	433.9	398.2
Third Class	1,331.4	1,375.1	1,206.2	940.6	1,147.0	1,007.3	1,144.6	1,222.8	1,134.7	1,514.4
Fourth Class	96.5	85.4	80.4	74.3	81.9	87.8	75.5	72.9	61.9	65.9
Special Services[1]	31.3	28.5	31.4	28.3	28.3[2]	33.3[4]	36.8	40.8	40.6	47.2
Government Free Mail	257.7	263.1	269.7	282.3	308.8[3]	37.7	23.8	31.2	25.9	33.6
Total	4,997.6	4,956.9	4,814.5	4,553.2	4,713.1	4,751.2	5,075.0	5,317.0[5]	4,940.8	5,744.0

[1] Special Services includes C.O.D.
Registration
Money Packets
Special Delivery

[2] Includes Post Pak

[3] Free Mail Abolished Except for Senate and House of Commons
Governor General
Privy Council

[4] Includes Certified Mail

[5] Year of Major Strike

GRANTS TO THE HOCKEY CULTURAL EXCHANGE

Question No. 1,239—**Mr. Epp:**

Did the government make any grants to the Hockey Cultural Exchange Program and, if so (a) in what amounts (b) for what purposes?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): In so far as the Minister of State (Fitness and Amateur Sport) is concerned: No program entitled "Hockey Cultural Exchange Program" was funded. However, during the 1973-74 fiscal year the University of British Columbia Team was chosen by the Canadian Amateur Hockey Association to visit the People's Republic of China. The Fitness and Amateur Sport Branch and the Department of External Affairs shared the cost of $39,500 which was used for travel. This same cost-sharing arrangement was implemented during the 1976-77 fiscal year, when the University of Toronto Team visited the People's Republic of China. The cost of this trip was $48,000. On both tours, coaches and referees clinics were conducted in China by the Canadians.

CBC—AMOUNT SPENT ON TELEPHONE CALLS FOR VARIOUS PROGRAMS

Question No. 1,271—**Mr. Dionne (Northumberland-Miramichi):**

1. In 1977, what amount was spent on telephone calls by CBC for the programs (a) As it Happens (b) Cross Country Check-up (c) Morning Side?

2. Does CBC intend to establish production facilities in the Province of New Brunswick and, if so, on what date?

[Mr. Roberts.]

3. Does CBC intend to provide access to AM and FM programming by the Corporation to the citizens of northern New Brunswick and, if so, on what date?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. It has not been customary to require the CBC to provide such details of its internal management and administration as the costs involved in producing programs. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

2. The CBC now has French radio and television production facilities in Moncton and Fredericton, as well as English radio production facilities at Moncton, Fredericton and, to a lesser extent, Saint John. The Corporation is planning additional English television production facilities at Saint John, Fredericton and Moncton which will improve production capability and distribution. English radio facilities will be enlarged at Saint John and staffed to originate local programming. The projects are expected to be completed within the next couple of years.

3. CBC has planned the full AM radio coverage of northern New Brunswick, and discussions are to be held with DOC and CRTC with respect to the use of the FM band for this purpose. FM stereo service in northern New Brunswick is not anticipated in the near future. Because of budget limitations no dates for extension of AM service can be given at this time, but it is a Corporation priority to provide service to those areas not now served.

CANADIAN FORCES EXCHANGE SYSTEM FACILITIES

Question No. 1,292—**Mr. Jones:**

1. What is Canex?

2. Are such operations under the direct supervision of the Armed Forces Personnel or are they under the control or operation of the Canadian Armed Forces, the Department of National Defence, the Department of Supply and Services, and/or any other organization?

3. How many Canex stores are in operation within Canada and without?

4. What is the total volume, expenses, profits or deficits and details of financial situations of each unit and in total over the last ten (10) years?

5. Who are permitted to make purchases and sales at each Canex operation?

6. What are the qualifications to become a purchaser or seller of goods in any Canex operation?

7. Are such stores or operations open to the Armed Forces Personnel only or are they also open to civilian personnel and public as well?

Hon. Barney Danson (Minister of National Defence): 1. Canex (Canadian Forces Exchange System) is a system of retail sales outlets operated on Canadian Armed Forces bases, stations and ships for the benefit of military personnel and their families.

2. Operations are under the direct control of a Board of Directors shared by the Chief of Defence Staff.

3. Retail Stores, 66; Supermarket/Groceterias, 60; Service Stations/Gas bars, 70; Cafeteria/Snack bars/Canteens, 55; Vending Operations, 35; Total, 286.

4. To provide detailed data on volume, expenses, profits etc. for each of the above unit outlets would require researching hundreds of financial statements all over Canada and overseas for which the department does not have the necessary resources. However, volume and profit for the total Canex operation was as follows:

Fiscal Year	Sales ($000,000)	Net Profit ($000,000)
1968/69	54.2	3.0
1969/70	70.2	4.0
1970/71	72.0	3.0
1971/72	72.5	3.5
1972/73	75.8	3.3
1973/74	87.2	5.1
1974/75	103.8	6.4
1975/76	112.0	6.6
1976/77	125.4	6.5

5. Purchasing Personnel—Base or Station Canex Officers, Sales Personnel, Civilian personnel hired and paid by Canex and at some isolated units with a small Canex operation, Canadian Armed Forces personnel are involved on a part-time basis.

6. Appropriate experience and training, and integrity to carry out the task in a responsible manner.

7. Personnel authorized to use Canex are members of the regular forces and civilians employed by DND and their dependants, members of the Reserve Forces when on duty, retired military personnel and widows in receipt of a forces pension, retired DND civilian personnel in receipt of a pension, Canex employees, DND school teachers and members of the RCMP and their dependents.

NATIONAL DEFENCE—MAN-DROPS BY AIRBORNE REGIMENT AND SPECIAL SERVICE FORCE, 1976 AND 1977

Question No. 1,305—**Mr. McKinnon:**

1. How many man-drops did the Airborne Regiment accomplish during the period September 1 to December 31, 1976?

2. How many man-drops did the Airborne Regiment and/or the Special Service Force accomplish during the period September 1 to December 31, 1977?

Hon. Barney Danson (Minister of National Defence): 1 and 2. Airborne Regiment: September 1 to December 31 1976—2,354; Special Service Force: September 1 to December 31 1977—2,091.

NUMBER OF IMMIGRANTS

Question No. 1,316—**Mr. Laprise:**

In (a) 1975 (b) 1976 (c) 1977, did immigrants settle in (i) Canada (ii) the Province of Quebec (iii) the Constituency of Abitibi and, if so, in each case, how many?

Hon. Bud Cullen (Minister of Employment and Immigration):

		(i)	(ii)	(iii)
	(a)	187,881	28,042	not available
	(b)	149,429	29,282	not available
First nine months	(c)	90,974	15,401	not available

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

INTERIM SUPPLY ENDING MARCH 31, 1979

Hon. Robert K. Andras (President of the Treasury Board) moved that Bill C-31, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1979, be read the second time and referred to committee of the whole.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, thank you for giving me this opportunity of becoming involved in this very significant debate. It is significant because I note that the present Minister of Finance (Mr. Chrétien) indicated

on November 7, 1977, that there was a new procedure required with respect to interim supply, and that a bill would be brought in which would give the intention of the government and, as a matter of fact, give some evidence providing a new procedure that will give ample opportunity for normal debate.

We have a bill before us, but as far as I am concerned this is not the bill to which we should be directing ourselves at this particular time. Once again I am shocked at the lack of credibility of the government.

I should like to refer to *Hansard* dated November 7, 1977, at page 646, which reads as follows:

> In the past, borrowing authority has normally been sought in one of the first appropriation acts of a new fiscal year. The long-established procedure was to attach a clause requesting new borrowing powers to supply bills brought before the House. However, as hon. members are aware, this procedure provided no opportunity to debate the authority being sought. In the past two years, following a recommendation by the Standing Committee on Procedure and Organization and agreement between the House leaders, one day was established for debate on this topic. Furthermore, it was agreed that the government would change the procedure for obtaining new borrowing authority.

I should like to emphasize that. It continues:

> The government intends to introduce a bill soon providing a new procedure which will give ample opportunity for normal debate.

I do not know where that bill is. We are extremely disappointed. We do not know what the procedures are, nor do I call this a normal debate. As I understand it, all stages of this bill have to be completed by this evening.

Also I am concerned when I note the cheek of the government. It is asking for more money at this particular time, to the extent of approximately $5 billion. This is after repeated requests by the opposition, and by the people of Canada, for a budget. As yet we do not have that budget. If I understand correctly, we are liable not to have one. As a matter of fact everyone in the House is prepared to bet that we will go to the people without any budget whatsoever. That is a shameful attitude for any government to take, given the fact that the country is in one solid mess.

● (1552)

I do not understand this government. We have had ten years of ineptness and mismanagement, and yet ministers walk around saying that everything is great. The dishonesty and incompetence that are being practised by this government are appalling. When I think of the forecasts that are so out of whack and how this affects the unemployed, those on fixed incomes, the poor, it seems to me that the economic advisers leave very much to be desired in this regard. They have been wrong in their forecasts in terms of growth, inflation, and unemployment, and yet the Minister of Finance on a number of occasions has indicated that he has every confidence in these people. I should not say that they are incompetent, because I do not think that is fair, but I will say they leave very much to be desired in terms of advising the Minister of Finance. On the other hand, he does not seem to know that the advice that he is being given has been totally wrong.

[Mr. Alexander.]

It is little wonder that no one has any confidence in this country. Here we are bumbling and fumbling along toward economic disaster. We ask serious questions in this House of the Minister of Finance. It is no laughing matter when you have one and one half million, including the hidden jobless, unemployed. What does the minister do? He just pushes aside our questions with facetious answers, red herrings, and hooting by his own back benchers, who are callous and just take an attitude regarding the plight of our unemployed that, to me, is most astonishing.

What we need around here—and I do not know how we are going to get it until we have a change in government—are medium and long term forecasts that can be relied upon in terms of growth, inflation, and unemployment. We are not on the track right now.

Regarding last month's economic summit—which was a triumph for the provinces and a disaster for the federal government—it seemed to me that the leadership came from the provinces. I sat there and listened to first minister after first minister indicating what their plans were for the development of this economy of ours. The Prime Minister (Mr. Trudeau), the Minister of Finance, all of them, they sat around in awe until the Minister of Energy, Mines and Resources (Mr. Gillespie) came up with that big flim-flam of his regarding jobs. It was one of the most dishonest presentations I have ever heard, and there the minister sits smiling.

I would like to read something from Don McGillivray's column in the Ottawa *Citizen* of March 10:

> Finance Minister Jean Chrétien's dream of a good start on recovery this year, without extra stimulus, has faded in the face of adverse statistics:

Just let me read about four or five lines further:

> Canadians are socking more money away into savings—11.2 per cent of their after-tax income in the last three months of 1977, a jump from 10.4 per cent in the previous quarter.

In other words, there is no confidence in this government nor the economy.

> Business investment shows no sign of revival. It was down by $162 million, or 1.6 per cent, in the last quarter of 1977, after allowing for seasonal factors.

Once again, this shows no confidence in this government nor in the economy.

> Statistics Canada's latest survey of business capital spending intentions this year shows a gain of about $1 billion or 3.4 per cent. But this turns into a drop of about $1 billion when stated in 1977 dollars, minus inflation.

Again, there is no confidence in this government nor in the economy.

> Corporations are afraid of being caught with too much stock on hand if demand weakens. They have started to cut back on inventories again, reversing the build-up of last summer.

No confidence!

As I said the other day, the business failures are frightening. We are facing a national disaster here, a crisis in unemployment, and these people walk around trying to bamboozle, flim-flam and con Canadians to the effect that, "You do not have to worry, everything will be all right." There can be no credibility because every time they say everything is all right,

we find out that they are wrong in their forecasting of growth, inflation, and unemployment. The country is in a mess, and most of this comes as a result of the ineptness, mismanagement, and incompetence of this government.

Last year's growth was only 2.6 per cent, yet the Minister of Finance bamboozles the people again by saying he expects a growth of 5 per cent. The Royal Bank of Canada is more correct when it says 3.3 per cent. What we really need is about 5.5 per cent average growth if we are going to have a 5.5 per cent unemployment rate and a 3.5 per cent inflation rate as we hit the year 1981. We are so far off target that it is a disgrace. It is a national disaster.

In my view, we need an address on the state of the economy. We must come clean with the Canadian people and tell them, whether we are in a mess or not. It is the responsibility of the Minister of Finance to be honest, rather than trying to flim-flam the Canadian people. He is here to give them direction and to create a positive atmosphere whereby this country can reach its ultimate destiny, and here he is playing around with an ad hoc, catch-as-catch-can approach. Is it any wonder that our dollar is destroyed, that the business communities and banking institutions offshore have no confidence? Is there any wonder when we find it is incompetence that we continually face?

The government, Mr. Speaker, preaches restraint, but it practices extravagance. The one time minister of finance inaugurated the current spending program, the budget of June 23, 1975. At that time the main estimates for 1976 had received the approval of parliament. They forecasted budgetary spending of $32.2 billion. The main estimates of 1979 forecasted budgetary spending of $46.5 billion. Thus, during the three years of the restraint program, main estimates for budgetary spending have increased by $14.3 billion, or 44 per cent. Main estimates have increased an average of 13 per cent a year. That is hardly evidence of restraint.

My colleague, the hon. member for York-Simcoe (Mr. Stevens), on March 14 put it in these words—I just want to read what he said because he is concerned, as are the vast majority of the Canadian people—he wanted to know how three budgets could go so wrong. As reported at page 3748 of *Hansard* dated March 14, the Minister of Finance continued to say we must wait. What are we waiting for, complete disaster? The hon. member for York-Simcoe stated:

> On May 25, 1976, the then minister of finance said unemployment would decline. On March 31, 1977, the then minister of finance stated we anticipated 5 per cent real growth and that unemployment would decline. In his October 20 statement, the present Minister of Finance said, "I want sustained growth of between 5 per cent and 6 per cent in order to bring unemployment down."

● (1602)

How can three budgets have been so wrong, Mr. Speaker, at the expense of the unemployed in this nation? That is the key question. How can they be so wrong?

The government now has the cheek to introduce Bill C-31. I think it is important to read what was said on March 15 when the Minister of Employment and Immigration (Mr. Cullen) moved interim supply on behalf of the President of the Treasury Board (Mr. Andras). The motion begins as follows:

> That a sum not exceeding $5,657,022,492.00 being the aggregate of: (a) three-twelfths of the total of the amounts of the items set forth in the Estimates for the fiscal year ending March 31, 1979, laid before the House of Commons on February 22, 1978 . . .

We have to read the rest of it because we cannot find it in the bill. The bill in paragraph 2 states: "not otherwise provided for, and being the aggregate of". The thing is, they want another $5 billion. The motion then calls for "an additional eight-twelfths of the total amount of Energy, Mines and Resources", "an additional six-twelfths", "an additional five-twelfths of the total amount of Treasury Board", "an additional four-twelfths of the total amount of Finance", "an additional three-twelfths of the total amount of Communications", "an additional two-twelfths of the total amount of Energy, Mines and Resources," and then "an additional one-twelfth of the total amount of Energy, Mines and Resources." It is these additional amounts that bother us, Mr. Speaker. The government has found again that it is necessary to request increased borrowing authority, and this is a clear indication that things are out of hand. This government is out of control; its spending is unlimited. You would think that the taxpayers had a bottomless pocket that we can dip into without explanation. This government is out of control—it has lost control of the economy, and that is readily evident.

The number of officially unemployed Canadians has risen to over one million for the first time in Canadian history. I heard the Prime Minister, or I read about the Prime Minister and the Minister of Employment and Immigration saying, "If you want a job, go out of the country." They claim that the statistics are exaggerated and say it is not their responsibility to create jobs. Are they going to the people with this millstone hanging over their heads? I am going to use those expressions, Mr. Speaker, whenever the Prime Minister wants to pull the plug. They are making all sorts of plans right now and deciding when the opportune time will be. By-elections were called for October 16. What a lot of nonsense that is. We are going in June—heaven knows what day in June.

Mr. Woolliams: Stanley knows.

Mr. Alexander: The hon. member for Winnipeg North Centre (Mr. Knowles) knows. I think he said June 19 or June 26.

The government has lost control. Inflation is running at 8.7 per cent—and that is with controls. Members of all parties on this side of the House are asking what the government is going to do and what the facts are about government borrowing during the present fiscal year. Initially the House approved $7 billion of new borrowing authority based on a $6.4 billion cash requirement. The government increased its tax requirements to $8.5 billion as announced by the Minister of Finance in his October 20 throne speech remarks. In reality that was his mini budget. I think this is also a mini budget we are discussing now, this further borrowing of $5 billion that the government is requesting.

By the end of December the government had already used $6.2 billion, or 73 per cent of that cash requirement and, of course, everyone knows that spending accelerates in the last few months of the fiscal year. Thus as early as December it was evident that the government might be in deep trouble and in need of further borrowing authority. What incompetence it shows when it did not accept that fact—what ineptitude. The government had already taken the necessary steps when in December the bill to amend the Income Tax Act was passed providing it with an additional $9 billion borrowing authority.

The depth of the problem is even more evident if one compares the latest request with statements made by the Minister of Finance in a speech made on second reading debate on the income tax amendments last November. At that time the minister made the following statement—and these statements are germane—they are right to the point because they indicate they do not know what they are doing over there. They have lost control. It is an ad hoc approach, which is amazing, given the fact that they have been in power for the past years—

Mr. Woolliams: 44 years.

Mr. Alexander: —it is just amazing, and yet they think they can go to the people and say, "We are the messiahs". Do you know what the Minister of Finance has been telling the Canadian people?

Mr. Woolliams: I have no idea!

Mr. Alexander: Well, just listen to this. My good friend, the hon. member for Calgary North (Mr. Woolliams), says he has no idea. This is what the Minister of Finance said regarding spending on November 7, 1977, as reported at page 646 of *Hansard*:

> The increase in borrowing authority sought at the present is to cover estimated financial requirements into the next fiscal year and to provide a substantial margin for contingencies.

In another great statement reported on the same page, he said:

> The government also needs a large contingency amount to provide it with flexibility in planning next year's Canada Savings Bonds' campaign.

Later, in yet another great statement, he said:

> The increase in the borrowing authority will serve to cover our financial requirements well into the next fiscal year and will provide a cushion for contingencies.

These statements give a clear indication that the $9 billion increase in borrowing authority would be sufficient for the coming fiscal year—at least until after the Canada Savings Bonds' campaign, which does not even begin until September. Where is the credibility of this government, Mr. Speaker? No where. Why should we trust this government? Why should we accept what they say now as being a fact? When we refer to these statements, we see that the minister said, I am asking you for increased borrowing authority, but it will be enough. It will be enough to cover everything, including any contingency. Yet, Mr. Speaker, less than four months later the government is back again asking for a further increase in the borrowing authority. Well clearly, the situation is out of control, and it is time for the government to take a hard look at its spending of proposals.

Part of the problem, in my view, exists because the government tries each year, when it tables its main estimates, to fool the Canadian public and parliament with regard to the amount of additional spending that it is actually planning to undertake. In reality, ministers seem to be fooling nobody but themselves. As the hon. member for Calgary Centre said, they play a flim-flam game. It happened last year when the government tabled the main estimates and talked about a 7 per cent increase in government spending. They conveniently forgot that there would be supplementary estimates and thus projected a cash requirement of $6.4 billion. Sure enough, along came the supplementary estimates of $1.9 billion. In October, the Minister of Finance raised the cash requirement projection to $8.5 billion and he had to ask for increased borrowing authority.

Just two weeks ago the government slipped in another $1 billion in the second set of supplementary estimates, and now it is requesting further borrowing authority. Where is the government taking this country? All I can see is bankruptcy and economic disaster.

I thought I heard somebody mumbling and trying to intervene, Mr. Speaker. I suppose they are mumbling in shock at what is going on in government circles. Here we are, on the same merry go round this year. In tabling the main estimates the President of the Treasury Board talked about how he has controlled government spending to a 9.8 per cent increase. In fact, if anticipated further supplementary estimates are taken into account, the spending increase will likely be closer to 13 or 14 per cent. Undoubtedly the cash requirement will have to be increased again when the government comes around to the realization that it has not controlled spending to 9.8 per cent at all. Once again ministers are fooling only themselves.

• (1612)

We are concerned with the approach this government takes when it comes to placing matters before the Canadian people. Ministers deceive, they mislead and they are less than honest. Why should we have to accept this as a philosophy of life, of parliamentary life? That is not our position. We believe in openness, in coming clean, in freedom of information. Now this government asks us for another $5 billion when we were all under the impression that it had its borrowing under control. Why should we give it to them? It is time that this flim-flam and shell game came to an end. The government should make a serious attempt to review its expenditure program and reduce government spending. It is time to be honest with the Canadian people. Sneaking in an extra billion dollars of expenditures and an extra billion dollars of borrowing authority throughout the year is not the solution to Canada's seriously deteriorating economy.

As I said earlier, Mr. Speaker, what we need is a new bureaucracy within the department of the Minister of Finance. Apparently their forecasting was wrong. As long as their

forecasting is wrong, whether we are talking about growth, inflation or unemployment, this country will remain in serious difficulties.

I want to thank you very much, Mr. Speaker, for giving this opportunity to me to put these few remarks before the House and before the people of Canada in order that they will know that they cannot trust this government.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I want to take the opportunity to make some comments about this particular bill, C-31. It is symptomatic of the kinds of reactions that we get from this government across the way to the most serious problem facing the country. In fact every single day we have example after example of lay-offs. We have examples of multi-national corporations in this country cutting back a work force and withdrawing a local office to the parent company's country. This bill seems to envisage the parameters for the limits to which this government can react to those kinds of serious problems.

We have just heard an explication of juggling budgetary figures and juggling supplementary estimates and estimates. In this bill we have the government again fiddling with figures and presenting figures to parliament and to the people which can in no way be comprehended. In terms of the problem that is faced people cannot understand how that particular kind of legislation affects it. I am most concerned. When listening to the hon. member for Hamilton West (Mr. Alexander) one would think that if there were a Conservative government things would be different. It ain't necessarily so. I always get upset about that. I have seen the Conservatives in the House in operation. They have splinters all over their posteriors when it comes to dealing with issues in the House.

In Ontario we have an example of a Conservative government and we have heard the chatterbox from Chatham tell it, D'Arcy McKeough, the treasurer. He thinks the greatest thing on wheels is those federal Liberals. He agrees with their budget. He agrees with their projections. He agrees with their inaction with respect to layoffs in the mining industry and any other manufacturing industry in this country. He agrees philosophically with Liberals that in effect the government ought not to interfere in the market place and that they should sit on the sidelines and let everything happen.

When I looked through Bill C-31 it is an example of the limits to which the government plays games with the Canadian people. Juggle a few millions here and few billions there. It gives the impression to the people of Canada that their problems are being dealt with. It is a kind of fiscal legerdemain where the government fools around with the figures and gives the picture that things are happening and will happen.

I always thought Canada was bounded by the limitations of the Nickel Belt riding. All hon. members tend to get the impression that the whole country, the whole world, rotates around their own particular riding and their own concerns. Nickel Belt is a marvellous riding. The hon. member for Ottawa-Carleton (Mrs. Jean Pigott) says it is a very lovely riding. She ought to know because she was there. Some disastrous action was taken recently by the major employers in the Sudbury basin. It was felt in a very real way. It was not the first time that a multinational mining company which dominates the economy of the region has laid off workers in the Sudbury basin. We became extremely concerned this time because the figures reached 3,400 which would result in spin off effects to the economy of the basin. We were loud and vehement in demanding immediate action from the federal and provincial governments with respect to those particular problems.

Since those lay-offs became effective on February 13 I took the opportunity to go to Newfoundland. I had no sooner arrived in Newfoundland than I was confronted with the spectre of the Alcan fluorspar mine closing in St. Lawrence. There is a situation where Alcan was saying to the people of Newfoundland, and to the people of St. Lawrence in particular, "We are closing here because we can purchase the fluorspar cheaper in Mexico. We can make a bigger profit in Mexico by purchasing the fluorspar there than by producing the fluorspar in St. Lawrence." They laid off 400 workers which was the whole work force in that community. These people had lived there for 40 years.

They always tell me about the capitalist risks but they never talk of the workers' risks. That graveyard in St. John's was filled with workers who had died prematurely from silicosis. There we had a company unilaterally deciding that they were pulling out and that they would buy their fluorspar from a company called Fluorspar Empresa de Mexico. This company happens to be owned by Noranda which is a well known company in this country.

The people in their helplessness tried to come to grips with the reality of that problem. They were paying their mortgages on their homes. They turned to the people who they had elected, their provincial and federal government representatives. They said, "What are we going to do?" They made suggestions, Mr. Speaker, and we raised those suggestions in this House. We said the least any self-respecting government ought to do was to impose an import tariff on fluorspar, temporary if you want, sir, and a percentage to make it more economical for Alcan to continue to take out fluorspar from St. Lawrence.

During the question period today I was amazed to hear the Minister of Industry, Trade and Commerce (Mr. Horner) tell this House that we cannot dictate to Chrysler Corporation. We cannot dictate to the multinational corporations in this country. If our governments which have a mandate from the people cannot dictate and set the behaviour pattern for the multinational corporations in this country, who the hell can?

● (1622)

Alcan, Inco, Falconbridge, Noranda, Granby mines and all the rest do not mind holding a pistol to the heads of their employees, telling them they are going to be laid off. They do not hesitate to dictate to the people. However, who is governing this country? Is it the boards of directors of Inco, Falcon-

bridge, Alcan and the rest of them, or those who are elected with the confidence and support of the Canadian people?

The Minister of Industry, Trade and Commerce stated in a pompous way that we cannot tell them anything. We are to be the recipients of their actions. In so doing, we have allowed another 400 workers to become unemployed, in addition to a lack of productivity in that area. In other words, what we had in St. Lawrence was a strike by capital. Capital refused to go to work in St. Lawrence.

I could be sensitive about the feelings of those people and their helplessness in that situation, about the fact that they could not come to grips with the problem. All they got from the government, which was elected by and has the mandate of the people, was that "There is nothing we can do."

The week before last I visited Vancouver, British Columbia. I arrived on a Thursday evening. On the Friday morning the Grand Duke mine announced it would be closing in Stewart, B.C., laying off 400 workers. The mine owners said they were down to second grade copper ore which was not economical to mine and, therefore, they were closing the mine.

There again we have the people of a particular community helpless in regard to coming to grips with a very serious problem. We sent some of our miners to the Grand Duke years ago. When we had layoffs in 1972, the miners went to Grand Duke. When they returned on holidays, they stated they were making a pile of money. What they were doing was high-grading the ore in the Stewart mine. As a result, today that mine has second grade copper which the company says it is uneconomical to mine.

There is also the situation in the Sudbury basin, my area. On February 13, 3,400 jobs went down the tube. The government was not given previous notice of the lay-offs. This government was told at midnight, October 20, the day the announcement was made. We were told that nickel markets were soft, the companies could not sell the nickel and they were therefore forced to lay-off workers. As a result, they intended to reduce the work force from 13,000 to 10,000. Those jobs have been lost. However, I now understand the company is running up overtime on production. Production levels are at the same height as they were prior to the lay-off notice.

Last week the treasurer of Ontario, D'Arcy McKeough, brought in a budget. He stated that Falconbridge and Inco would be permitted to write off their European offshore operations against taxable income in Ontario. How that will create jobs in the Sudbury basin, I do not know.

The Conservatives in this chamber say that things will be different under a Tory leadership and a Tory government. They had an opportunity to show leadership in the province of Ontario. We have not seen any results from that.

Jobs were lost in the Sudbury basin, but overtime is piling up and production levels are remaining the same. At the time of the announcement of the lay-offs, we kept pushing the government to stockpile nickel. The government said it could not interfere in the market place and, if nickel was not selling, there was no use stockpiling it. Therefore, the workers were laid off. Those are the realities the people of this country experience every day.

While in Windsor last week I heard rumours about the possible closing of the truck plant there. At eleven o'clock this morning, Chrysler Corporation announced it would be closing its truck plant and moving to Jefferson in the United States. They are going to build a plant and manufacture the trucks there. Therefore 800 jobs in the Windsor area will be going down the drain.

Today I questioned the Minister of Industry, Trade and Commerce about this. All I could get from him was that the government was studying the situation and that it could not tell the corporations what to do. That is the kind of reaction that Canadians from coast to coast get from this government. These are the problems with which they have to deal.

In these dying days of this parliament, the government brings forward the shell game of figures. The people of this country are looking to parliament for some action to solve the problems they face. The main problem that faces them, eroding their confidence and their livelihood, is that of unemployment.

When I first came to Canada I had the impression that the Tories were different from the Liberals. One thing that has been brought home to me in the past 21 or 22 years I have been here is that there really is no difference in their philosophies and approaches to the economy.

When the Minister of Finance (Mr. Chrétien) brought in his mini-budget last fall, he stated that we were looking to the private sector to create the jobs in this country. He stated that the government must not involve itself in the operation of the economy, that it should sit on the sidelines and stage. It has been doing a lot of staging. It has fixed the acoustics, put in the proper lighting and a proper background. However, the jobs are not being created. That is the problem.

What the government has been doing is handing out tax concessions. It forgave $17½ million in duties to Chrysler Corporation which should have been paid under the auto pact agreement. Under Bill C-11 which was passed last fall, $10 million was given to Inco. Alcan received $11 million last fall. Inco was allowed to defer $378 million in taxes, in effect an interest free loan. Alcan was allowed to defer $180 million in taxes, again an interest free loan. Between Guatemala and Indonesia it was some $17 million in low interest loans—we do not know the rate exactly but it is below 6 per cent. So Inco is putting one billion dollars into developing ores in Indonesia and $233 million in Guatemala.

● (1632)

Falconbridge, through its parent company, MacIntyre Mines, and its parent company, Superior Oil of Texas, along with Noranda, is putting a billion dollars into Chile for the strip mining of copper. I am always impressed by the patriotism of the multi-national corporations. I recall the days the AIB was brought into being. When the Prime Minister (Mr. Trudeau) two or three years ago announced one Thanksgiving

evening that he was establishing such a board and that the workers' wages would be controlled, the workers were in the process of negotiations with Inco and Falconbridge. The corporation then said "We cannot pay you in excess of the guidelines. We are good corporate citizens and we cannot break the law."

Those were true words of Samuel Johnson when he said that patriotism was the last refuge of a scoundrel. At a time in our history when we need large investments of capital in this country, those same multi-national corporations, having made their wealth here, are going beyond our borders and investing in paragons of human freedom such as Chile, Indonesia, and Guatemala. They are doing this with the aid and support of a government which has failed to take action in accordance with the needs of the people. This is a period when the government ought to be assisting in the creation of jobs for those who want to work. Instead, it is saying to the multi-national corporations "Go right ahead and create jobs abroad."

The situation is so blatant as to have led that radical, left-wing organization known as the Canadian Council of Catholic Bishops to issue the following press release at the time of the lay-offs. It was put out by Bishop Proulx, and by Bishop Alexander Carter of the Sault Ste. Marie Diocese. I want to read it because it constitutes an indictment of this government:

> The massive lay-off of workers violates one of the most fundamental rights of life, namely, the right to work and to provide the basic needs of one's family. Moreover, the decisions of the companies to cut back production and terminate jobs were announced suddenly and made without prior consultation. The workers became victims of market forces and the companies exaggerated concentration of profits... Sudbury has been primarily developed to serve the interests of trans-national mining companies and world nickel markets. As a result, the economic and social life of the people in this mining community has been fragile and vulnerable.

Later on in the document we find the statement:

> Powerful, foreign-controlled companies exercise increasing power in Canadian society, beyond the reach of public intervention.

Remember, this is not a radical, left-wing organization. This is the Canadian Council of Catholic Bishops talking about a matter of very real concern in this country.

Where do we get investment capital? At the moment the government is running out inviting an increase of foreign ownership, preparing for a further sell-out of the economy. It is inviting foreign, multi-national corporations to come in still further and put Canadians into the position of being hewers of wood and drawers of water. It is simply piling up problems for the future.

The corporations of which we have had experience in Sudbury have always placed their own interests first. I had an interesting telephone debate the other day with a Mr. Alfred Powis, who is the President of Noranda Mines. During our conversation, Mr. Powis said to me, "Look, if Inco had not gone to Indonesia, some other mining company would have gone there. Wasn't it better that a Canadian mining company should have taken this initiative?" I have heard the same argument made by the Minister of Industry, Trade and Commerce and by the Minister of Energy, Mines and Resources, (Mr. Gillespie), that mouthpiece for the mining companies. I said to Mr. Powis, "Mr. Powis, you are absolutely correct. I have absolutely no argument with you. I think you are right, and I tip my hat to Inco and Falconbridge for having applied that kind of reasoning. The corporations set goals. The senior officers who serve them have obtained their mandate from the shareholders, and that mandate is to increase the volume of profits and hence the value of the shares as much as possible so that the shares become more attractive. I have no objection to a corporation fulfilling those goals and carrying out its mandate."

Then I said, "Now tell me, Mr. Powis, who sets the goals for Canada? What are Canada's goals? Are you telling me that Inco's goals are the same as Canada's—that what is good for Inco is good enough for Canada?" I see the Minister of Industry, Trade and Commerce shaking his head. That is what happens when you take a Tory and make him a Liberal cabinet minister. He screws everything up. We do not need to elect a Tory government to find out what it would do.

We have a Minister of Industry, Trade and Commerce, but who sets the goals for Canada? Surely the goals of multi-national corporations are not ours. The truth, unfortunately, is that members on the treasury benches have no goals. There can be no goals because they have no plan. There is no national economic plan and no sector strategy.

The other day the Minister of Energy, Mines and Resources had a big "confab." This is what happens before elections—they discover they have to communicate. The minister called all the ministers of mines from the various provinces together in an attempt to develop a national mining strategy. What happened? That chatterbox from Chatham, D'Arcy McKeough, ran back to Ontario where he came out last week with a big giveaway to Inco and Falconbridge, allowing them to continue to process ore from Canada in their European refineries, indeed, encouraging them to do so by letting them write off against Ontario taxes the cost of their operations in Europe. I think this was a despicable act by someone elected to serve the taxpayers of the province of Ontario.

I asked the minister how that figured in with a national strategy on mines. I put a question to him on this subject during the question period. He played the old game of never answering the question put to him. He simply said it was the provinces which had control over these resources and over their taxation policy.

What I want to see from the government is a national economic plan with sector strategies, not mere words, but supported by legislation which would direct investment into sectors which need investment capital. We have said time and time again that in this strategy the surplus generated from the resource must be plowed back into the community where it was mined. It is surprising, and I know it will come as a shock—it might not come as a shock to some hon. members—that, for example, we do not have a research and development program in the nickel industry in the Sudbury basin. Indeed, we do not have much nickel research and development in Canada, and we have none in the Sudbury basin. When we

ship out our mineral resources, we are also shipping out our human resources because we educate our young people to levels which equip them to undertake challenging and interesting jobs, but since we do not have those jobs, our young people are shipped out with the ore.

● (1642)

We have said that we must have the infrastructure. They call us the nickel capital of the world. Our only claim to that title is the fact that our people rip out the resource from the ground, put it into box cars and ship it out. The objective of any national economic plan must be that the resource be used, first of all for the benefit of this generation and future generations of Canadians, so that any surplus generated from the resource is plowed back and put into the infrastructure in the communities from which the resource was taken.

We talk about related industries. For example, there is no reason in the world why we should not be producing equipment for mining in the Sudbury basin. At present we have to import equipment from Finland. Imagine importing to the Sudbury basin mining equipment from Finland! We have the mines there, many of which are now closed, which could be turned into laboratories for developing new mining equipment.

We do not have a nickel rolling mill. The Royal Canadian Mint buys 50 per cent of its rolled nickel from Inco, and that comes from Pittsburgh. They purchase the other 50 per cent from Sherritt Gordon. It comes from the Philippines to the Sherrit Gordon mill at Fort Saskatchewan and then is sold to the Royal Canadian Mint. Even the coins in your pocket, Mr. Speaker, are not the result of Canadian labour to any extent other than the extraction of the metal from the ground.

We should look at how the Japanese protect their industries. We have raised this question with the minister numerous times. In effect, Japan has a temporary import tariff of 13 per cent on finished nickel. We have said that surely we should have some sort of import tariff against raw nickel coming into this country when we have nickel stockpiled up to our eyeballs. The problem is that we have a government which is part and parcel of the establishment. The Minister of Industry, Trade and Commerce laughs, but let me point out to him that no sooner had the former minister of finance stepped out of his ministerial portfolio, than he was clasped to the bosom of the boys on Bay Street and given a $200,000 a year job. Now he is set for life. The previous minister of finance has also gone to his rewards on Bay Street and will be clasped to the bosom of the boys there.

One only has to look at the structure of the government. They are only puppets and mouthpieces of those who invest in the country and have the big bucks. They do exactly what they are told by Bay Street, no more, no less. They do not challenge that structure because that is the way the boys on Bay Street like it, and that is the way they will have it.

We spoke about what is needed. We need a national economic plan with sector strategies. Furthermore, we need a government whose first basic commitment is to full employment and which will never allow the Canadian worker to be used as any kind of tool in any fight, whether it be against inflation, against unemployment, or against anything else. The Canadian worker must not be used as a tool in those struggles as the government sees them.

Indeed, the Prime Minister, speaking at the Liberal conference in Toronto some five or six weeks ago, when asked whether he expected inflation to come down in the next year or so, said that he expected it to come down and the reason was that he did not think workers would be asking for big increases in their wages as they had been doing prior to the controls. He also said that the reason he did not think they would ask for these big increases was that there was such a large pool of unemployed people in this country. Imagine the Prime Minister making a statement like that! He was saying in effect that the government had a plan to have a large pool of unemployed.

As a matter of fact, they should be very proud of themselves over there; they can be proud of their accomplishment in the number of unemployed having reached one million. Perhaps they should give a lottery prize to the one millionth person unemployed. It goes well with the way the government approaches problems in this country. If you have a debt in the Olympics fund, create a lottery; if you need to subsidize amateur sports, start a lottery. The provinces have picked that up now. If we cannot deal with problems in a realistic way, we deal with them in dreamland, in the never-never land. We say "You too can win $1 million. Have a provincial Loto, have a Perfecto, have a Wintario, have a Loto Canada." They are following a dangerous path, I suggest. We have to deal with these problems and we need a commitment to full employment.

The first and foremost thrust of the government should be to ensure that jobs are not disappearing in communities which can least afford it. That is why we suggest that in the short term the government should be stockpiling nickel because we recognize that, as soon as people lose their jobs, we will pay them unemployment insurance. Now we find new changes in the unemployment insurance scheme. When those changes were brought in, all the Tories voted in favour of them. The hon. member for Hamilton West was all for changing the required number of weeks worked to enable the unemployed to collect benefits. Now we find in all parts of the country that people cannot even get unemployment insurance benefits because they could not accumulate the required number of weeks worked to participate in the scheme. What they are doing is to rush into welfare programs. In our area in Ontario we find that the welfare programs are out of funds, so we have large numbers of people sitting around hoping that some organization will give them a few dollars.

I said that the NDP is committed to economic planning. We have said that there must be a national economic plan with sector strategies. We have said that in this party we believe in full employment. We cannot support tinkering and manipulating with the economic structure in this country. We have said that a clear alternative rests in this corner on this side of the House. Very often members on the other side of the House become removed from the problems of the people of this

country, so we are expressing these feelings in an attempt to give them a quick kick in the rear end so that they can realize what the problems are, and perhaps start to solve them. With this aim in mind, I should like to move the following motion, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That Bill C-31 be not read now a second time but that the subject matter be referred to the Standing Committee on Finance and Economic Affairs with instruction that the said committee give consideration to the making of recommendations for inclusion in this said bill, that the salary for the Minister of Finance be reduced to $100.14 a week, this being the average level of unemployment insurance benefits, so that the minister may have an appreciation of what it is like to live as one of Canada's 1.6 million unemployed.

● (1652)

The Acting Speaker (Mr. Ethier): Order, please. Hon. members have heard the amendment presented by the hon. member for Nickel Belt (Mr. Rodriguez). I should ask for the indulgence of hon. members to give the Chair time to consider whether the amendment is receivable or not, and rule thereon. I ask hon. members to wait until after eight o'clock tonight, at which time the Chair will make a ruling on this matter.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): The hon. member for Calgary Centre (Mr. Andre).

Mr. Andre: Thank you, Mr. Speaker.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but I have a note which indicates that I was to recognize the hon. Parliamentary Secretary to President of Privy Council (Mr. Pinard). Is that agreeable to the hon. member for Calgary Centre (Mr. Andre)?

Mr. Andre: Mr. Speaker, I have no objection to that, provided I have the opportunity of being recognized next.

The Acting Speaker (Mr. Ethier): Very well. The hon. member will be.

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order. I believe there is an agreement that the Minister of Finance (Mr. Chrétien) will speak tonight at the very first opportunity, unless I am mistaken. I see the hon. member for Winnipeg North Centre (Mr. Knowles) is signalling to me. I should therefore like to have his opinion on the matter.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, it has been mentioned around the halls that the Minister of Finance (Mr. Chrétien) proposes to speak tonight, but I know of no agreement that he be given a special time. He can take his turn along with the rest of us ordinary members.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker,have noticed one thing. On this side of the House, no one has yet spoken on this bill this afternoon, on the other hand, two hon. members have on the other side. So, I would not be averse to the idea that two government members, ordinary members or ministers, should speak one after the other, though I know, of course, that it is up to the Speaker of the House to decide, on the matter.

So, very briefly, Mr. Speaker, this bill requests the authorization to spend a certain amount in the various department during the coming fiscal year, and of course, a good part of that money will be spent on agriculture in Canada. I shall make one short comment. I think it is fundamental and of prime importance to point out that, on the agricultural scene in Canada, many things have happened in the last while. The department was reorganized, its services were relocated according to the new strategy of agricultural expansion and the new food policy. With regard to the agricultural expansion strategy, it emphasizes a team approach in agriculture, in that it gives a greater role to the provinces, producers, processors and consumers. The key elements of that food and agriculture strategy are as follows: First, increase production effectiveness; second, promote the sale of the products with the most trading potential; third, help low income farmers to improve their living standards through agriculture; fourth, preserve and improve natural farming resources and soil utilization; fifth, increase the effectiveness of the marketing system; sixth, protect the farmers against income instability and the natural risk of farm production; seventh, ensure longer term protection against foreign competition for certain products; and eighth, extend the access of Canadian farm products to foreign markets.

Concrete achievements at this time are as follows: first, a free system of paid telephone messages implemented since November 1, 1977; second, three new federal assistance programs totalling $28 million, announced in October 1977 and designed to increase our feed grain storage capacity, to increase local feed grain stocks and to promote the building of grain elevators; third, the Canadian missions at the GATT meetings have consulted farming representatives on many occasions; and fourth, the Eastern and Western Divisions of the Research Branch will have their headquarters relocated outside Ottawa, in Saskatoon and Quebec City.

Mr. Speaker, there is also the food strategy. A white paper on our food strategy was published in June 1977 and its three objectives are as follows: first, maintain food prices; second, maintain adequate supplies; and third, provide producer and fishermen with stable incomes adjusted to their work and their investments. Agriculture is very important in the Drummond constituency which I represent, and I am pleased that the Canadian government is considering spending very substantial amounts to help our farmers in all areas of production.

Unfortunately, since I have only a few minutes left, I do not have the time before five o'clock this afternoon to give more details about all the farming policies of the federal government, but if the Chair allows me to do so, I would like to take this opportunity to mention the dairy products promotion program, which is all to the credit of the government and which is already beginning to show positive results. Mr. Speaker, I would like to call your attention to the various dairy research programs put forward by Agriculture Canada. Because it is concerned with the need to better balance the production and consumption of dairy products in Canada, the department has been working with the private sector and research bodies on a $4 million program that was called for in the national dairy policy announced last spring. This program is administered by the Canadian Dairy Commission and aims at stimulating consumption and the use of milk products, especially skim milk powder. And since 48 per cent of industrial milk producers are based in the province of Quebec, it is my view that those government expenditures will first and foremost benefit Quebec producers, a great number of whom are in the constituency of Drummond I represent here in this House.

There are three main goals: new product development, advertising and market research. Nearly $1 million have been allocated to the first goal, $2.4 million to the second and $500,000 to the third one. The Canadian government has signed contracts with various private firms for the development of new products, such as cheese of low fat content, Greek cheese and skim milk cheese.

Another project is aimed at increasing the opportunities for skim milk marketing in underdeveloped countries. The maximum term for these projects is three years, and the Canadian dairy product bureau, a producer body established to promote milk consumption, will be leading a $2.4 million advertising campaign. Last year, the Canadian government helped industrial milk producers by writing off the $152 million export debt, but this was of a short term nature only. The $4 million research and promotion program, put forward as I said by the Canadian government for the benefit of our farmers, should bring longer term answers.

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

The Parliamentary Secretary to President of Privy Council.

Mr. Pinard: Mr. Speaker, there has been an agreement among the leaders of the various parties to proceed first with consideration of private bill 1001 and then with motion No. 4 standing in the name of the hon. member for Vaudreuil (Mr. Herbert). I ask for the unanimous consent of the House to proceed in that way and to allow the other motions and bills to stand.

[Mr. Pinard.]

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the hon. parliamentary secretary is correct this time. There has been such an agreement.

Mr. Paproski: Mr. Speaker, if the hon. member for Winnipeg North Centre (Mr. Knowles) says that it is true, then I will go along with it.

The Acting Speaker (Mr. Ethier): Order, please. Hon. members have heard the representations of the hon. parliamentary secretary. Is it agreed and so ordered that we proceed to Bill C-1001 immediately?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

• (1702)

PRIVATE BILLS

[*English*]

BELL CANADA

The House resumed, from Thursday, Febraury 9, consideration of the motion of Mr. O'Connell that Bill C-1001, respecting Bell Canada, be read the second time and referred to the Standing Committee on Transport and Communications, and the amendment thereto of Mr. Leggatt.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, I appreciate the consent that the House has given for us to proceed with this bill at this time. After considering the questions raised in the extended debate in the House on Bill C-1001—debate that began in the previous session some 14 months ago—I would like to advise the House that, as the sponsor of this private bill, I intend to introduce three important amendments in the Standing Committee on Transport and Communications, assuming the House is willing to send the bill to the committee. I will describe to the House the essential nature of these amendments, all of which were circulated some days ago either to House leaders or whips, or to other representatives of all parties in the House. I should also say that the proposed amendments arise out of discussions held under my auspices as sponsor of the bill.

The amendments arose out of discussions I had with officers of the company and with certain party representatives in the House. I have also had the benefit of some brief and informal discussions with members of all parties in the House. Therefore, my hope is that the amendments—which I now give assurance will be moved in the appropriate standing committee—will enable the House to give second reading this afternoon to the bill and send it to the committee for formal amendment and further consideration.

The first two amendments to be proposed would delete clause 5.2 and clause 5.3 on page 7 of the bill entirely. The

third amendment would delete clause 4 on page 8—the clause which is consequential to the aforementioned clauses, 5.2 and 5.3. A further amendment would delete the words "and 2" in line 6, clause 6, page 9. The result of these amendments would be to withdraw the request in the bill for a letters patent procedure and a negative resolution procedure as a future means of amending Bell Canada's basic charter. The amendments would also withdraw the request for certain ancillary powers sought through the application to Bell Canada's charter of Section 16 of the Canada Corporations Act.

Finally, the amendment would withdraw the request in the bill that future individual common stock issues of the company not require CRTC approval. The effect of the latter amendment would be to continue the present requirement that each stock issue be approved by the CRTC. Those are the proposed three principal amendments. I believe they will overcome the main objections expressed in various parts of the House in varying degrees.

What will remain in the amended bill are two important matters. The first is the company's need and request for a new, higher ceiling for equity capital to assist in financing new construction and the new equipment program in the years ahead. It is a requirement of the bill that parliament give assent to new and higher capital ceilings for common stock issues—before they can be made. There also remain certain provisions for greater financial flexibility suited to today's market conditions, for example, the right to split common shares and create classes of shares.

I trust, Mr. Speaker, that these explanations and assurances will assist the House in coming to a decision with respect to the amendment to the second reading motion, which is before us. I would hope that the amendment would be withdrawn and that we could then come to a conclusion of second reading this afternoon and that the House would agree to move the bill to the Standing Committee on Transport and Communications.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I welcome the intervention by the hon. member for Scarborough East (Mr. O'Connell) on behalf of Bell Canada and his commitment to move in committee the amendments that he described. I consider the amendments that will be moved a tremendous victory for my party and those in the Creditiste party, who assisted us in debating the bill for over a year, because we felt that the provisions in the bill were not in the public interest. I think it is a great achievement, despite the charges in the past that we were filibustering, that Bell Canada has finally come around to our point of view and has agreed to drop the offending clauses from the bill.

I would remind the House that this bill began as a bill called S-2 in the Senate. Indeed, it was passed with only one day's debate in the other place back in December, 1976, which says something about the degree of scrutiny of legislation in that chamber. The bill was sent to the House of Commons in January, 1977. Once the members of the New Democratic Party saw its contents, we were determined that the bill would not go through this House unamended. As a result, we have delayed it until proper amendments were forthcoming from Bell Canada.

Why did we object to this bill, Mr. Speaker? We found that it was not just a bill, as was first claimed, to increase the capitalization of Bell Canada from $1.75 billion to $5 billion, but that it contained many more significant clauses that would have, in our opinion, ended effective parliamentary scrutiny over this giant monopoly. If Bill C-1001 were passed as it was originally written, the effect would be that Bell Canada would not have to come before this House of Commons and be subject to debate on its performance and obligations. It would have been merely through a negative resolution procedure which would not have allowed for thorough debate such as we have had today. The bill in its original form would have allowed Bell Canada legally to own companies not related with telephone operations.

I regret to say that Bell has been moving in this direction in an indirect and quasi-legal way on a limited basis in the past. This is in contravention of its act of incorporation, an act of this House of Commons. So this bill would have given Bell that freedom to move into non-telecommunication fields. We maintain that Bell's ownership of non-telephone related companies would be against the public interest. We maintain that Bell was given a monopoly position by parliament on the clear condition that it would not invest in other fields. Bell Canada was trying to change this position through this bill we have before us. If it had passed in its original form, Bell, unlike any other company in Canada, would have retained its monopoly position in telecommunications in certain provinces and, at the same time, been allowed to own other businesses not related to its monopoly service.

• (1712)

Bell, in our opinion, by looking at its act of incorporation, was charged by parliament to provide good telephone service at reasonable prices. Our submission was, and still is, that if Bell is allowed to own other businesses not related to telephone service, then the telephone subscriber in the long run would face higher rates and poor service. The reason for this is quite obvious. Telephone subscribers would begin to subsidize Bell's non-telephone business ventures—and if anyone cares to go through the debates on this issue in past records of *Hansard* they will be able to see examples of this that we have brought out. Indeed, the people who I think would be affected most detrimentally would be those rural subscribers of Bell Canada who today have had a very bad deal from the company. We have given example after example of rural subscribers who have faced year after year of multi-party lines and who have faced exorbitant charges to get telephone service to their areas. Bell has a lamentable record in improving rural service, and our fear is that if it moved into other business ventures, rural service would become even worse.

We know how Bell Canada pleads poverty year after year and how it asks for rate increases and how, despite our regulatory system which is to protect the consumer, Bell

continues to get these rate increase. In the years 1970 to 1977 Bell was granted rate increases totalling $416 million.

In 1978 Bell is asking for a 20 per cent rate increase, which, if approved, will give Bell some $399 million additional, on an annual basis. That would mean, for example, that telephone subscribers at Toronto and Montreal, who are paying the current rate of $8.15 a month for basic telephone service, would see their telephone bill go up to $9.80 a month. Compare that to a government telephone system in Manitoba where subscribers in Winnipeg are charged only $4.90 for the same kind of telephone service.

We say that there has to be much closer scrutiny by the regulatory agencies of these kinds of rate increases, and one of the opportunities, the rare opportunity that parliament has to examine this history of rate increases and the workings of the regulatory commission is through debates such as this, when Bell is required to come before this Chamber in order to get amendments to its act of incorporation.

We have also complained in the past—I do not have time to go into the details—of how the subsidiaries were not taken into account. For example, there is Northern Telecom and its profit structure in the CRTC determining the rate increases for Bell. But most of all we have been concerned about the rural service, or lack of it, as I have mentioned earlier.

I have raised, through debate in this Chamber examples of people in the smaller communities outside my riding in the district of Algoma who have made direct representations to me and also to Mr. Bud Wildman, the MPP for the area, who complained they had not had good telephone service or affordable telephone service from Bell Canada. I am happy to report that through many discussions we have had with executives of Bell, not only related to the content of this bill but to the problem of rural service, we have won some major improvements for rural subscribers in northern Ontario. We have noticed an acceleration in the reduction of the number of parties on a rural party line. I think, for example, of Prince township within my riding where, by 1979, they will be reduced to four people on a party line. That does not mean that all is well because we still have examples of individuals facing ten-party telephone lines or even more, or people facing telephone bills running into the hundreds of dollars annually in order to get a telephone line to a rural community.

What disappoints me most is the silence, throughout this debate that has gone on for over a year, of many of the Liberal and Conservative members who represent rural areas, who could have used this opportunity to bring before the public and Bell the examples of the poor service in their constituencies as well. I notice in particular, regarding the complaints that I received from the riding of Algoma, that the hon. member for Algoma (Mr. Foster) has not participated in this debate, and I regret that.

As I said at the beginning, Mr. Speaker, we have won major concessions from Bell Canada in the amendments that have been announced today. This has only come about because of determined opposition by the members of the NDP caucus in not allowing this bill speedy passage as was originally hoped. I consider it a major victory for the telephone subscribers of Bell Canada. It means that on future occasions we will be able to debate and examine in this Chamber the operations of Bell, and demand of Bell that, in return for any future consideration of amendments or what-have-you, we expect good service at affordable costs. I wish to commend the member for Scarborough East for bringing in these amendments. I look forward to discussion of them in committee and to calling witnesses, in particular the CRTC, so that we can examine the implications of this bill.

I would like, in conclusion, to thank my colleagues who, every second Thursday, were loyally here to debate this bill. I thank, in particular, those outside the House who have assisted us—Dr. Robert Babe, Mr. Gary Steeves, Action Bell Canada, and the many hundreds of people who either called or wrote us giving us examples of poor service, and encouraging us in this debate to get the needed amendments that we now have achieved.

I look forward to having this bill moved to committee, and I can assure you, Mr. Speaker, that the New Democratic Party is in agreement that we move the bill to committee for further study.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. In view of the statements that have just been made by the hon. member for Scarborough East (Mr. O'Connell), and by my colleague from Sault Ste Marie (Mr. Symes) it is clear that we are prepared to let this bill have second reading and be sent to the appropriate committee.

There is standing against the second reading motion, however, an amendment that would give the bill a six months' hoist. Since we are willing to let the bill go to committee, I wish to say on behalf of the hon. member for New Westminster (Mr. Leggatt), as well as on my own behalf, since we moved and seconded that motion, that we would be prepared to ask the consent of the House to withdraw that motion so that we can go directly to the vote on the main motion. This is proposed in light of the excellent agreement worked out mainly between the hon. member for Sault Ste. Marie and the hon. member for Nickel Belt (Mr. Rodriguez) on the one hand, and the hon. member for Scarborough East on the other.

The Acting Speaker (Mr. Ethier): Hon. members have heard the request of the hon. member for Winnipeg North Centre (Mr. Knowles). Is there unanimous consent that the amendment be withdrawn?

Some hon. Members: Agreed.

Amendment (Mr. Leggatt) withdrawn.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Transport and Communications.

• (1722)

Mr. O'Connell: Mr. Speaker, I rise on a point of order. I believe standing order 103(1) requires a one week's delay to intervene after second reading in the House before a Standing Committee can consider a bill sent to it.

I would like to ask the House whether it would be prepared to give unanimous consent to waive that provision of Standing Order 103(1), in view of the possible tight time bind in which we may find ourselves with the House recessing on Wednesday next week and this notwithstanding the desire of most members of the House to move the bill to committee stage quickly.

In asking for that unanimous consent I might say that it would be contingent upon the committee being willing to receive the bill with less than one week's notice. I have not been able to consult the committee chairman beyond discussing with him generally that the bill will likely come to him some time soon. He does not know that it will be prior to the one week's interval. Therefore, I would like to ask the House if it would give unanimous consent to waive Standing Order 103(1) on the condition that the committee is willing to receive the bill.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we are prepared to join in giving that consent. The hon. member for Scarborough East spoke to us about it a short while ago. There was one other point which was part of the understanding and that was with respect to the times of any meetings of the committee. They would be arranged by consultation, bearing in mind the possibility of members being present and the possibility of the availability of certain witnesses. So far as the waiving of the one week's requirement is concerned, as set out in Standing Order 103(1), we are prepared to agree to that.

We have an excellent example today, Mr. Speaker, of how useful it is to consult and to get together when there is an important problem before us.

Mr. Paproski: Mr. Speaker, we agree also.

Mr. O'Connell: Mr. Speaker, it is understood and agreed that the witnesses would have to be available.

The Acting Speaker (Mr. Ethier): Hon. members have heard the suggestion of the hon. member for Scarborough East (Mr. O'Connell). Is it agreed and so ordered?

Some hon. Members: Agreed.

Veterans Affairs

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*Translation*]

COPIES OF CORRESPONDENCE RELATING TO DECENTRALIZATION OF DEPARTMENT OF VETERANS AFFAIRS

Mr. Hal Herbert (Vaudreuil) moved:

That an Order of the House do issue for copies of all correspondence, notes, minutes of meetings and other communications relating to the decentralization of the Department of Veterans Affairs to the Province of Prince Edward Island.

[*English*]

He said: Mr. Speaker, this notice of motion for the production of papers was put on the order paper because, in my opinion, the decision which was made to relocate most of the Department of Veterans Affairs to Prince Edward Island was made without adequate prior study. I fully support the program of decentralization. Equally I am happy that the Department of Veterans Affairs will, in large measure, be moving to Prince Edward Island. However, it is my opinion that before any such large move is made, proper studies should be conducted so that the full implications would be known before the decision is taken and the decision surely should be contingent upon the study.

The relocation of the Department of Veterans Affairs to Charlottetown was announced on October 28, 1976. A departmental task force was set up in November of that year to co-ordinate with the province and the municipality to monitor social, economic, physical activities and impacts. The site selection was due in the fall of 1977.

Part of my problems probably stems from the fact that the original announcement was made without any prior information given to interested members, myself included. In my riding there are many veterans, and there is also a large veterans hospital. Because of these contacts, I have constant communication with many of the employees of the Department of Veterans Affairs in Ottawa.

I received many phone calls concerning the announcement. I knew nothing about it. As the newspapers reported, I was especially irritated that the announcement should be made first in the media without concerned MP's being made aware of it. It was not alone. The Dominion President of the Royal Canadian Legion stated the Legion's opposition to the move. He said that the proposed move was not anticipated and the minister's announcement came as a complete surprise. The Dominion President made it clear that he was not opposed to the program of decentralization or the fact that the department was moving to Prince Edward Island, but the fact there had been no consultation was of concern.

The employees were eventually consulted. A questionnaire was given to them. Language concerns and possible disruptions to family life were seen as the main reasons for an overwhelming majority rejection of the move. Some 90 per cent of those responding to the questionnaire were opposed to the transfer. They had, of course, a multitude of reasons for their rejection. One of the obvious reasons why public servants might be

unwilling to move was indicated by the fact that a quarter of the employees had members of their families working in the Ottawa area so that they too would be disrupted by the move.

Employees of the Department of Veterans Affairs were also concerned about the disruption to schooling. Many of the children from families affected by the move were enrolled in school systems either in Ottawa, Ontario, or in Hull, Quebec. The minister admitted himself that the department had not analysed the implications of the relocation on DVA staff, and that no employer/employee assistance policy had been adopted. In my opinion this is not the best way to proceed if we want to maintain morale in the department.

● (1732)

Of special concern to me was the subject of language. The Minister of Finance (Mr. Chrétien) on November 25, in connection with the decentralization plans into the province of Quebec, stated that the government was presently negotiating with Quebec. He said that if there is no agreement to permit English speaking public servants who will be going into Quebec to send their children to English schools, there will be no move. If there is to be decentralization in another province which does not provide for education in French for French speaking people, there will be no decentralization. He went on to say "except where personnel for decentralized units could be hired locally."

I questioned that move to Prince Edward Island. I put many questions on the order paper. I wanted to know what the department or the President of the Treasury Board (Mr. Andras) had done to ensure there would be adequate French language schooling facilities available in Prince Edward Island. Prince Edward Island, which has four members of parliament in this House, one of whom is a minister, is smaller than the constituency that I represent and has far fewer persons living in it. Because it is a province, it has a lot more clout than my constituency. I would think it would be possible to make some arrangements.

We talked many times about what might have been done. After much prompting and a lapse of several months, the then president of the treasury board, now the Minister of Finance, was in communication with the premier of the province of Prince Edward Island. He stated that we now have to face up to the issue and asked what the premier was going to do about it. The premier stated that he was prepared to provide French language instruction in the province of Prince Edward Island for those children who needed it.

It is disappointing that we have continually to make these representations and bring pressure to bear in areas where these matters should be looked after in advance. In other words, before considering a move into Prince Edward Island, such subjects as language of instruction for children should have been looked into and some assurance obtained from the premier of that province. I know some will say the situation is different in Quebec because of their bill 101. I suggest whether or not there is language legislation, any province can in a practical fashion exclude teaching in the second official language by not providing the facilities.

For many years in the province of Ontario, discrimination was practised with money. They did not need a bill 101. The same situation continues in many of the other English speaking provinces today. To say there is not the same problem in Prince Edward Island because there is no bill 101 just does not hold water.

There are many other areas about which we asked questions and where answers should have been given before an announcement was made. The department uses 660,000 square feet of office space. In Ottawa alone, about 180,000 square feet of office space is used. It costs $800,000 per annum for the space they are presently utilizing. We all know of the concerns of the people in Ottawa because of the space that will be vacated.

I would like to know whether the relocation is going to affect, for example, Saint John, New Brunswick where 21,000 square feet of space is occupied at a cost of $154,000 per annum. In Toronto, something less than 40,000 square feet of space is occupied at a cost of $200,000 per annum. I could give similar statistics for areas of other provinces. So far these questions have been unanswered.

I also wanted to know the estimated cost of the relocation. I was told the total estimated cost is $8½ million. Without any further explanation I am inclined to question the figure. I very much doubt whether any consideration has been given to the dislocating effect of such a move.

I was interested in whether there would be any organizational changes in those departments being decentralized. I asked the question whether changes were necessary in the organizational structure of senior management personnel in departments affected by decentralization. The answer was no. I asked whether decentralization necessitated a change in reporting lines and responsibility of such personnel. The answer was no.

As an individual who operated a company with offices in several provinces of this country, I find it extremely difficult to imagine a major move of this nature going ahead without some changes in the top organizational structure of the department or in the reporting lines of those personnel. Surely just distance itself will affect in some way the reporting lines of the senior personnel.

My concern was directed to certain other areas. I asked the estimated cost and the approximate number of square feet of the new building which is to be constructed in Charlottetown, P.E.I. The answer was:

—not known at this time as detailed accommodation requirements have not yet been identified by Department of Veterans Affairs.

I asked whether land had been purchased or an option taken on land in Charlottetown for the construction of the new building. The answer was no. I asked what amount of land acquisition and construction costs, if any, would be charged by the Department of Public Works to the Department of Veterans Affairs in connection with this move. I was told "none".

The reason was that the Department of Public Works was responsible for cost of land acquisition and office space for the Department of Veterans Affairs and under current policy, the cost of providing and maintaining office space would be carried in the budget of the Department of Public Works as long as the facility was required. If I do not know now, how am I going to know later? It is going to be in the budget of the Department of Public Works? I am a member of the Standing Committee on Veterans Affairs but that information is not going to be in the estimates of the Department of Veterans Affairs. I suppose one could float between committees and maybe finally get the question to the Minister of Public Works (Mr. Buchanan). Of course, he will say that decisions are being made by the Minister of Veterans Affairs (Mr. MacDonald). This is the run-around we sometimes get between committees.

In any major move of this nature, we have the stated policy of government that we are going to decentralize. Surely the next move should be a study and questioning of employees. When the study has been completed in reasonable detail, the announcement can then be made based on our findings, the availability of space, the cost of moving, the availability of educational facilities and so on.

● (1742)

Let me give hon. members another example in connection with Place Guy Favreau in Montreal. We shall be spending multi-millions of dollars in the construction of this building, which is an illustration of decentralization in reverse. I asked the minister what departmental offices were scheduled to occupy space in that project. The answer was: "We cannot at this early date identify specific government offices which will be relocated into complex Guy Favreau." The answer continued:

> Public Works does not to date maintain records of numbers of personnel in client premises . . . an analysis is currently under way which will recommend renegotiation of economically favourable leases and relegation of some Crown-owned properties. The allocation of space in Place Guy Favreau will be made after this analysis has taken place.

I mention this for two reasons. First, we have decided to put up a building in Montreal at a cost in excess of $100 million before deciding who should move into it. That, Mr. Speaker, is reverse decentralization. The responsible department, the Department of Public Works, does not know what it is doing in this case because it has received no information from the other departments. So in one case the Department of Veterans Affairs passes the buck to the Department of Public Works, while in the other the Department of Public Works passes the buck to departments generally.

I suggest, Mr. Speaker, that I have good reason to place my motion on the order paper asking for the production of papers so that a little more light might be cast upon this whole issue. That is why I asked for the correspondence, the minutes of meetings and other communications relating to the decentralization of the Department of Veterans Affairs to the province of Prince Edward Island.

Veterans Affairs

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, long before I came to this House I was an academic and a firm believer in having before me the fullest documentation possible before arriving at a judgment on any subject. I am, therefore, in agreement with the motion. I am also much committed to the idea of freedom of information to the fullest possible extent with respect to government and government transactions.

I listened carefully to what the hon. member had to say. He intimated he was not opposed to the move to Prince Edward Island, but—it was a substantial "but" for a three-letter word. I cannot understand why he should be surprised that this proposal should be made. It is long ago since this chamber first discussed the decentralization of the administration to various parts of the country. A number of departments are already functioning from one end of the country to the other. It is past my understanding that this move to Charlottetown, the cradle of confederation, should cause so much consternation or that it should be held up as an example of inflicting pain and anguish upon public servants. I can understand that great difficulties might arise over family matters, children's education, and so on but there are not many operations in the private sector or, indeed, in the government itself where guaranteed geographical security is part of the job commitment. I never had a big business empire such as the hon. member referred to but I am wondering whether in that empire extending all across the country there are not many people who were called upon to move very suddenly from one part of Canada to another.

The move to Prince Edward Island will not take place suddenly. I hope all those concerned will be able to make suitable arrangements to provide for their families, their children and so on. But I do not accept with good grace the suggestion that Prince Edward Island is incapable of offering language training for those who will be working in the Department of Veterans Affairs. Instead of quibbling about things like this I believe this House and the country should applaud the honourable and gallant Minister of Veterans Affairs (Mr. MacDonald) who has arranged for the transfer of the department to the city of Charlottetown, a city where the per capita representation of veterans in the Boer War, the first world war, the second world war and the Korean war was very high.

It is very fitting that a minister of such great military distinction should be the man responsible for the initiation of such a move. it is conceivable that the move will be finished under another government, but those are the fortunes of political warfare. Before I leave this place I want to salute the Minister of Veterans Affairs for the action he took and say to the mover of this motion that any public servant now living in the national capital who finds that his work will take him to the city of Charlottetown is very much blessed.

Some hon. Members: Hear, hear!

Mr. Macquarrie: His real income will not change but his psychic income will be greatly increased. I have not lived in Charlottetown for a hundred years—

An hon. Member: It just seems like that!

Mr. Macquarrie: —but these people will be well treated. Those who join the department from Prince Edward Island will include many fine people who will maintain the quality of service which is provided. This is a department dedicated to looking after a select group of Canadians, those who bore hardship and endured the struggle at times of national peril. While I think it is wise to have all the information before us, nobody concerned should consider that they were taken by surprise. Sooner or later, decentralization was bound to strike Prince Edward Island. Surely somewhere along the line, if Camrose, Alberta, or whatever it is called up in the north, which the Minister of Industry, Trade and Commerce (Mr. Horner) is presently representing, can get the Farm Credit Corporation, Prince Edward Island is entitled to something.

I am firmly convinced that the decentralization of bureaucracy is a good thing. The more we can get the Canadian people to look upon this great structure of government as being their own, the better. We saw the cabinet moving about the west—

Mr. Gilbert: At public expense!

Mr. Macquarrie: The hon. member says "at public expense".

An hon. Member: In the public interest!

Mr. Gilbert: It was a political propaganda event.

• (1752)

Mr. Macquarrie: Perhaps I can say what I am going to say. I appreciate the help from all sides, but I would just as soon utter my own thoughts. I was going to say that I think it is an excellent thing for members of the government to be moving across the country. That makes me a very good Canadian citizen. But as a good Progressive Conservative I say it is an excellent thing that the present government move across the country so that people can see them at close range. If they get to know them as well as we know them here, there will be a great future, not only for my party but also for the country.

Mr. Gilbert: Yes, great changes will take place.

Mr. Macquarrie: I look forward to welcoming the people from the Department of Veterans Affairs in Charlottetown. I am voluntarily withdrawing. I do not know what will happen to my colleague, the hon. member for Cardigan, but he will have his memorial there. I am looking forward to my memorial, which is the Charlottetown airport. The last time I was there I saw a beautiful replica right in the foyer. It is pretty crowded there, but that is one thing I welcome. I think we may each leave something tangible—surely there are many intangibles—but I welcome and salute the fact that, as the people on the Island say, "the honourable Danny Dan" has done well.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I should like to applaud most of the comments made by the hon. member for Hillsborough (Mr. Macquarrie), but with regard to the comments made by the hon. member for Vaudreuil (Mr. Herbert), I should like to say no wonder we have regional disparity in our country when we hear centralized comments such as those that he expressed. I was surprised and disappointed to have heard a member of the House speak in this manner.

I am particularly happy to have this opportunity to speak for just a few moments about the planned relocation of the Department of Veterans Affairs from Ottawa to Charlottetown, a move of real importance and magnitude which will be completed in about three years.

We all know the government is committed to the policy of decentralizing some of its operations and the associated relocating of selected agencies, branches and divisions of certain departments outside the national capital region. When one thinks and speaks of decentralization, certainly DREE is a shining example of success. In 1974 DREE made the move to decentralize, and today the Atlantic provinces have 281 people in the four provincial offices and in the regional office in Moncton, as compared to 77 prior to decentralization. But, perhaps even more important, the decentralization of DREE has resulted in over 70 per cent of the senior executive positions being located now outside of Ottawa. This means that 90 per cent of the incentive grant decisions under RDIA are made right in Atlantic Canada.

The relocation of the Department of Veterans Affairs, which is the fifth largest federal department, is seen as an important instrument for attaining such priority national objectives as, first, bringing government operations closer to the people, second, reducing regional economic disparities, and third, promoting a more balanced urban development.

Officials of the Department of Veterans Affairs have worked with the Treasury Board secretariat task force on decentralization for more than a year to determine which units and functions can be relocated. They also developed details of operation, cost and other factors which would permit cabinet to decide which units can best be relocated.

In preparation for relocation, the Department of Veterans Affairs, in conjunction with the Departmental of Regional Economic Expansion and the Department of Urban Affairs, together with representatives of the province of Prince Edward Island and of the city of Charlottetown, have formed a trilevel committee to address itself to all aspects involved in the relocation. The provincial and municipal representatives of the co-ordinating committee are: Dr. Tom Connor, deputy minister of development, and Mr. John Butler, city manager for Charlottetown. Also included in the advance planning team is Dr. John Glendenning, president of Holland college in Charlottetown, with whom the department might soon be working to develop curricula to provide islanders with skill training for possible recruitment to the Department of Veterans Affairs. It is also important to note that there are more federal officials on this co-ordinating committee than provincial and municipal officials because there is a lot of work to be done by the Department of Regional Economic Expansion, the Department of Urban Affairs and, of course, the Department of Veterans Affairs.

When the committee addresses itself to all aspects of the relocation and a great many different subjects, among the committee's concerns will be the effect of the move of employees of the Department of Veterans Affairs and their families on the medical, health, cultural and educational facilities in P.E.I. There has been considerable discussion about the provision of public education in the second official language in Charlottetown when the department moves. It is considered a priority. In that respect, the provincial government has agreed that French language education will be available in Charlottetown by 1981. However—we must understand this—precise language training needs of employees of the department cannot be determined until closer to the actual relocation date.

Officials of the personnel section of the department have had consultations recently with a Holland college committee examining business courses to be offered, especially bilingual secretarial, administrative, stenographic and clerical. Former Charlottetown mayor Frank Zakem, who is also principal of Holland College's Charlottetown centre, says that these post-secondary courses which, he predicts, might begin in 1979 will emphasize skills in bilingualism.

However, I should like to emphasize again that the extent of the requirement for French language training will not be definitely known until it is determined how many French speaking employees will choose to relocate. Here are some of the statistics we have already drawn up indicating the number of personnel interested in relocating. The result of the department's first relocation questionnaire circulated to all Department of Veterans Affairs' employees shows that out of 228 employees whose mother tongue is French, 32 indicated they would make the move the Charlottetown, 135 said they would not, and 61 were undecided. Out of the survey of the Anglophone speaking employees—there are 454 of them—108 said they would relocate, 200 said they would not, and 146 were undecided. To put these figures together and to put it all in perspective, 20.5 per cent of the head office staff indicated a willingness to relocate, 49 per cent said they were not planning to relocate, and 30.4 per cent were undecided.

The Acting Speaker (Mr. Ethier): Order, please. The hour appointed for private members' business having expired I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

INTERIM SUPPLY FOR FINANCIAL YEAR ENDING MARCH 31, 1979

The House resumed consideration of the motion of Mr. Cullen (for the President of the Treasury Board) that Bill C-31, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1979, be read for the second time and referred to committee of the whole.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, before the House recessed at 5 p.m., I was dealing with agriculture and the dairy products promotion program. I should have stressed that the advertising campaign will centre on cheese, because consumption is increasing and the annual cheese consumption per capita is in the neighborhood of 15 pounds, while it is double that figure in some European countries.

In the area of market research, funds will be used for finding new markets for the existing dairy products. As an illustration, one project will go into the possibility of increasing daily sales in restaurants, hotels and institutions. The Canadian Farm Economic Research Council received grants to research the use of powder skim milk in animal feeding and various studies are under way on the economic aspects of feeding powder skim milk to suckling calves.

Over the last few years, milk overproduction and low demand for powder skim milk, a by-product of butter manufacturing, has been one of the main problems in that area. Butter and powder skim milk surpluses from increased world dairy production and lower butter consumption depressed world prices to a fraction of their normal level. The Canadian government is supporting the domestic price of powder skim milk at the 72 cents per pound level, while world price plummeted to 20 cents and less. In order to export, Canadian producers must therefore pay some 50 cents a pound, which significantly curtails their level of revenues. This is why I referred earlier to the $152 million government subsidy in the form of export debt write-off, the debt incurred by producers.

Mr. Speaker, of course in this time of year, in mid-March, there is talk of the forthcoming dairy policy. A number of Liberal members and myself are now attending various meetings, in a concerted effort to convince cabinet to approve and announce the best possible dairy policy. This would be forthcoming in the beginning of April. Last year, we succeeded in obtaining a very good daily policy and this year we would like this policy to be even better, in the interest of all our farmers.

I have every reason to hope, Mr. Speaker, that the dairy policy for 1978-79 will be most profitable, not only for the producers but also for the consumers, that is for the people

generally. Before closing my remarks, Mr. Speaker, there is a program I should like to explain. I am thinking here of the program to increase the production of fodder in Quebec. An agreement was signed by our Minister of Agriculture (Mr. Whelan) and his provincial counterpart on last February 17. The federal-provincial agreement provides for the expenditure of $33.5 million towards the implementation of four programs to help our Quebec producers improve their self-sufficiency in the area of fodder.

At the present time, Quebec produces only 34 per cent of the fodder crops it needs; the rest is imported from the Prairies, Ontario and even the United States. The federal government has committed itself to paying Quebec producers the total cost of those programs, that is a total amount of $33.5 million, or $6.7 million a year for the next five years starting on April 1, 1978. This program will end on May 31, 1983. Four programs are available to enable Quebec farmers to finance grain stocking facilities on the farm including silos, ventilation systems and corn dryers. Our producers may also benefit from subsidies for the purchase of grain harvesters, hay dryers and silos to improve the conservation quality and quantity of grain and fodder crops produced in Quebec. Those programs will be administered by the Quebec Department of Agriculture and the provincial offices in each area will maintain the liaison with producers.

Therefore, all farmers who wish to take part in those programs will be provided with forms and expertise by local offices of the Quebec Department of Agriculture as of April 1, 1978. A federal-provincial committee will supervise the general administration of those programs.

The federal government will pay to the Quebec consolidated fund an amount of $6.7 million annually. The payments made to producers through Quebec will clearly show the contribution of the Canadian government, that is any cheque made to producers will come from federal funds for carrying out those four programs.

This is, Mr. Speaker, what I had to say concerning agriculture during consideration of Bill C-31 for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1979. If I insisted on agriculture it is because it is a vital sector of our society, agriculture being not only the concern of producers but also that of consumers and the Canadian government, has it can be noted, is very much aware of farming problems in Canada as very substantial funds are allotted to agriculture in the best interests of the people.

● (2012)

[*English*]

Mr. Chrétien: Mr. Speaker, I would just like to seek the unanimous consent of hon. members of the House in order to make a short statement. I understand the standing committee will be sitting in another room and there is an agreement among its members that the meeting will reconvene some time after I have made my statement. As there was only one member from our side who spoke today perhaps I might be allowed to make my short statement, and that would make it possible for me to make myself available to committee members for interrogation on the bill which has to be concluded before the committee tonight.

Mr. Andre: Mr. Speaker, I believe under the rules I was recognized prior to five o'clock and would probably have been finishing my remarks about now. However, I agreed to let the parliamentary secretary to the government House leader have the floor on the condition that I would be recognized after that. I am not interested in attempting to disrupt the business of the Minister of Finance but we are interested in putting some questions to him.

I would like to offer the minister the opportunity to speak now if he will agree that we go into committee of the whole after the completion of his remarks so that we might have an opportunity of quizzing him on the impact of the comments he intends to make. His remarks may not be long in duration, but probably important in terms of impact. Therefore we would like that opportunity.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. The Parliamentary Secretary to President of Privy Council (Mr. Pinard) on a point of order.

Mr. Pinard: Mr. Speaker, discussions on Bill C-31 began this afternoon and, except for myself, only members opposite have participated in the debate. Indeed, one Conservative member has spoken as well as the hon. member for Nickel Belt (Mr. Rodriguez) and at seven minutes to five o'clock, I am the only government member who has been recognized this afternoon on that bill. I was allowed 40 minutes. I knew that the Minister of Finance (Mr. Chrétien) wanted to make himself available for the Committee on Finance tonight and that is why I have shortened my speech and spoke for only about seven minutes. I was entitled to another half hour. I was expecting the same courtesy from the hon. member who spoke before me. I am quite surprised by his attitude, and given the circumstances, when he claims that he had been recognized before me this afternoon, he knows quite well that this was a mistake since no government member at that time had yet been recognized. Now, all I want from the hon. member is to be gentlemanlike and courteous and allow the Minister of Finance (Mr. Chrétien) to make his short statement and make himself available for the Committee on Finance before which he must appear.

[*English*]

The Acting Speaker (Mr. Ethier): I recognize the hon. member for York-Simcoe on the same point of order.

Mr. Stevens: Mr. Speaker, I think perhaps there is some misunderstanding. Certainly our impression this afternoon was

that at about this time this evening we might have reached the point where we would go into committee of the whole, and then those who wished to use the time to make what might be regarded as speeches could do so. This would allow us an opportunity to question the minister on the statement he now wishes to read into the record.

Perhaps we could make a compromise. If the minister would indicate that he was at least willing to answer questions, notwithstanding the fact that we would not be in committee of the whole, I think that would satisfy us and we could get on with the formal proceedings of the House.

The Acting Speaker (Mr. Ethier): The Chairman has no choice but to ask all members if there is unanimous consent in response to the permission sought by the Minister of Finance to speak now. If there is not unanimous consent I cannot grant him that opportunity. If there is I will do so. But I cannot impose any conditions.

Mr. Woolliams: Mr. Speaker, on the point of order, I think it is clear that there may be a misunderstanding on your part in respect of what has been suggested on this side, and I say that with great respect to yourself. What the hon. member for Calgary Centre and our financial critic have suggested is that we are prepared to allow the Minister of Finance to speak, but because we do not know what he is going to say, and we are very interested in knowing, as I am sure the nation is, we would like him to consent, as part of the unanimous consent, to a 15 minute question period. No doubt what he has to say will require some clarification. If the minister does not agree to that, then I must agree with your comments.

The Acting Speaker (Mr. Ethier): With all due respect to hon. members, especially the hon. member who has just spoken, I must first seek the unanimous consent of the House in respect of whether the minister shall be recognized. If there is that consent, after he has been recognized hon. members can then ask whether there will be a question period, and that request may be granted. Before that, however, I must seek unanimous consent that the hon. Minister of Finance be recognized. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Mr. Paproski: Mr. Speaker, the only reason hon. members said no was that the hon. member for Calgary Centre was recognized before dinner hour and deferred—

An hon. Member: Why shouldn't he?

The Acting Speaker (Mr. Ethier): Order, please. I have before me an amendment moved by the hon. member for Nickel Belt (Mr. Rodriguez) to the effect that the bill be not now read a second time, but that the subject matter thereof be referred to the Standing Committee on Finance, Trade and Economic Affairs, and the amendment goes on to offer certain instructions to that committee. Without getting into the difficult procedural problems respecting instructions to committees, I would simply draw the attention of the House to the fact that we are operating under a special order in respect of this bill which requires that it be given second reading, be considered in committee of the whole, reported, given third reading and passed before the adjournment of the House tonight. This amendment proposes an alternative procedure not provided for in the special order, and for that reason alone I regret that I must rule the amendment unacceptable.

Mr. Knowles (Winnipeg North Centre): But it was a good idea.

Mr. Andre: Mr. Speaker, before proceeding with my remarks, so there is no misunderstanding, I should like to say—

The Acting Speaker (Mr. Ethier): Order please. Is the hon. member seeking to be recognized for the purpose of discussing the bill or is he rising on a point of order?

Mr. Andre: Mr. Speaker, I rise on the point of order. I should like to ask for the unanimous consent of the House that the Minister of Finance be allowed to speak, followed by a 15-minute question period.

The Acting Speaker (Mr. Ethier): Members have heard again the proposal of the hon. member for Calgary Centre, that unanimous consent by given the Minister of Finance. Is it agreed?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paproski: Who said "no"?

The Acting Speaker (Mr. Ethier): I asked whether there was unanimous consent and I heard a "no". Therefore, there is not unanimous consent.

Mr. Paproski: Mr. Speaker, on a point of order—

● (2022)

The Acting Speaker (Mr. Ethier): If the hon. member is seeking the floor on a point of order to make remarks that certain members have not been recognized, I do not think that is procedural and, therefore, I would not recognize the hon. member on that point of order. If the hon. member wants the floor on a point of order relating to the remarks made by the hon. member for Calgary Centre (Mr. Andre), I will accept that.

Mr. Paproski: I would just like to explain to you, Mr. Speaker, that prior to the dinner hour we discussed this when I approached you at the chair and informed you that there was a possibility of a problem here. I knew there was going to be a problem. Now the minister wants to say a few words. It is fine

for him to say a few words providing he answers a few questions at the same time.

The Acting Speaker (Mr. Ethier): I see no point of order. I recognize the member for Calgary Centre, and the floor is therefore open to him.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, we are debating today at second reading Bill C-31, which could go into committee of the whole if the government is willing to answer some questions in regard to spending, the economy and other related matters. But it is not. Therefore, we will have only this opportunity tonight at second reading to debate this bill, which is part of a process that is one of the most meaningless and embarrassing things that we in parliament are called upon to do. The whole process of estimates, spending allocation and supply appropriation is a giant sham, a charade that we perpetrate on the people of Canada every year.

In the third week of February the government presents its main estimates on spending. We know from experience those are not, in fact, their intended expenditures for the rest of the year but only part of them. They are going to present more later on. Committees are given references to look at government spending, but as we all know, that does not happen. There is no opportunity for members of parliament to get to the root of the activities of government departments to determine how they are spending their money.

Each year at this time we end up with an interim supply bill, and in June the final appropriation bill is presented to the House. This is the first time we have had a second reading debate on the bill. Unfortunately, members of parliament have no real opportunity to influence the contents of this bill in any real way. There is no parliamentary control over government spending, none whatsoever. Any attempt to claim otherwise is perpetrating a sham and a charade on the people of Canada. There is no chance for democratic input into government spending planning. There is no way for the people's representatives to exercise any authority over spending. In fact, Mr. Speaker, we would be more honest with the people of Canada if we passed a one-clause bill saying the government could spend whatever they wanted to spend, because this, in fact, is what happens. The government do whatever they want to do. We in parliament have no control whatsoever. To go through this annual charade of pretending there is parliamentary examination of estimates, of spending plans, parliamentary approval of spending plans, parliamentary approval of appropriations, is a charade that we are perpetrating on the people of Canada.

My constituents—and I think the constituents of every other riding in the country—believe in our democratic system. They believe that their members of parliament authorize the taxes, spending, and so on; and they further believe that their representatives monitor or audit the day to day operations of the government. That is what the people of Canada believe. That is what we are taught in school about our parliamentary system. That, in fact, has nothing to do with reality, because in reality taxes become law when the Minister of Finance (Mr. Chrétien) says they become law. There is no opportunity for parliament to exercise any influence by virtue of standing orders. Spending is exactly what the blue book says it will be. There is no contradictory control or parliamentary input.

The people's representatives have no input whatsoever in terms of determining spending. The day to day monitoring of government activities is impossible due to our inability under the current system to obtain information or find out what is going on. When we have a situation, as we have here today, where we are offering to the Minister of Finance an opportunity to make a statement so that we can question him afterwards to find out what is going on, the minister's parliamentary secretary says no. He does not want that. He does not want parliament to find out.

The Acting Speaker (Mr. Ethier): Order, please. Perhaps the Chair should clarify one point at this time. It is not that anyone said no. I just said we could not permit members questioning the minister unless we passed second reading and went into committee of the whole. We cannot permit questions being asked at this stage. That was not sought. The ruling that I made earlier was that we could not go into committee at this time. We are still on second reading. We cannot go into committee until we have passed second reading. Therefore, the remarks being made at the present time are not justified.

Mr. Andre: Mr. Speaker, I will not endeavour to argue with the Chair. I have always believed that the House is the master of its own rules and by unanimous consent we can do whatever we want. I was merely seeking unanimous consent to offer that opportunity, which was not granted.

Nevertheless, in terms of this whole spending process which Bill C-31 is a part of, what actually happens here and what people believe happens here are two totally different things. The reality is not democracy, but something else—I do not know what it is. It sure is not parliamentary democracy, and the sooner the people of Canada recognize that fact the sooner we can get back to a democratic system.

Compare our situation with the situation in the United States, Mr. Speaker. A budget is presented by the executive to congress in January, and it contains both taxation and spending plans of the government for the fiscal year starting on October 1. In other words, the legislature in the United States gets nine months to consider the taxing and spending plans of the U.S. government. We get, at most, five weeks. In the United States, congress demands and gets full information and they get changes. We demand information and get nothing and have no recourse. There is never any change. Even in the minority parliament, when the majority of members wanted changes we were precluded from obtaining them under the rules.

● (2032)

In the United States, congress was what the people believe it to be—a legislative assembly. Parliament in Canada, in terms of spending, is nothing like that whatsoever. We have no

ability to legislate taxes or spending. That is done entirely by the executive branch. Again, it is a sham perpetrated on the people of Canada to claim that parliament collects taxes and controls government spending.

Apologists for this system from amongst the government say that the check here is ministerial responsibility. That is the phrase they love to use when they are defending the system they operate under. What does it mean, Mr. Speaker? According to the Oxford Dictionary "responsible" means "liable to be called to account, answerable, morally accountable for actions." How can the House of Commons call a minister to account? How can we exercise this ministerial responsibility?

When the Minister of Finance was president of the treasury board in February, 1975, and tabled the main estimates for the coming fiscal year, he said that spending for the following year was going to be $28.2 billion in budgetary terms and $1.3 billion in loans for a total of $29.5 billion, representing a very modest 15 per cent increase over the previous year. He said he and his colleague the then minister of finance, the current Bay Street buccaneer were going to keep things to 15 per cent.

Let us examine what happened, Mr. Speaker. In reality, spending for that year was not $29.5 billion, it was $38.2 billion. The increase was not 15 per cent but 21 per cent. The Minister of Finance, who was then President of the Treasury Board, misled this House and the people of Canada about the government's spending plans. He was the responsible minister, but did he resign? He is still here. Did he apologize? Did he in any way account for this? Was he held responsible for this gross inaccuracy that he perpetrated on this House and the people of Canada? He was not. He is now perpetrating the same type of gross inaccuracies regarding some other aspects of government activities—unemployment, spending, debt and numerous other things.

Under this government ministerial responsibility is a sham. It is a shroud behind which they hide. It is a fraud. The Auditor General fills his report every year with instances of misspending by this government of illegal, improper activities. But has any minister resigned? Has one of them apologized? Has any responsibility been taken by ministers? Has the Minister of Energy, Mines and Resources (Mr. Gillespie) accepted responsibility for the AECL kafuffle and all the abuses that occurred there? Not on your life, Mr. Speaker. It is absurd to suggest that we have a system of ministerial responsibility in this country. We have no such thing.

The second line of defence of the apologists of the current system is that, through the debates in the House, through bills, through things like the blue book, the public is given information, and through that there is a weight of public opinion to keep the government and ministers responsible. Again, that is a sham. We have no freedom of information act in this country. The information we obtain is that which the government gives us, no other. We do not know, so we cannot ask the right questions. Even when we do ask the right questions we are not assured that we are getting the right answers. Mr. Gordon Robertson, the second highest bureaucrat of this government, when talking about freedom of information said it is just agitation by vested interests, such as members of parliament and journalists. That was his reaction to our requests for information.

There is outright deception in the form of presentation of data, Mr. Speaker. Let us take the estimates which were presented less than a month ago by the President of Treasury Board (Mr. Andras), as an example. I shall outline four ways in which the method of presentation by the government deceives the House of Commons and the people of Canada about their spending plans.

When dealing with non-budgetary expenditure—loans and advances—they subtract low repayments. Thus, if last year one agency was given a loan of $500 million, and another agency repaid a loan of like amount, the net effect on the spending estimates presented to parliament would be zero. There would be no effect. If this year that loan of $500 million was written off, as is frequently the case with this government, that $500 million would not show up either because that is a no-cash transfer system situation. It does not show up in the figures. The people of Canada would end up spending $500 million of tax moneys and the President of the Treasury Board would not reflect that expenditure in the figures he gives to the House of Commons and the people of Canada. Therefore, we are deceived again about government spending plans.

This year for the first time some Crown corporation loans were not included in government loans. Whereas last year the Export Development Corporation received loans from the government of Canada of $400 million, in the coming fiscal year they will make a loan directly from the private sector. Government spending for the following year is thereby reduced by this $400 million to the Export Development Corporation, but there has been no change in terms of the loan. The people of Canada are still responsible for that loan. It is no different from the previous year, yet the numbers we get from the President of the Treasury Board say that they are spending $400 million less in that way. That is a sham. It is a charade. It is dishonest.

Then we have a situation where the minister predicts future supplementary estimates through the year. Last year he predicted supplementary estimates of $1,800 million. They turned out to be $3 billion. Did the minister apologize? Did he retract? Did he correct that? Did he explain why there was such a difference between his prediction and fact? Not on your life, Mr. Speaker. That is what ministerial responsibility means.

He also predicted that certain funds would not be spent, that they would lapse. He predicted for this year that there would be $1 billion lapsing, which is larger than any other year. If one were using historic precedents the amount of lapse would be about $600 million, not $1 billion as predicted by the Minister of Finance.

There is one other thing the government has been doing to hide true spending, and that is to push expenses off to the private sector. In the pipeline bill there is provision for a monitoring agency which is to cost around $200 million. That is not to be paid by the government but by the pipeline

company. Civil servants will be working there. There is $200 million of government spending which is not going to show up in the estimates, and it is not going to look like government spending.

Bill C-20, which deals with northern land use regulations, contains a clause requiring companies to contribute to an environmental protection fund. The moneys involved will never go through consolidated revenue and will never show up as government spending, yet, in fact, they are a tax to the company. If honesty were the mode of operation they should be reflected in the government spending estimates to indicate that the money was being spent in this way.

It is in these ways that this government deceives the people of Canada. Any apologist for the system who says public opinion is a check on government extravagance simply does not realize that in fact the public cannot have an opinion about something they have no information on.

I am sorry the Prime Minister (Mr. Trudeau) is not here this evening, as I should like to give a further example of deception. He went out to Edmonton on a campaign trip paid for by the people of Canada and while there made a speech. This is reported in the Ottawa *Citizen* of March 14, under the heading "The Trudeau & Co. Shell Game", and begins as follows:

Someone is lying—Prime Minister Pierre Trudeau, his advisers, or Statistics Canada.

It goes on to demonstrate the flimflammary of our Prime Minister, his abuse of fact, his willingness to distort, twist, misuse and deceive the Canadian public in the interests of electioneering.

Some hon. Members: Hear, hear!

Mr. Andre: The article ends as follows:

But it should be informative to discover whether you can fool most of the people all of the time.

With that kind of leadership, is it any wonder that the Minister of Energy, Mines and Resources, when electioneering at public expense in Lloydminster, should make a statement that led to headlines like this—

Mrs. Holt: There is nothing in that front row.

Mr. Andre: There is the bionic mouth, Mr. Speaker. The headline said that the minister claimed a P.C. victory may jeopardize the heavy oil plant. If it were half parliamentary, Mr. Speaker, I would say that is a damn lie, but I cannot say that because it is not parliamentary. It sure as heck is not the truth. We voted for Bill C-19 on second reading. If that incompetent minister had paid a little attention the bill would have been through committee weeks ago.

● (2042)

While on the subject, we have a tradition here of not criticizing officials and bureaucrats and not attacking them because they cannot defend themselves. We are supposed to direct our concerns to the responsible minister. I understand and appreciate that. In turn, Mr. Speaker, the requirement is officials not get involved in the political process. Therefore, I was more than a little upset to hear from four different delegations which had been to see officials of the Department of Energy, Mines and Resources. Certain senior officials in that department had told these individuals that the hon. member for Calgary Centre was making unreasonable demands and delaying that bill. Mr. Speaker, let me indicate that if those officials want to get involved in politics, they should be told to get out and run, otherwise keep their mounths shut.

Some hon. Members: Hear, hear!

Mr. Andre: The third level of defence of this sham of a system is that the public at elections can indicate their concerns about government, that we can hold government responsible at election time. How do you do that? The Prime Minister has had 150 ministerial changes. Who the blazes are you to hold responsible? What postmaster general can we hold responsible for the fact that during the period 1969 to 1977 the amount of mail went up 17.9 per cent but the number of post office employees went up 42.7 per cent? All that is the magic effect of automation. The figures show almost 18 per cent more mail and 43 per cent more employees, and they do not work. What postmaster general are we supposed to hold responsible for that, Mr. Speaker? That is what I would like to know.

Can the people trust what this government says? This is the government that has said, no, no, to price and income controls. They said they would not work, and they would never do it. Then they introduced them a year later. This is a government led by a man who said he would wrestle inflation to the ground. He wrestled inflation to the ground, this great tiger. This is a government led by a man who said that separatism is dead. This is a man who at the last election promised $250 million to help remove railways from downtown urban centres. The list goes on and on. This is a man, this is a government, this is a party which has deceived the Canadian people repeatedly.

The strategy is very clear. They do not think the public is very bright. They think the public will accept whatever lies they are told right now. They will have a whole new batch and a whole new image and a new haircut and they will go to the people and the people will forget about all these lies from the past and believe them from now on. I do not think the Canadian people are that dumb and I do not think that will happen. I think hon. members on the other side are in for a surprise. The people of Canada must realize that we no longer have parliamentary democracy in this country. They must not be deluded into thinking that we in parliament can hold this government responsible, that there are really checks and balances.

As my leader pointed out the other night, if the Americans had this system Senator Sam Irvin would have had to ask Richard Nixon's permission to study Watergate. What do you think of the chances of that happening, Mr. Speaker, in the

American system? The fact is that in our system the cabinet can do whatever it wants. It can spend like drunken sailors, and it does. It can hide embarrassing information, and it does. It can distort the truth, and it does. It can ignore the wishes of the Canadian citizenry, and it does. All they feel is necessary is that near elections they put on the act they think the public wants to see, tell whatever fresh new lies are necessary to get elected, and that is all that is required. The only way that we could be less democratic than we are today is if we did away with elections altogether. And only the most naive would dismiss that as a possibility with that bunch.

Even as a debating forum our opportunities are being restricted. We wanted the opportunity given today to the Minister of Finance to make a statement, and for the opposition to be given a chance to ask questions of him so that the whole truth could get to the people of Canada. But the gurus on the other side said no. They are not interested in that. They are plainly not interested in talking about the economy. There are a million unemployed and the minister does not want to talk about that. Our dollar is only worth 88 cents and the Minister of Industry, Trade and Commerce (Mr. Horner) thinks that is the greatest thing that ever happened. I am sure if our dollar went down to a quarter he would be ecstatic. He would be beside himself with glee.

With the anti-inflation program ending we have no debate or discussion as to what is to follow on. I can understand that; the government does not know what to do. It has no idea of how to get out of this mess. It created a million unemployed with its policies. It created an 88-cent dollar with its policies. It created the regional disparity in this country with its policies and it does not know what to do. It is not going to allow parliament to discuss these problems because it is not in their interests to do so. The Liberals want the people to accept a lot of half-truths and mistruths and they expect with that formula they can get back into office. Mr. Speaker, I do not think the people of Canada are that foolish. I think the people of Canada recognize that this coming election is a vote of confidence in this government. They will look at the record and they will see that there are a million people unemployed. They will look at double-digit inflation and at all the blunders of this government, along with the half-truths, the mistruths and the outright lies that have come from this government, and they will vote accordingly, knowing full well that if they vote for the Liberals again they will get more of the same and that there may not be any country at the end of it all.

As Mr. Calami said in an article in Tuesday's *Citizen*, it will be interesting to see if you can fool most of the people all of the time. I do not think you can. I think this government are in for a rude shock when they get up their courage and go to the people.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, Clause 5 of the interim supply bill now before the House seeks a supplementary statutory borrowing authority of $5 billion. It also seeks explicit authorization for the government to borrow in foreign currencies as well as Canadian dollars.

Under the Financial Administration Act, only parliament may authorize the government to borrow money or issue securities. This requirement refers to borrowings that increase the amount of outstanding loans. The act gives the government a continuing authority to borrow funds to repay maturing debt.

The traditional procedure for seeking new borrowing powers is to attach a clause to supply bills brought before the House. However, this procedure provides no opportunity to debate the borrowing authority request because the clause is not part of the estimates discussed in standing committees and because supply bills are usually passed without debate. For these reasons, it was agreed in March 1976 and again in March 1977 to give the House an opportunity to debate the borrowing authority.

● (2052)

Hon. members will recall that last March, borrowing authority of $7 billion was provided to meet anticipated cash requirements for the 1977-78 fiscal year. Authority to borrow an additional $9 billion was sought and provided as part of the income tax bill passed in December. This request was made because it was recognized that the government's 1977-78 cash requirements were going to exceed the borrowing authority provided earlier and that an additional substantial margin was required then to meet contingencies such as foreign borrowings and the possibility of an advance refunding of maturing Canada savings bonds. It was anticipated that the contingency margin sought would in fact allow the government to meet a significant part of cash requirements for 1978-79.

The authority in this bill to borrow a further $5 billion, together with the unused portion of the $16 billion authority granted in March and December of 1977, should provide the government with sufficient borrowing powers to meet all cash requirements for the fiscal year 1978-79, and provide a margin as usual for contingencies.

To provide greater clarity, clause 5 makes it explicit that the borrowing authority covers foreign currencies as well as Canadian dollars. While this authority has always been implicit, and has not been questioned in our previous foreign currency issues, we think it is helpful to follow the example of other Canadian borrowers in this regard.

I now expect that cash requirements for fiscal year 1977-78 will total $8.8 billion and as of now I am anticipating a cash requirement of about $11 billion for fiscal year 1978-79.

[*Translation*]

My colleague, the President of the Treasury Board (Mr. Andras) has already announced that budgetary expenditures, as well as loans, advances and capital assets should represent $48.8 billion in 1978-79, which is 9.8 per cent over the level forecast for 1977-78. Budgetary expenditures should increase by a little less than 10 per cent, with supplementary estimates and cancellations. As for loans, advances and capital assets, they should increase by about 6 per cent.

I expect budgetary revenues to increase by about 13 per cent in 1978-79. As the $100 reduction for each taxpayer has mostly affected personal income tax revenues for 1977-78, these should increase fairly rapidly in 1978-79. The budgetary deficit should remain at approximately the 1977-78 level. However, our financial requirements, apart from exchange operations, will be substantially greater as we must pay approximately $2.6 billion in accrued interests and bonuses payable on Canada savings bonds maturing on November 1, 1978. We expect that many Canadians will want to reinvest this money in more Canada savings bonds, and we certainly encourage them to do so. We therefore foresee that these bonds will this year satisfy a greater proportion of our needs than in the two past years.

As at the end of February our treasury totalled $5.2 billion, a fairly high level; the borrowing authority asked for should allow the government to plan and efficiently carry out management of the public debt. The unused part of the existing borrowing rights, and the new $5 billion authority requested will cover our domestic cash requirements in 1978-79, and will be used to draw on the $1.5 billion U.S. credit opening and the $750 million U.S. loan which is being negotiated.

Our borrowings in Canada are completed for the current fiscal year, except for the treasury bonds which will be offered in the last two adjudications for March. The government increased by about $8.2 billion its outstanding internal debt. The new issues of negotiable shares and the increase in the number of treasury bonds, in net terms, amounted respectively to about $3.5 billion and $2.9 billion. The balance of the increase was provided by the Canada savings bonds, the outstanding debt derived from them having been increased by $1.8 billion during the fiscal year.

We expect to meet in part our financial needs for 1978-79 through our treasury. The balance will be provided through current program providing for an increase in weekly adjudications of treasury bonds, new issues of negotiable bonds from time to time and the periodic campaign for Canada savings bonds in the fall.

[*English*]

That is the statement, Mr. Speaker, that I wanted to make this evening on the borrowing authority. It is for an additional $5 billion.

I want to make one comment before closing because somebody said "shame". I would like him to explain to me how he would manage to borrow less and still cut taxes by an additional $2 billion, as his party proposes. It makes absolutely no sense to say that his party would cut taxes an additional $2 billion and at the same time say "shame" because there is too much borrowing in this country at the present time. The hon. member would be well advised to make up his mind about this.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, this is a sad day. This is a sad evening.

Some hon. Members: Oh, oh!

[Mr. Chrétien.]

Mr. Stevens: Mr. Speaker, was I recognized? This is a sad day. It is a sad evening for parliament and for the people of Canada. On October 20, the Minister of Finance (Mr. Chrétien), under the guise of a statement during the debate on that day, chose to give what he now says was a budget, without the benefit of parliament having the normal six day debating period it would have on a budget.

This evening, under the guise of making a statement with respect to the bill now before us, the minister has filled in some details as to what we may expect with regard to the revenue and spending position of this government for the coming fiscal year 1979, again, I would emphasize without giving this House the privilege it would have if the government had the courage to bring in a budget. We do not have the privilege to debate the minister's budgetary position.

Not only did the minister bring in his statement in the context that it was, but he has adamantly refused to allow the members of this House to ask questions with regard to that statement. He adamantly refuses to allow the House to go into committee of the whole so that we can have a meaningful review.

The point I wish to make is that there is a great deal unanswered in the minister's statement tonight. He has indicated that we may anticipate a cash requirement of $11 billion for fiscal year 1979. However, he did not make it clear what cash requirement he was referring to. Was he referring to what is generally looked upon as the budgetary cash requirement? Was he referring to the cash requirement after foreign exchange dealings? Most important, the Minister of Finance should have made clear tonight whether the $11 billion, which he is now admitting to be the government's cash requirement for fiscal 1979, includes the borrowings that the government intends to make regarding the Export Development Corporation, the CNR and various other Crown corporations.

Let me put this into perspective. We have a Minister of Finance who lacks the courage to bring in a proper budget, but who indicates we have a $11 billion cash requirement without making it clear to this House that that does not include the cash requirements of such agencies as the Export Development Corporation, which will be going to the public for additional funds. We were told this was part of a larger plan to commit $2 billion of possible future Canadian financing to be raised in the name of Canada. Add that to the $11 billion which has been disclosed here tonight and we are up to $13 billion which the minister is saying will be the fiscal requirement for 1979. Add, further, the borrowing planned by the CNR and other agencies and it becomes clear why the general public is expecting borrowing by Canada to the tune of $14 billion.

● (2102)

Let us put this into perspective. When the minister says tonight he foresees a financial need of $11 billion, it means that 22 per cent of his spending will not be paid for out of revenue in the coming year. In other words, 22 per cent of everything that is being spent on behalf of the Canadian public

is being put on the cuff. Between $11 billion and $13 billion represents funds being spent by the government to cover the current shortfall incurred with regard to operations which will have to be paid for by generations to come. What a legacy to inherit! Future generations will have to pay for the government's mismanagement and ineptitude in choosing to run our financial affairs so badly.

Again, to put this issue into perspective, on May 25, 1976 we did see a proper budget introduced. At that time the minister of finance disclosed that the total financial requirement of the government, including those of Crown corporations, was $1.5 billion. That was for the fiscal year 1975. Tonight, four years later, we are told $11 billion will be required. Mr. Speaker, the climb has been sensational. In the 1976 fiscal year, the total sum the government needed to cover the shortfall in its operations was $4.6 billion. In 1977, the total was estimated to be $4.7 billion. In 1978, the fiscal year which will shortly be running out, we are told the total amount required is $8.8 billion. Mr. Speaker, no other nation is incurring such a huge deficit and cash requirement in terms of its population, the total federal government's spending program and the gross national product. That is the truth. It is time those Liberal backbenchers stopped giggling over there behind their ministers, stopped blindly supporting those ministers and asked a few questions. Why have they tolerated the type of deficit which is being incurred?

Why did the minister choose to make this revelation tonight? There may be members who are curious. Why did he choose tonight to spell out the cash requirement for 1979? The truth is, he was told to do so. He was told to make this disclosure by the bankers of New York City. They said he was bound to disclose exactly what was to happen in Canada in 1979. They said to him, in effect: "You may be able to fudge these figures as far as the people of Canada are concerned, but we need to know the facts."

I refer now to the preliminary prospectus which was filed in New York and particularly to the pages in that prospectus dealing with the public debt. Pages 18 and 19 spell out more clearly than the government has ever done what the problem is. It is revealed in this document that as of January 1, 1978, the total direct debt of the federal government was $49.7 billion. This compares with $29 billion in 1973. In the short period of six years they have run up our debt by $20 billion. Tonight we are told they are still spending, or at least attempting to borrow, $7 billion for which they received authority in March, 1977, $9 billion for which they received authority to borrow in November, plus another $5 billion they are wanting us to approve tonight. Mr. Speaker, the Department of Finance seems to have lost control over the budgetary process.

Unfortunately, it is not only the present generation which will be paying for this spending spree the government has embarked on; it will be future generations as well. Not only is the direct debt of the government revealed, but the document also shows that at the end of December, 1977, Crown corporations had borrowed $1.2 billion and that indirect guarantees to which the government is committed amount to almost $21 billion. In short, if we put together the various debts and guarantee obligations of the government we find, according to this document filed in New York, that the government has got us into something exceeding $75 billion of debt.

An hon. Member: Disgusting!

Mr. Stevens: Those are the facts, and rather than come to parliament and make the statement he has made it would be better if the minister were to tell parliament why the government has got into this mess, why it has run into this cash requirement it is now obliged to disclose. Surely the House is entitled to find out exactly the height of the debt ceiling the government presently contemplates.

If we agree to extend the borrowing authority by a further $5 billion, where will it all end? We know from the records filed in New York that the borrowing they have used up already amounts to something like $75 billion. If we add the figure to which the minister has referred tonight the ceiling will be hovering around the $85 billion mark. We should be told clearly exactly what obligations the government intends to run up on behalf of the Canadian public.

Not only has the government incurred the debt to which I have referred, but it has done something which, to my mind, is intolerable: it has monetized an increasing amount of the debt it was incurring. Last year, the Bank of Canada was forced, because of the cash requirement shortfall, to buy from government nearly $2 billion of further obligation in the name of the government of Canada.

• (2112)

At the end of December of last year, the total debt owed by the Bank of Canada in government of Canada securities was $10.225 billion. As I said, that is approximately $2 billion more than at the end of 1976. But let hon. members put that again in perspective. When the emperor became the Prime Minister of this country, when the Prime Minister took over the reins of government in 1968, the total Bank of Canada holdings of government securities amounted to $3.8 billion. From $3.8 billion they have increased to something over $7 billion, and the hard fact is that that is what people call monetizing the debt. There is no mystery about inflation in this country. Since the government took power, real growth in Canada has been 55 per cent. The government has created, largely through what I have referred to as the monetizing of debt, 156 per cent more money in the country. Is it any surprise that we have had 100 per cent inflation since the Prime Minister took the reins of power? I ask urgently that all members of parliament, before they vote to give the government still further borrowing authority of $5 billion ask themselves why we are getting into such a lopsided debt position when we were told, as we are still being told by the government, that we are doing relatively well. If this were not as strong a country as it is, we could not withstand the inept management of a government such as we have.

Mr. F. A. Philbrook (Halton): Mr. Speaker, thank you very much for giving me the privilege of speaking on Bill C-31, the

supplementary estimates. I will not speak very long because I know some of my colleagues want to participate in this debate. I will not go into the details of the supplementary estimates—

Mr. Woolliams: Why don't you read them from cover to cover? I am interested.

Mr. Philbrook: If the hon. member does not mind, I will speak off the cuff, but I will pick up my papers.

I should like to touch on a couple of points regarding the economy because this bill on supplementary estimates is a very important part of government spending, which in turn is an important part of our whole economic situation. We have heard a great deal in recent times about some of the hot issues of the day which, by and large, are shared by all countries in the world, all our trading partners. I refer to such issues as unemployment, inflation, trade deficits and currency exchanges, along with government spending which, as I said, is certainly an important part of our economy and which was an important topic of discussion at the recent federal-provincial conference at which we gained a great deal of reassurance that both the federal and provincial governments recognize there must be a change in government spending. They recognize that there must be retrenchment or more restraint and also that the whole problem of excessive government spending must be dealt with.

There is also the other aspect of competitiveness, which is the other side of the problem. As we all know, to make this country more competitive, as it should be, wage costs should be better controlled, as they seemed to be during the anti-inflation period, on a more permanent basis. Productivity, the ability of this country to work hard and produce efficiently, should also be increased. Under productivity there are a number of factors. It is not just a matter of how hard the worker works, as many of us have thought in the past, but how best to modernize our means of production, our productive machinery, also how to identify markets which need our products and in which we can compete.

There is also the business of lost work time. It has been a very serious concern in this country in recent years, perhaps more so than in other countries, perhaps not so much in the way of strikes, but rather the matter of how long the strikes last. We also worry about the special area of strikes in the essential services because those are key monopoly functions that this country cannot do without if it is to have a healthy economy.

Recently I took the trouble to send out a questionnaire on interruptions of work in our essential services—strikes, lockouts, and so on. I found in the early returns, which are fairly heavy, an interesting, although not surprising, fact, namely that the majority of people answering seemed to say yes, we must put a stop to strikes in essential services. I am sure they had such areas as the post office, transportation, Air Canada, and so on, in mind as well as our civil service and security forces which also occupy key monopoly positions in the economy.

I received a letter from a constituent, whom I regard as a friend and supporter. He is certainly not an opponent or critic. He spoke very straightforwardly and honestly in his letter about strikes in the essential services, in the following terms:

> Strikes and work stoppages in the public service will have to be stopped somehow, not because it is in the public service but because the service is a monopoly and people have no viable option. Strikes must be made illegal not just in "essential services" but in all cases where a monopoly service operates. The people cannot be held to ransom by a monopoly, public or private.

He goes on to say as well that it will not just be a matter of passing legislation but that we will have to have the courage to enforce it, which is another dimension. This gentleman, who is concerned, articulate and well qualified, a gentleman named Mr. Frank Price of Oakville, Ontario, is a senior executive in GSW Appliances Limited of Canada. He took the trouble to send me a copy of his recent address to the Ontario Economic Council entitled "Investment in Manufacturing Industries" in which he outlined, very courageously and in a straightforward manner, the serious problems in our economy today as well as the problem of national unity, probably the most serious problem in the past decade.

I will not go into the report but I would recommend it to anyone who would like to read a good analysis of a serious situation. It is dated March 6, 1978. In his closing remarks he states that the key to our economy is fresh capital investment in the manufacturing area. He concludes by saying the following:

> The outline for investment in manufacturing in Ontario today is bad, discouraging, scary, yes, all of those things. In my opinion, the OEC paper—

That is his own paper

> —seriously understates the problem. Unless something major is done to encourage new investments, we will lose what is left of our manufacturing industry in this country. We need all of the recommendations in the position paper, but perhaps a more important ingredient would be demonstrable evidence that governments in this country believe in the private business system. We do not have any other wealth creating system in this country. We had better all acknowledge that fact and publicly voice our support of the system. We then must so legislate that we allow the system to function.

He makes the following recommendations about what to do in our manufacturing area and therefore what to do in the best way about our economy. First, we must start to measure international trade in jobs created or lost rather than in dollars. Second, we must recognize that the more primary products we export, the more secondary products we will import. Third, we must consider foreign imports for what they are, an increase in our unemployment. Fourth, we must identify which new jobs will be created, and by whom, before we liberalize trade. Fifth we must conserve our capital and consider how many jobs are created with each major capital investment. Sixth, we must increase our investment in new technology to three times its present level by tax deferment. Seventh, we must limit the growth in government expenditures at all levels to half the growth in the GNP.

● (2122)

There is some hope. At the recent first ministers' conference some governments came down hard on the side of the free enterprise system. If we can translate this into positive action

now, we may yet create a viable manufacturing industry in this underdeveloped country of ours. If we do not, I fear the consequences.

In a recent speech before the Vancouver Institute, J. B. Klein, a former board chairman of MacMillan-Bloedel and a former British Columbia supreme court judge, said that parliamentary democracy is becoming less responsible to the people, and we may have to change our system of government. I am sure he had the American congressional system in mind. Mr. Klein concluded by saying that if we do not get business in general, and manufacturing in particular, moving and moving soon in our country, Canadians may well insist that we change our system. Along with this, as has been said in recent days in the House, it is obvious there must be something resembling industrial strategy. We must have more forward planning in the area of industries—short, medium and long term. Therefore, we have a great deal to do to put our own house in order.

I said that I would not speak very long, but in closing I would not feel right without mentioning the other dimension of our trade and economic problems, which is the international effect on our economy. I am referring to trade, which would bring us prosperity and some stability in the world, and also to offering aid and development to those who need it the most. We have problems with our wealthy, industrialized, western trading partners; there is no question about that. Hopefully these will be ironed out at GATT, although the process will be very difficult.

With regard to the second world, the communist world, we need to trade with them more than we are at the present time. Certainly we cannot afford to let them lapse into isolation. That would be very, very dangerous politically and militarily. Yet we have to be very careful in our trade with them for obvious reasons. We have to walk the tightrope with the second world. If Canada is going to make a breakthrough, the real challenge will be in the area of the so-called third world, which is sometimes referred to now as the third and fourth worlds because of Arab oil wells. Some of those countries have slipped back farther now than they were before.

As I indicated previously, we will have to continue offering aid; there is no question about that. It is for our own sake and for their sake. Of course, the real answer is in trade, as well as helping them to develop their own resources in order for them to become healthy trading partners like our present western trading partners, rather than charity cases. Within that umbrella of development, which will be a long and difficult process in many cases, we must start paying more attention and making more effort in certain areas that will assist development.

I am not referring only to areas which would help directly. I am also referring to areas which would not inhibit efforts third world countries are making to become healthy trading partners. One such area is population. We have not talked about that too much in the House. I would like to talk about that at length some time. I had hoped to in the last debate on external affairs, but unfortunately it did not work out. Like many subjects in the area of international affairs, this is a subject which must come into its own again very soon. That is not just because of the human social implication, but also because of the very practical material implications for us as well as the third world countries.

Under the sponsorship of the United Nations, a new worldwide parliamentarians group working on population and development is being formed. Recently I was very pleased to be asked to chair that worldwide group of parliamentarians. I think we will begin to accomplish things in the very near future. I hope the House will hear more on that debate. In both senses and dimensions, both international and domestic, we have quite a job to do. I have every confidence that the government will achieve those challenges.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, we are seeing something tonight which I have not seen in the number of years I have been in parliament. It is approximately a year since we have had a budget in Canada. Tonight we saw the Minister of Finance (Mr. Chrétien) refer to a document which he read from. Sometimes he calls it a budget, sometimes he calls it an economic statement. Once again tonight he referred to it as a budget. As was indicated by our finance critic in the debate in answer to the minister this evening, we are almost never allowed to question the minister on that. According to the rules of the House, we are only allowed to question him for a few moments. Under the rules of the House, we are not permitted to have a six-day debate.

We are now into that period of parliamentary history where there is an uncertainty. We are witnessing this place decaying and dying, because we are moving into a period where there is likely to be a federal election. If my memory serves me correctly, the Prime Minister (Mr. Trudeau) came into the House and announced that there would be four or five by-elections on October 16. We know he did that with a smirk on his face, and that he had no intention of holding those by-elections on that date. Whether the Prime Minister has let his cabinet in on the secret or not, he has planned with his advisers to announce an election between now and October 16. Also we know between now and that date that perhaps there will not be a budget.

Surely I can speak so that Canadians will understand when we talk about billions. For example, we have been told that this year's deficit is greater than Canada's entire budget when the Prime Minister and his gang took over in 1968. The minister read a statement tonight in a manner similar to that of an elementary schoolboy reading from a text book. Never before have I witnessed either a Liberal or Conservative minister of finance reading in such a manner. Since I have not experienced the New Democratic Party in office federally, I cannot criticize them in this regard.

Mr. Knowles (Winnipeg North Centre): Just stick around.

Mr. Woolliams: I have never seen such an inept and economically illiterate minister of finance in my lifetime. He entered the chamber and insulted the House by reading from a statement and refusing a simple, ordinary request. We were

prepared to yield the floor to him. We requested 15 minutes of his time in order to interrogate him on the statement, which indicates that Canada is seeking a quantity of money from the United States. If it is to be believed, we have been told that bonds are being sold in the United States. Apparently there will be a law for Americans in Canada as well as another one for Canadians. Canadians who buy bonds to bolster the economic policies of the government will be required to pay income tax on them, but Americans will be exempt from that tax.

Over the years I have heard the so-called learned gentlemen who sit on the Treasury benches talking about foreign investment. Here we are today in such a state of economic collapse and economic disaster, the worst since the 1930's, having to go cap in hand to the United States to ask them please to lend us $750 million at a rate of interest higher than that paid by any other country in the western world, and we say that we will not even charge tax on the earnings. There is a law for the Americans in Canada and another law for Canadians. If ever there was discrimination against our taxpayers, that is it, and I hope I get that message across.

● (2132)

To digress for just a moment, I might add that the relationship between Canada and the United States under this government has not been too good over the years, and every backbencher in the Liberal party knows that.

One of our great difficulties in dealing with matters of financial and economic policy is that we are always talking in billions of dollars. How many Canadians know what the budget was in 1965 when we were defeated? How many know what it was in 1968? The message has got across to the public that the national debt has tripled. They know that.

An hon. Member: You mean back in 1963.

Mr. Woolliams: Yes, back in 1963, you are quite correct. I am very pleased that the hon. member has drawn that to my attention. It does seem a long time ago, but when you think back that far you can imagine how awful a time it has been for a Conservative, putting up with this government since 1963. I cannot believe it is that long.

Returning to what Canadians do know about the value of the dollar, they know all the taxes they are paying and that 14 cents of every dollar goes to pay the interest on the national debt, most of which occurred since 1968.

Let us take a look at that economic pie that is put out for the taxpayers in beautiful colour. It shows the share for national health and welfare, defence, and one other, and then it shows the cost of our national debt. As a matter of fact, I think our national debt is third highest.

I do not have much time left, but in the remaining minutes let me deal with what I believe are the two fundamental things causing concern to the average Canadian. His first concern is about his take-home pay. He knows tonight that government expenditures will amount to $46.5 billion. Who knows what a billion dollars looks like? I guess you could stretch it in $20 dollar bills from Nova Scotia to Victoria and never even miss a link. Perhaps you could even come back again. Our debt is getting close to $48 billion.

The average Canadian is concerned about his own take-home pay or, if he is a small businessman or a professional, his take-home profit. Taxes have increased and increased and the budget is built in by statutory law. That is the only reason I might have sympathy for the Minister of Finance, if I have any sympathy for him at all.

This government has legislated and legislated to such an extent that it now has a budget of over $40 billion, and no matter how the minister wriggles and squirms, unless he has a sunset aspect in some of these loans, he has a built-in budget and built-in taxation, and this means less take-home pay for the worker and less take-home profits for the business and professional man. No matter how you look at it, the minister is chained to that situation.

The average man's second concern is in respect of ever-spiralling inflation. The greatest thief of all from the Canadian taxpayer, outside of the high taxes that he is forced to pay, is the thief of inflation. Inflation steals from the weak, from the average income family, from the poor, from widows, from veterans, from everyone. Inflation is the biggest thief of all, but nothing has been done by this government to control it. Is it any wonder there has been a loss of confidence in the Canadian dollar in the international economic process? Not only has the Canadian dollar dropped below the 90 cent barrier, but it is even lower because of the drop in the value of the American dollar in terms of the German mark and the Japanese yen. As a consequence we are really buying on an export market, particularly when you take into account the fact that we have a 65 cent dollar.

One of the greatest aspects or difficulties in respect of inflation is the spiralling cost of energy. The cost has increased not only to drive our automobiles—and an automobile has become a necessity in Canada today—not only to heat our homes, but to run our factories which produce our products. This ends up increasing the cost of consumer goods.

Recently when I was back at home doing a little campaigning a man came to see me to tell me he had started a small factory in Didsbury, Alberta. He is attempting to make galvanized farm bins and Quonset type buildings. He got started nicely and wrote to the steel companies in Hamilton and elsewhere inquiring about the supply of galvanized materials, but he was told they were not able to supply the steel for his factory. He said he had to work it out somehow or another. He was paying $21 per hundredweight for galvanized steel. These companies now want $32 per hundredweight. He is relying on steel imported from Japan and West Germany. This is the case at a time in Canada when we have 1.5 million unemployed. This man is prepared to employ 50 to 75 men, and probably 250 within a short period of time. Can anyone imagine this situation in a nation such as this with iron ore resources and many existing factories? Our steel companies cannot supply this man with steel. There has to be something wrong.

Let us consider what the situation is when we talk about the cost of gas and oil. We have been criticized in the past for what we have said in this regard. I have some statistics produced by the hon. member for Vegreville (Mr. Mazankowski) on May 10, 1977. They are slightly out of date because the price of gas and oil has gone up since the cost of a barrel of crude has increased almost to the world price. I am not going to go into that at the moment. The cost of crude oil is 12.3 cents a gallon. At the present time provincial and federal royalties and taxes on crude are 18.1 cents; the cost of refining and margin is 5 cents; the marketing cost and margin is 18.6 cents; federal sales and excise tax is 14.9 cents; and provincial road tax is 10 cents.

Let me put this in terms of a dollar so we know what we are talking about in relation to the cost of the product. I wish there were more members of the NDP here to listen to this because they are always talking about corporate profits. I do not remember which minister it was, but one minister the other day was entirely correct when he spoke of this matter. He said the cost of the crude product is 32.1 cents per gallon. You cannot drive up to a pump and buy gasoline for 32.1 cents per gallon. That goes back to my boyhood days when we paid 25 cents at the pumps. It is only seven cents more.

● (2142)

We talk about the high prices of corporate bodies. They are exploring and developing gas and oil and at the same time trying to cope with inflation. This is very relevant when we are dealing with the budget. If 32.1 cents is the cost of the product, the provincial take in taxes is 29.4 cents. So every time someone buys a gallon of gasoline across the board, whether it is Ontario, Alberta or British Columbia, he is giving approximately 29.4 cents to the provinces. That is what it should be at the pumps.

The federal take is 25.1 cents. The wholesale and retail margins are 13.4 cents. I will just review that: the cost of the product is 32.1 cents, the provincial tax is 29.4 cents, the federal take is 25.1 cents, and the wholesale and retail margin is 13.4 cents. What it really boils down to is extravagance; policies by the government without any priorities. That is why we are in this mess.

The Minister of Finance earlier tonight said what a ridiculous argument the Conservatives have when they say that they are going to cut taxes by $2 billion, and yet are criticizing the government because they have a $48 billion deficit. That is a fallacious argument. It is a dishonest argument because anybody could take $48 billion and with proper priorities and proper trimming reduce the amount of money we are going to spend, thereby reducing the taxes to the average man in this country so that he would have more take home pay.

Mr. Andras: Tell me what you would do.

Mr. Woolliams: I must say it is not easy—

Mr. Andras: Tell me precisely what you are going to do.

Mr. Woolliams: Well, if you cannot trim down $48 billion then you are illiterate. I can answer that very quickly. Over the years as you sat as a minister on the treasury benches, the government have brought in new programs without any thought of where the money is coming from. They have had deals and they have forced these policies on the provinces, forcing the provinces to tax their people more. It has become a vicious circle.

Mr. Andras: Is that the answer to the question?

Mr. Woolliams: Well, you do not know the answer and that's for sure. So I say there is no doubt about it that when you get to the question of inflation, energy is the problem. The problem is not in the cost of the product but in the cost of taxes that are hidden, direct or indirect, on a gallon of gasoline and a gallon of oil. That is partly why we are in this mess today in reference to energy.

May I end on this point. One of the things the government does is get you off the track. I was very pleased to receive after a speaking tour a pamphlet from a constituent in St. Catharines put out by the member of parliament for St. Catharines (Mr. Parent). It is one of the greatest pamphlets I have ever read. This is how you get the people off the problems of inflation and high taxation. It says:

Just Thinking . . .

Corrupt the young; get them away from religion. Get them interested in sex. Make them superficial; destroy their ruggedness;

They sure know how to do that.

2. Divide the people into hostile groups by constantly harping on controversial matters of no importance;

This government has done that to get us off their economic policies.

3. Destroy the people's faith in their natural leaders by holding the latter up to contempt, ridicule and disgrace. Always preach true democracy, but seize power as fast and as ruthlessly as possible;

Mr. Parent: A point of order, Mr. Speaker.

Mr. Paproski: It is a quarter to ten. Sit down, the Speaker is up.

Mr. Parent: I would ask that the hon. member state where I quoted that from. He is saying I made that thing up. I did not. I quoted it from the communist manifesto of 1917.

Mr. Paproski: Oh, you are one of those, are you?

Mr. Woolliams: It continues:

4. Incite unnecessary strikes in vital industries, encourage civil disorders.

5. Cause breakdown of the old moral virtues . . . honesty . . . self-restraint . . . faith in the pledged word, ruggedness.

Now, my good friend said where he got it from. In May 1919 in Düsseldorf the allied forces found this copy. Why would he quote it in a pamphlet? It is because it is exactly what this government has been doing.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. It being 9.45 p.m., it is my duty, pursuant to order made Monday, March 13 of this year, to put forthwith every question necessary to dispose of all remaining stages of Bill C-31. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Turner in the chair.

• (2152)

Clauses 2 to 4 inclusive agreed to.

On Clause 5—Power to borrow $5,000,000,000 for public works and general purposes.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I rise on a point of order with respect to the language or phraseology in lines 33 and 34 of clause 5. I say to the President of the Treasury Board that I have checked previous legislation of this kind and I find that the phraseology is the same; but when the minister comes to do this again, I think he should look at the language where it says "as may be required for public works and general purposes." That gives the impression that it is for public works—public buildings and so on. I think the language should be modernized. Perhaps it could read "required for general purposes" or even "required by any and all purposes." Is it not misleading to give the impression that in the main this money is for public works? It is for everything.

Mr. Andras: Mr. Speaker, I appreciate the hon. member's suggestion and certainly if we do this again we will use some other wording.

Clause agreed to.

Clause 6 agreed to.

Schedules A to G inclusive agreed to.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: By leave, now.

Mr. Andras moved that the bill be read the third time and do pass.

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

Mr. Speaker: Shall I call it ten o'clock?

[Mr. Woolliams.]

POINT OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—REVIEW OF RULES OF PROCEDURE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on a point of order. I thought this time might be open for us to discuss some things arising out of the procedure today and yesterday that are rather important. There are seven minutes left on the clock.

I should like to indicate to the government, through you, sir, the great importance that must be attached in the next little while to reviewing the rules of this place so that there can be meaningful discussion of the estimates which are the springboard of government policies. It does not matter whether we support the government or sit in opposition, one of the difficulties that faces all of us is that procedures have developed that do not allow us the opportunity to examine the supplementary estimates or the main estimates thoroughly.

It is as important to members on the government side as to us that we seriously consider changing our rules and practices. I realize it may be difficult to do that in what I think are the dying days of this session of parliament, but I think we should consider the matter very carefully.

One thing that has become apparent is that we do not have the opportunity to examine the government's programs. Our standing committee system, to which estimates are referred, is an excellent system from the point of view of examining legislation. Over the last little while some members have developed an expertise in certain kinds of legislation through their experience and background, and that is good. I do not think that anyone is very happy or very proud of the limitations placed on all of us to look at government programs, however. I know there is a strong feeling in the opposition parties shared by some of my friends on the government side that this is the case.

We have appointed a comptroller general to examine proposed government expenditures and there is a review of how the government manages expenditures and carries out its mandate through the Auditor General. One very important facet of this examination is missing, and that is the right to examine government programs and the workings of government departments in depth. All of us have faced the difficulty of dealing with public servants in standing committees. They are well informed, and therefore the government and the minister are very well informed; but they are faced by members of parliament, and not just members of the opposition, who are not well informed.

After going through what can only be described as a charade—and I do not use that word in a pejorative way but as a member of parliament looking at millions and millions of dollars of estimates—we have to admit we do not deal with the estimates at great length.

It may be claimed that some members are not capable of looking at them, but that argument will only be used as a means of turning the issue away. I think we must look at our committees, not only from the point of view of examining the

estimates of departments in detail, but from the point of view of having some basic, independent research facility that can examine these matters. I am sure the President of the Treasury Board (Mr. Andras) does not go anywhere in this country and say that the system is adequate. Knowing him as I do, I am sure he would be much happier with the assistance of that kind of informed parliament. I think it would be a help to the government, to parliament and to the people of Canada.

We have a challenger ahead of us at some stage. We cannot deal with it now, but I think this is a complaint of grievance which I would like to put before you on behalf of members on all sides of the House.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, I should like to share in this expression of concern about the means at our disposal for the control of expenditures. I think it is a part of a general concern that has arisen over the complexity of legislation, the growth of the regulatory process, the growth and difficulty of managing expenditures. Along with the hon. member, I have suggested on other occasions that we need a different kind of approach from that provided in the standing committees. I think we need an expenditures committee that can take a four or five year view, that can assess expenditures as they accrue over the years and find better ways of managing them and perhaps better ways for government management.

I do not think we can presently do this in depth or in a way satisfactory to us as the institution that controls government ultimately. It comes right back to expenditures. I want to say I share the expression of concern raised by the hon. member and hope that the President of the Treasury Board (Mr. Andras) and his colleagues will give very serious thought to the concern we all feel, regardless of where we sit in this House.

● (2202)

Mr. Speaker: Order, please. The concerns expressed by the two hon. members are well noted. Of course, the House notes with some encouragement that recently we circulated the supply bill earlier in the day on the last day on which it is to be voted. All day today the House took under consideration the supply bill. This is certainly a step forward in terms of our procedures and avoids the unseemly last minute decision aspect of the procedure we have been following of late.

However, it still leaves room for the concern which has been expressed in terms of the ability of parliament adequately to examine supply. I do not think the situation is as a result of ill-will on the part of any member or party in the House of Commons. It seems to be more a result of the constraints of time that we face. I am sure this will be the subject on ongoing attention on all sides of the House.

It being ten o'clock this House stands adjourned until tomorrow at 11 a.m. pursuant to Standing Order 2(1).

At 10.02 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, March 17, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

THE CANADIAN ECONOMY

CALL FOR IMMEDIATE INTRODUCTION OF BUDGET—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. There has been no budget brought down by this government since March 31, 1977, despite the serious deterioration in the country's economy. Budgets are necessary for planning for Canadian business and taxpayers; budgets contain supporting information and documentation to substantiate projections, and uncertainty of taxation or incentives undermines business confidence and the taxpayers' forward-planning.

In view of this government's horrendous deficit covering current operating expenses, which means mortgaging our country and future generations as a testament to this government's incompetence, I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That this House direct the Minister of Finance to immediately bring down a budget.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

LAY-OFFS AT FIRESTONE'S CALGARY PLANT—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43. Firestone of Canada Ltd. has just laid off 110 workers at its Calgary plant, bringing the total number of lay-offs to 270 in the past year. Firestone had been given a 15-year grace period from city taxes in return for providing Calgarians with jobs. I therefore move, seconded by the hon. member for Broadview (Mr. Gilbert):

That this House condemns the Firestone company's refusal to co-operate with UIC officials and directs the Minister of Employment and Immigration to intervene on behalf of the workers at that plant.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

REQUESTED ESTABLISHMENT OF OMBUDSMAN—MOTION UNDER S.O. 43

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

As the protection of the citizens should be the basic concern of any government, and as it also behoves the federal government to ensure the citizens better protection in their dealings with the state, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That this House call upon the Minister of Justice (Mr. Basford) to take all steps required, as soon as possible, to introduce a bill creating for Canada the office of a federal ombudsman, given the fact that present efforts by the government to determine how best to guarantee the citizens optimum protection in their dealings with the state are inadequate.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

EXTERNAL AFFAIRS

POSSIBLE TAKE-OVER OF COME-BY-CHANCE OIL REFINERY—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In light of the fact that the Secretary of State for External Affairs (Mr. Jamieson) is reported by the *Clarenville Packet* as having advised that he had meetings with three reputable companies to discuss the possible take-over of the Come-By-Chance oil refinery, and that a number of options are open to the federal government, and in talks in the United States he had been told that "there was talk of using Come-By-Chance and all other surplus refining capacity in eastern Canada on a basis that would help supply the eastern seaboard of the U.S. if Canada would establish Come-By-Chance as an 'in bond' refinery with American crude in and American finished products out destined for the United States," I move, seconded by the hon. member for St. John's East (Mr. McGrath):

● (1112)

That the minister make a statement on motions outlining the reputable companies he has met with who might take over the Come-By-Chance oil refinery, and whether or not the government of Canada is entering into arrangements so that the oil refinery at Come-By-Chance could be used as an 'in bond' refinery so that the 600 persons once employed at the refinery might again have jobs available, or advise the House whether his interview with the *Clarenville Packet* was in reality meaningless.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

RECALL OF CHRYSLER CARS FOR MODIFICATION—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise under the provisions of Standing Order 43 to move an urgent and pressing motion. In view of the fact that certain models of Volaré and Aspen cars which have been sold in Canada have been found to have design defects which could cause the cars to stall under potentially dangerous circumstances, in view of the fact that the Automobile Protection Association made the departments of transport, both in Canada and in the United States, aware of this problem last October, and in view of the fact that on December 20 the United States department of transport announced Chrysler was recalling over one million cars that have been affected, in order to have the defect corrected, and while as yet no recalls have happened in Canada—allegedly because dealers do not have the parts—I move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

[Mr. Speaker.]

That this House instruct the Department of Transport to instruct Chrysler to commence recall on the 200,000 cars involved in Canada and to explain why the recall could be commenced three months earlier in the United States than in Canada.

Mr. Speaker: Presentation of such a motion for discussion is permissible, pursuant to Standing Order 43, only with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT CASH REQUIREMENTS FOR FISCAL YEAR 1978-79

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance, who appears to be tiptoeing through the parliamentary process in a desperate attempt not to bring a budget into this House. Last evening he was at least forced to admit that the government's cash requirements for the coming fiscal year will be about $11 billion.

Would the minister indicate if this is the total cash requirement, including the requirements that may be needed with respect to Crown corporation borrowings which the government has got into the habit of not including in their cash requirements?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, on the contrary, yesterday I was not forced to make that statement: I made it on a very voluntary basis. I came into the House to ask for an increase in the borrowing authority that we have always had on interim supply. I volunteered the information to the House, rather than trying to hide anything, on the cash requirements of the government.

For many years, Crown corporations have been borrowing in the marketplace like other businesses. Of course, when they borrow on their own, we do not have to include them as borrowing from the government. I said that the cash requirement of $11 billion for 1978-79 included $2.6 billion in interest and bonus payments. That is a one-shot affair; it is not something we had to cope with last year. The cash requirement for the normal operations of the government will be similar to what we have this year.

Mr. Stevens: A supplementary question, Mr. Speaker. The minister referred to the fact that Crown corporation borrowings are not included in the cash requirement as revealed last night.

Mr. Chrétien: Some.

Mr. Stevens: Notwithstanding the fact that Crown corporations bind and covenant the people of Canada, would the minister indicate what he estimates to be the total Crown corporation borrowing in the 1979 fiscal year and what he thinks will be the total cash requirement for the government of Canada, including those Crown corporation borrowings?

Mr. Chrétien: Mr. Speaker, I just said that it was a desire of the Crown corporations, and very often of this House, to let the corporations that have matured be in the marketplace like other corporations. I just said that they are in the marketplace, they are operating on their own authority, and thus are not to be included in the cash requirements of the government. Many of those corporations now operate in the marketplace.

Mr. Stevens: A further supplementary, Mr. Speaker. The public document filed in the registration statement with the SEC in Washington reveals the startling truth of this government's debt program in the last few years, a debt program that by the end of this year, based on the minister's statement last night, will indicate they have doubled our borrowing in the last four years. Bearing in mind that in two years the government has saddled the Canadian public with $23 billion of borrowings, would the minister indicate when he sees this trend reversing?

● (1117)

Mr. Chrétien: Mr. Speaker, I hope the hon. member and his party will be consistent, because their leader, in Toronto, yesterday was advocating a tax cut—

An hon. Member: Answer the question.

Mr. Chrétien: —of $2 billion, which will cause even more borrowing.

Mr. Stevens: Answer the question.

Mr. Chrétien: I respect the position of the NDP which says you can borrow and borrow and borrow and there is no limit to it. But at least the hon. member's party should make up its mind. If you want me to cut taxes by a further $2 billion, it means that with the other $11 billion dollars of cash requirements the total will be $13 billion.

An hon. Member: Answer the question.

Mr. Chrétien: I ask the hon. member to check with his leader before he gets up in the House of Commons.

BUDGETARY DEFICITS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, this Minister of Finance is undoubtedly the worst, in both languages, since confederation.

Some hon. Members: Hear, hear!

Mr. Crosbie: In the budget statement I was given on March 31, 1977, in this House, table I—a work of fiction it turns out to be, and not fact—stated that the deficit of the government of Canada on our budgetary account for this fiscal year would be $7.1 billion. Seven months later, in October, the minister said that the deficit was going to be $9.2 billion, an increase of over 30 per cent from the estimate seven months earlier.

The minister realizes that the confidence of the financial community is very important. How can they be confident, with such errors? My question, Mr. Speaker, is this: Given that the Department of Finance made an error of 30 per cent in the projections of the deficit for last year, what can we take from the minister's weasel wording in his remarks last night when he said that the deficit this year should be the same as 1977-78? Would he guarantee to the House that this is going to be true, that there will not be an error of 30 per cent to 40 per cent in that figure?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, for a guy who has to run away from being minister of finance of his own province—

Some hon. Members: Answer the question.

An hon. Member: Stop being so chippy.

Mr. Chrétien: I was in exactly the reverse position: many people of my province wanted me to return to Quebec, and I decided to stay here.

Some hon. Members: Hear, hear!

Mr. Chrétien: I stated yesterday that the cash requirements of $11 billion include interest and bonuses on an official bond issue, a Canada Savings Bond issue, in 1969 which will mature November 1, 1978. Aside from the cash requirements of the government for 1978-79, they will be about the same as last year, because my colleague, the President of the Treasury Board, has succeeded in holding the growth of public spending to under 10 per cent for next year.

Mr. Crosbie: Mr. Speaker, the Minister of Finance is proud to be called a street fighter. As I told him the other day, he is not even an Ally-Oop. The last three ministers of finance are still running, and the minister will be running from his position before the year is out.

The minister said last night that his forecasts were for a budgetary deficit of the same next year as last year, over $9 billion. He said that loan advances and capital assets should represent $48.8 billion. All through his remarks he said "should". Why is the minister using such imprecise language, and when is the minister going to give us back-up for these figures such as would be contained in the budget? Will he provide us with as much back-up for these figures that he gave last night as he would provide in a budget? We know even last year's figures in the budget were wrong. Would the minister at least give us the comfort, and the investment and financial community the comfort, of looking at the figures that should be presented in this House before there is an election under false pretences?

[*Translation*]

Mr. Chrétien: Mr. Speaker, as early as the fourth week after my appointment as Minister of Finance I made an economic statement, which some people called a mini-budget and others a budget, determining rather clearly the financial and fiscal position of the Government of Canada. I said, and I repeat, that I do not think it is useful to have a budget at this time since we had something equivalent to a budget on October 20, 1978. I would like to see the effect of the incentives we gave to the Canadian economy resulting from Bill C-11 which was passed last December, and I think it is quite wise to wait for some time to know the performance of the Canadian economy in the first quarter of the year.

● (1122)

[*English*]

Mr. Crosbie: Will the Minister of Finance confirm or deny the suggestion that the Minister of Industry, Trade and Commerce is going to have the gall to come before the House within the next few days to ask for an increase in the borrowing authority of the Export Development Corporation to the extent of $20 billion? If that is the case, why will the minister not tell us what are the borrowing expectations for Crown corporations for this year? Twenty billion dollars is the figure that the Minister of Industry, Trade and Commerce is suggesting the Export Development Corporation should have.

Mr. Chrétien: Mr. Speaker, this borrowing is done by the corporation to help Canadian exports, which are on the increase. I am amazed that the opposition do not want to help the export industry of this country.

Some hon. Members: Oh, oh!

* * *

VETERANS AFFAIRS

REQUEST WAR DISABILITY PENSION BE RAISED TO LEVEL OF 1973 FORMULA

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a serious and important question for the Minister of Veterans Affairs. Given the fact that all signs indicate there may not be much more time for the passing of legislation in the thirtieth parliament, and the fact that this House demonstrated on March 1 that it can put an important piece of veterans' legislation through all stages in a few hours, will the minister do his best to get his cabinet colleagues to agree to a bill to restore the basic rate of the war disability pension to the level that was agreed upon in 1973, namely, that the basic rate be equal to the average take-home pay of the five categories of public servants that were designated in 1973?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, this and many other matters are under consideration in my department.

Mr. Crosbie: You are under consideration by the electorate.

[Mr. Crosbie.]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I preface my supplementary with the same point I made earlier. Time is of the essence in this parliament, and these matters are of great urgency to the veterans of Canada and their families. If the minister is not able to get action in this session on the question of the basic rate, will he try to get action with regard to the pensions of widows of disabled veterans, particularly those who receive no pension at all because the husband's pension was less than 48 per cent? Will the minister try to get that through, if he cannot get the other—but preferably both—before this parliament is dissolved?

Mr. MacDonald (Cardigan): Mr. Speaker, the same answer applies: This is also under consideration by my department.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

SUGGESTED ESTABLISHMENT OF OMBUDSMAN

Mr. Eudore Allard (Rimouski): Mr. Speaker, I have a question for the Minister of Justice.

Considering the announcement made recently by the minister that he was going to table a bill to establish the position of ombudsman for Canada, could the minister tell us when he will put this bill before the House?

[*English*]

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I have been working very diligently with my officials in the drafting and preparation of the bill. I hope that work will be completed soon.

* * *

EXTERNAL AFFAIRS

SITUATION IN MIDDLE EAST—GOVERNMENT INITIATIVES TO RESTORE PEACE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. It has to do with the very perilous position the world is in today as a result of the situation in the Middle East. It is perilous to the future of the Middle East, perilous to peace and generally dangerous to the world.

● (1127)

Will the minister enlighten the House as to the information he has on the situation, within the limitations I realize he has to observe? Will he provide an opportunity on Monday for a full discussion of this question because, after all, there is something to which Canada can contribute. We have a particular interest in the Middle East. Could the hon. gentleman also tell us whether, in the event that a peace force is set up—as is apparently being considered by some countries in the western world—Canada will follow the course which it did

under the administration of Mr. St. Laurent and myself, that of providing a responsible group of Canadians experienced in the operation of such a force? This would be a step which Canada could take now, and it would bring results, because everywhere in the world Canadian peace forces are recognized and appreciated.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, this is one occasion upon which I can say with all sincerity that I agree with the preamble to the right hon. member's question. It is a most serious situation. Along with many other countries, we have already deplored the terrorist action which occurred in Israel and the retaliatory action which followed. Unfortunately, this diminishes the prospect of a peaceful settlement in the Middle East.

As for developments since then, hon. members will be aware that yesterday I expressed the view that it would be desirable to see the withdrawal of Israeli forces from the southern part of Lebanon. This carries implicit in it the view, which I hold, that there is a need for some kind of stabilizing or peacekeeping force such as the right hon. member suggested. I made it known some months ago that Canada is prepared to consider participation in such a force if there is a proposal for its establishment and if it receives the approval of the United Nations, something which, as the right hon. gentleman knows, would be necessary if the force is to be effective. Events over the weekend will determine whether or not a call for such a course will be made in a formal way. I believe the President of the United States made a suggestion to that effect yesterday.

As to the matter of a discussion in the House, I would have no objection, but the timing is important. It would be a question of determining whether the actions of the various governments concerned have reached a point at which discussion among ourselves in Canada would be useful and beneficial. I will undertake to keep the House advised as fully as possible. We are prepared to look at peacekeeping if a number of conditions are met, to our satisfaction, including the fundamental one that such a force would be able to carry out its mandate and restore a high level of stability to an extremely troubled and perilous situation.

Mr. Diefenbaker: The answer given to me is in keeping with what I had expected, except for the last three or four lines when the minister made available an escape hatch for Canada. Why did he include the proviso as to whether this, that or the other prerequisites are met? The force is bound to be helpful. It is bound to be effective. It is time for Canada to take the initiative, as we have in the past, instead of waiting for other nations. It is time to give a lead to peace-loving countries all over the world and to make our own contribution.

Mr. Jamieson: Now the situation is back to normal and I can disagree with the right hon. member again. The qualification I made was a studied one. The reason for it is simple and hon. members opposite should find no difficulty in accepting it. Such a peace force would of necessity require agreement, for example, from Israel. Unless Israel was prepared as one of the concerned parties—and there are others—to accept this force and to be governed by it, we would be putting Canadian forces into a very difficult and risky situation which would be counterproductive and, would involve, as not the least of our considerations, a serious risk to their lives and to their safety. All I am saying is that the qualification is that we must be safisfied that the force can carry out the mandate it is given.

• (1132)

If you will permit me another moment, Mr. Speaker, there is also the problem, which we would obviously have to discuss, as to the role such a peacekeeping force can perform. For example, we are already very heavily committed with regard to a logistics support role on the Golan Heights and also in the Sinai. If we were asked to perform that role, we could not expand our capability; therefore, it is again a matter of defining and asking just what we can do. However, that does not diminish our commitment in any way.

I would like to emphasize that the initiative I took in the Middle East back in October I think indicates that we are, and should be, as the right hon. member has properly said, concerned and willing to act.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF ALEXANDER HAY, PRESIDENT OF THE INTERNATIONAL COMMITTEE OF THE RED CROSS

Mr. Speaker: Before continuing the question period, I know hon. members will want to join with me in calling attention to the presence in our gallery of a very distinguished visitor who is on an official visit to Canada, the President of the International Committee of the Red Cross, Mr. Alexandre Hay.

Some hon. Members: Hear, hear!

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THE CANADIAN ECONOMY

AVAILABILITY OF APPLICATION FORMS FOR EMPLOYMENT TAX CREDIT

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Finance. Given the fact that the employment tax credit bill, with all its shortcomings, is about all we have, and since even that cannot have its maximum effect because of the erosion of confidence in this government and the failure of the minister to bring in a budget, can the minister tell the House why it has taken so long to get the forms into the marketplace? There are parts of the country which have not yet received them. Can the minister tell us when we can expect this measure to be in place in order to have whatever effect it will have on creating jobs?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I understand that all the forms are in place. I do not know if the hon. member has information to the contrary, but I think his

question should be asked of the Minister of Employment and Immigration who administers the program, not me.

Mr. McGrath: Mr. Speaker, I ask the Minister of Employment and Immigration, then, whether he can explain why it has taken so long to get the forms out. The eastern townships of Quebec got them only late this week. Can the minister also tell us what programs he intends to put in place for advertising and militant promotion in order to maximize the return from this measure which is all we have from this government?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I am pleased to say that my department did, in fact, meet its deadline, contrary to what the Leader of the Opposition was propounding at the beginning of this week. The forms were in place with respect to Quebec. We wanted to make certain we got the forms out in bilingual fashion. They were all available on Monday and were moved out by bus to the various regions.

I am also pleased to say that initial indications are that there will be a positive and solid response to this particular program. The forms are in place. There may be one or two outlying offices where for one reason or another they have not been received, but the vast majority of Manpower offices have the forms. Employers can hire now and fill out the forms retroactively.

Mr. McGrath: Mr. Speaker, given the fact that this program is being handled by Canada Manpower centres which, let us face it, do not have a real presence in the business community, can the minister tell us how he intends to reach the business community? More particularly, when will the minister start his promotional campaign, and does he intend to promote the program actively in business journals and through chambers of commerce?

Mr. Cullen: Mr. Speaker, I am proud to say that the business community is much better informed than my hon. colleague gives it credit for, because it is in fact aware of the program. There has been some impatience on the part of the business community. It has been waiting for us to get the forms out and the necessary regulations passed. However, preliminary indications are that the business community is aware of this opportunity and is, in fact, moving forward to take advantage of it. It is a splendid program and I am pleased to see that we are getting the appropriate reaction.

ALLEGED INEPT FORECASTING OF ECONOMIC SITUATION—EFFECT ON BUSINESS AND CONSUMERS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the Minister of Finance. We have noticed that there has been inept forecasting regarding growth, inflation, unemployment and cash requirements, which destroys the confidence of business and consumers. How can the minister tell us that he can rely on the expertise he has, and is it not about time he started to question competence?

[Mr. Chrétien.]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am very glad that this question comes this morning because yesterday, with grand fanfare, the opposition proclaimed that Mr. de Cotret of the Conference Board of Canada had joined them. The Conservatives claim that that is a great acquisition. I am glad to say that the prediction of the Conference Board of Canada for growth in 1978 was 5 per cent, exactly the same as that of the Minister of Finance. Perhaps now hon. members opposite will have someone who will tell them what the reality is, something which they cannot understand themselves.

Mr. Alexander: Mr. Speaker, all indicators seem to show that we will need more than 2.5 per cent growth. We will need something over 5 per cent, and that is a fact.

Mr. Andras: He said 5 per cent.

Mr. Alexander: When the minister went to Washington in March of 1978, he indicated that we would have a $7.7 billion cash requirement, yet last night the figure jumped to $8.8 billion. How can the minister reconcile this? It is one thing to mislead the House of Commons and the Canadian people; it is another thing to go to Washington and mislead the people there.

Mr. Chrétien: Mr. Speaker, speaking of misleading, I have not been to Washington in the last three years, so I think the hon. member has his facts wrong.

Mr. Alexander: You got my message, though. Answer my question.

Mr. Chrétien: With regard to predictions, I said very clearly yesterday that the increased cash requirements are caused by the fact that we have to pay interest and bonuses on the special Canada Savings Bond issue which comes to maturity on November 1, 1978. For normal operations, the cash requirements will be almost the same this year.

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HEALTH

REQUEST FOR REVIEW OF BAN ON SACCHARIN

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of National Health and Welfare. Now that the courts have ruled that the sugar companies of Canada are joined in a monopoly, and therefore hold tremendous power and influence to block and prevent competition, and in light of this finding which, incidentally, might influence some members of the fourth estate to retract some of their invective against the former minister of consumer and corporate affairs, who alone tackled the monopoly—

Some hon. Members: Hear, hear!

Mrs. Holt: —will the minister have an independent investigator from outside her department review the ludicrous research upon which Canada alone banned saccharin, with the possibility of reversing that ban?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I will check again to ensure that independent researchers have indeed assessed the study on which the government based its restriction on the sale of saccharin. I know for a fact, however, that the United States congress Office of Technological Assessment has evaluated the Canadian study and concluded that it was valid.

As to the deep concern of the hon. member about diabetics, to which she did not refer to today but which is known to this House and for which I would like to commend her, I would like to add that I will do my utmost to encourage the efforts of the industrial research sectors in Canada to produce acceptable replacement sweeteners.

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THE CANADIAN ECONOMY

NEED TO CREATE INVESTOR CONFIDENCE

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Finance. Since 1977 was the fifth consecutive year in which there was a net outflow of direct investment capital from Canada, when does the minister propose to create a climate of investor confidence so that Canadian jobs, wealth and output may be protected?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not quite understand what the hon. member means. We are trying to create the most favourable climate, and I think the hon. member could help in this regard if the opposition would stop spreading all kinds of rumours exaggerating the deficits or cash requirements of the federal government. If the opposition were a bit more responsible, things might improve somewhat. I am told—

[*English*]

Mr. Stevens: You confirmed the deficit.

Mr. Chrétien: I am glad that the Leader of the Opposition decided to bring someone into his party to replace the hon. member for York-Simcoe as financial critic.

Some hon. Members: Oh, oh!

Mr. McKenzie: We do not have to spread any rumours; the outflow of capital is referred to daily in the newspapers. It is the uncertainty caused by the federal government, and not the unity question, that is driving business and investment out of Canada and creating record unemployment. Are we to rely completely on government make-work projects as the only hope for future jobs for the over one million unemployed in Canada?

● (1142)

Mr. Chrétien: Mr. Speaker, in spite of what the hon. member says, the question of national unity is one of the problems. Last week the Treasurer of Ontario, Mr. McKeough, said that the reduction of the Canadian dollar to the level it is at now was caused 40 per cent by the political insecurity. I invite the hon. member to read the speech of Mr. McKeough on that topic.

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ADMINISTRATION OF JUSTICE

GOVERNMENT POLICY ON LEGALIZATION OF MARIJUANA

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Minister of Justice. In view of the fact that the last Liberal convention passed a resolution in favour of the legalization of marijuana, and that last August the Minister of Justice stated that he would declassify marijuana from the Criminal Code to the Food and Drugs Act, would the Minister of Justice state to Canadians what the government's policy is on this very important matter?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I stated earlier that the Minister of National Health and Welfare, the Solicitor General and I have studied Bill S-19 to determine what amendments should be made to that bill, toward its introduction. I am not sure whether it is deliberate or not, but the hon. member has put me in some difficulty. I am aware the Prime Minister made a statement on this matter yesterday. Because of other events this morning, I have not had an opportunity of reading his comments. Therefore, I think the question should be directed more properly to the Prime Minister.

Some hon. Members: Oh, oh!

Mr. Gilbert: Mr. Speaker, I will direct the same question to the Prime Minister. In view of the fact that the last Liberal convention passed a resolution in favour of the legalization of marijuana, and that last August the Minister of Justice stated that he would declassify marijuana from the Criminal Code to the Food and Drugs Act, would the Prime Minister state the policy of the government on this very important matter?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we made that policy very clear when we introduced a bill in the Senate, which was passed in its amended form by the Senate. That represents the policy of the government. We would gladly introduce it and pass it through the House if we could have unanimous consent to do so in half a day.

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POST OFFICE

CEILING ON MAIL DELIVERY CONTRACTS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is directed to the Postmaster General. In view of the discrimination against rural mailmen who are threatened with the loss of their jobs by the $10,000 ceiling on contracts, notwithstanding their substantial investment in transportation

equipment, when will the Postmaster General bring in amendments to the Post Office Act to remedy this injustice? Of course, it is aggravated by continuing inflation, and amendments were promised by his predecessor when he appeared before the Standing Committee on Transport and Communications last May 5.

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I have received many inquiries concerning the $10,000 limit with regard to rural contracts for delivering mail. I know these people are suffering because of inflation and other costs. At the moment, we are trying to revise all these contracts, but unfortunately the limit set by the Post Office Act is $10,000. Probably we will have to pass an amendment to the Post Office Act in the future in an attempt to give justice to these people.

Mr. Dinsdale: Mr. Speaker, because of the importance of this issue, as was emphasized by the Postmaster General, and while there is yet time, will the hon. minister introduce amendments to the Post Office Act not only to resolve this particular injustice but also to legalize rate increases and deal with the many other urgent amendments which must be made to the Post Office Act if the Post Office Department is to get back on the road to recovery?

Mr. Lamontagne: Mr. Speaker, the Post Office Department is already back on the road to recovery. According to the last statistics, it is getting better in many parts of the country.

An hon. Member: Not in Nova Scotia.

Mr. Lamontagne: Perhaps that is an exception.

Mr. Dinsdale: What about Toronto?

Mr. Lamontagne: I can tell the hon. member that there are many things to be amended in the Post Office Act. I think we will see revisions carried out in due time.

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VETERANS AFFAIRS

REQUEST WAR DISABILITY PENSION BE RAISED TO LEVEL OF 1973 FORMULA—DISREPAIR OF VETERANS HOMES

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is really supplementary to the one asked by the hon. member for Winnipeg North Centre. I hope I can frame the question so that the Minister of Veterans Affairs will not use the word "consideration" in his reply. The minister is aware that a committee is studying the basic rate of pension in the 48 per cent widows' inequity. Can the minister give some hope to the veterans of the country by indicating what progress is being made by this committee, and when we can expect a decision?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I would prefer not to be that precise today. The study is progressing quite rapidly.

[Mr. Dinsdale.]

Mr. Marshall: Mr. Speaker, dealing with another glaring inequity, can the minister indicate what progress has been made with regard to the submission of the provincial command of the Canadian Legion in Newfoundland which did a survey and came up with 4,000 deteriorated homes which require repairs? A commitment was made three or four years ago that a pilot project would be done so that the project would spread across the country. Can the minister give a definite commitment now to providing those funds? Can he indicate what progress has been made? What is his answer?

Mr. MacDonald (Cardigan): Mr. Speaker, considerable progress has been made. As the hon. member knows, last year all communities in Newfoundland with fewer than 2,500 residents were designated for rural RRAP. Certain areas will receive higher priority than others. Now that the budget for this program is $3 million, which is ten times that of the 1976-1977 budget, I understand there has been an appreciable increase in applications for assistance under the program. RRAP is capable of meeting the needs of veterans in most areas. Hon. members of the House should recall that when areas are designated, it is done by the provinces. Thus, this program is progressing considerably. I have spoken to my colleague, the Minister of State for Urban Affairs, and everything possible is being done at this time.

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[*Translation*]

URBAN AFFAIRS

REQUEST NEWLY-FORMED MUNICIPALITIES IN QUEBEC BE ELIGIBLE FOR RRAP ASSISTANCE

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, my question is for the Minister of State for Urban Affairs.

First of all, I wish to express to the minister the House's satisfaction for the "sugary" victory he has won this week. He has been advised that several municipalities in the Gaspé area had applied for their designations under RRAP. Will he make public shortly the names of the Quebec communities which will be designated in the new agreement which will be signed with the Quebec government and which will make it possible for a larger number of municipalities to benefit from RRAP?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I shall be shortly in a position to announce that all small municipalities in the province of Quebec will be designated for RRAP purposes. The current discussions with the Quebec government have been very successful. The Quebec government has indicated its desire that all small municipalities should be designated, and we are indeed delighted that it went along with our suggestion.

[*English*]

TRADE

TEXTILES—INQUIRY WHETHER TARIFFS EXEMPTION LIST SUBMITTED TO GATT

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It concerns the increase in unemployment in the textile industry. Given the threat of further unemployment that reduced tariffs in the textile trade would bring to communities which are dependent on this industry, and given the increasing uncertainty and concern in these communities because of lack of information about what is taking place with the GATT negotiations in Geneva, I should like to ask the minister if an exemptions list for Canadian tariffs is now in place and whether textiles are included on that list.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we are entering into the MTN negotiations. We are putting on the table those things we believe we require from other countries. We are asking for things. We do not have an exemptions list as yet. I should like to inform the House that in the last half of 1977, investments in the textile industry rose, employment rose, and there is new confidence in this Canadian industry.

● (1152)

Miss MacDonald: Mr. Speaker, I should like to ask the Minister whether it is the government's intention to submit an exemptions list and whether textiles will be on that list, because the answer the minister has given is pretty cold comfort to dozens of textile communities throughout Ontario and Quebec for whom uncertainty and secrecy are the greatest fears, as his colleague, the Minister of Finance, should be telling him.

Mr. Horner: Mr. Speaker, we are going to great lengths to inform the industry of their exact position. During the whole negotiation we are going to great lengths to inform the provinces about what is going on at Geneva. I think never before in any trade negotiations at GATT have so many people been so well informed, nor have the provinces been so well informed as now.

* * *

CANADIAN CULTURE

CONFERENCE ON MULTICULTURALISM

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, my question is for the Minister of State (Multiculturalism) and pertains to a conference or seminar which will be sponsored by the department of multiculturalism and held here in Ottawa on the twenty-third of this month. Will he explain what criteria were used to determine who would receive invitations, and give us an idea of the total cost of this conference to the government?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, there is an upcoming conference for all the ethnic press in Canada. It will be taking place later this month; in fact, next week. The purpose of the conference is to explain the new provisions of the Immigration Act and the human rights act. It will also deal with multiculturalism policy and our relations with the ethnic media.

In terms of cost, as this is being shared between the Department of Employment and Immigration and my department, the figures are not readily available. As soon as they are available, I will be very pleased to let the hon. member know.

Mr. Mitges: Mr. Speaker, in view of the fact, as the Minister has stated, that an invitation to the conference was extended to representatives of the ethnic media from across Canada, would the minister explain why Mr. Kissin, editor of the Toronto *Jewish Press,* did not receive an invitation, among others who have been in touch with my office to indicate they were not invited, considering that Mr. Kissin's newspaper has one of the largest circulations among the ethnic press in Canada?

Mr. Cafik: Mr. Speaker, I very much appreciate the hon. member drawing that information to my attention. If he knows of any other persons of the ethnic press who have not been invited, perhaps he would be kind enough to forward that information to my directorate and we will see that invitations are, in fact, extended.

* * *

AGRICULTURE

REQUEST NATIONAL BODY STUDY FOOD POLICY

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Since nothing has really come out of the national food policy conference that was held in Ottawa in February, except confusion, would the minister indicate whether the government is considering setting up a new national body to advise the government on food policy and, if so, would this national body that has been talked about include representatives of the various food systems in Canada?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member says nothing has come out of the federal strategy conference that took place here. Even some of the greatest procrastinators in the media were complimentary of the conference, saying it was a success. Some of the people who had condemned it from the start said it has been a success. They are putting all that information together—a lot of it was submitted by working groups—in order to arrive at a decision. Because the hon. member, on such a day as this, March 17, St. Patrick's Day, is not being so kind to the Minister of Agriculture, I would say to him, may the little people be kind to him.

Some hon. Members: Oh, oh!

Mr. Murta: Mr. Speaker, we are both Irish, so there is no point in the minister saying what he has just said. I would like him to answer my question. We can debate whether the conference was positive—and our opinions are obviously not the same—but my question was in terms of whether the government is giving serious consideration to setting up a national body to monitor food policy in this country. Is the government giving consideration to this? Will the minister answer that direct question?

Mr. Whelan: Mr. Speaker, many suggestions have been made. There has been no decision as to what avenue we will follow at this time.

* * *

INDUSTRY

CLOSING OF CHRYSLER PLANT AT WINDSOR, ONT.—PROGRESS REPORT ON DISCUSSIONS WITH COMPANY

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Now that his officials have returned from Windsor, where I understand they spent yesterday with Chrysler of Canada, does he have any further report to make on the closing of the light truck production plant at Windsor?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, my department has given me a brief report on what was found at Windsor. The plant will be shut down for extensive renovations and is expected to be reopened early in 1979. The plant will supply parts for the new Pillette Road plant. Chrysler has invested $43 million in the new plant and increased employment to 2,500. Almost half of the 750 employees who have been laid off will return to work when the plant reopens. The remainder will be employed at the Pillette plant and plants in the area. Chrysler does not expect any permanent lay-offs. Employees will receive 90 per cent of their take-home earnings.

Of course, it is regrettable, but these renovations have to take place in order to keep our industry competitive. The Big Three automotive companies are spending about $300 million a year upgrading their plants generally. I should also point out that this year alone, cars brought into Canada from offshore have increased in price 18 per cent, so I think our automotive industry should be competitive on the North American continent.

* * *

INQUIRY OF THE MINISTRY

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Prime Minister. It is not intended to trespass on today. Perhaps I would have asked the question in any event if I had been recognized. We want to take over some time, Mr. Speaker, but not right this morning. My question really relates to what might be in the weeks ahead, and it is for the Prime Minister who is obviously one of the more prominent thespians on the political stage. In the vain hope of getting some idea of his concept of leadership, would he please tell the House, when he stands with his thumbs in his belt in his new prime ministerial pose, does he feel like Tom Mix, or Tom Thumb?

Some hon. Members: Oh, oh!

* * *

AGRICULTURE

REQUEST FOR REDUCTION IN CATTLE IMPORTS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Prime Minister.

[*Editor's Note: Mr. Trudeau moved to another seat in the chamber.*]

Mr. Trudeau: George, come on over.

Some hon. Members: Oh, oh!

[*Editor's Note: Mr. Hees crossed the chamber and stood in Mr. Trudeau's place.*]

Mr. Hees: Mr. Speaker, may I answer the question?

Some hon. Members: Oh, oh!

Mr. Hees: I find life very dull over here, Mr. Speaker.

Some hon. Members: Oh, oh!

[*Editor's Note: Mr. Hees resumed his seat.*]

Mr. Speaker: Something like this could only happen after the hon. Minister of Agriculture wished the little people upon us.

Some hon. Members: Oh, oh!

Mr. Nystrom: Mr. Speaker, my question was to be for the Hon. George Hees, the acting prime minister, but I will address it, instead, to the friendly leprechaun, that fellow who claims to be Minister of Agriculture.

Some hon. Members: Oh, oh!

Mr. Nystrom: The Canadian cattle industry has said that the number of cattle inventoried in our country dropped by 6 per cent last year, due in part, or perhaps in the main, to low prices and high imports. In light of these recent figures, will the minister give serious consideration to cutting down on imports of cattle from abroad, keeping in mind that this government increased these import quotas by 2 million pounds last year?

• (1202)

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member is using figures wrongly again, which is not uncommon for him, because we have not increased the quota

that much. They are entitled to a 4.4 per cent increase in quota, according to the international trading agreement. We have increased it by 1.5 per cent, which is not what the hon. member said, or some 1,400,000 pounds.

All I can say to him is that we are very concerned because we see a tremendous increase in the production of beef in Australia alone—34 million head of cattle in that country—and the tremendous productive capacity that is there. All they have to do is leave them on the range, and they can harvest them. The Minister of Industry, Trade and Commerce and myself are watching this very closely because they are under import control at the present time. They have been for the last four years, except for about nine months in 1976.

Various cabinet ministers have met the cattle people. I even saw the hon. member at one of our meetings in Regina last week. I am sure he found it very informative. I am sure, also, that he was there for beef interests and not political interests; he had the concern of farmers at heart. I am sure he heard various farm groups expressing their views to us at that time. We are taking them into consideration.

Mr. Nystrom: A supplementary question, Mr. Speaker. Really, all I want is an answer to my question and the question asked by hundreds of farmers who met the minister on Saturday. Is it his intention to cut back on imports, as the farmers want? At the same time, would he give consideration now to introducing a national meat authority, as the overwhelming number of farmers in Regina wanted when he met them on Saturday?

Mr. Whelan: Mr. Speaker, our concern is the concern of the beef industry in total, as it always has been. I am sure the hon. member recognizes that there is no group with more widely different ideas, more disseminated, than the beef producers of Canada. To put them all together and come up with a proper program is not as easy as one might think. You do not cut off imports from your trading partners with a snap of the fingers; it is not that easy. There are trading agreements with Commonwealth partners and members of GATT. I believe all the Commonwealth partners are members of GATT. You just do not throw those adrift and then fight compensation and trade wars, etc.

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ST. PATRICK'S DAY

EXPRESSION OF TRADITIONAL GOOD WISHES

Mr. James A. McGrath (St. John's East): I rise on a point of order, Mr. Speaker. I had tried to get your eye at thirteen minutes after eleven o'clock to carry out a tradition of this House. As a matter of fact I had hoped that the chief spokesman for the leprechauns in this House, the Minister of Agriculture (Mr. Whelan), would have risen in his place to extend to you, Mr. Speaker, and to the House on behalf of all of us here who pride ourselves on our Irish extraction, the top of the morning, sir, to you, on this St. Patrick's day.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. SYMES—ALTERATION IN OFFICIAL HANSARD RECORD

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise on a question of privilege relating to an answer I received yesterday from the Secretary of State (Mr. Roberts) and the alteration of the official record of the House, namely, *Hansard*, which I submit misleads the public in what the answer of the minister was.

If I might explain my question of privilege I would hope that the minister would rise on this occasion to state clearly exactly how this alteration of the official record took place and to clarify what the government's position is on student loans.

By way of explanation I refer to page 3829 of *Hansard* of yesterday, and to my second question to the Secretary of State relating to the problem under the Students Loans Act whereby a graduation student, having obtained a student loan, must begin repayment of that loan after six months. There are no provisions in the act to waive that until the student obtains full employment. Any waiver of that repayment provision is entirely discretionary on the part of the banks that issue the loan. My question was as follows:

> Mr. Speaker, given the fact that the minister knows full well that national students' organizations object to merely increasing loans because that decreases the grants allotted to students, I hope the minister takes my first question seriously. By way of supplementary, since graduating or terminating students must begin repayment of student loans six months after leaving their educational institutions, and in light of the disastrous unemployment rate, will the minister ensure that any bill to amend the Student Loans Act will provide that students need only begin to repay the loans after first obtaining full-time employment?

I submit the essence of the question is: "Will the minister ensure that any bill to amend the Student Loans Act will provide that students need only begin to repay loans after first obtaining full-time employment?"

The official transcript—more commonly called the "blues"—the literal taking down of the notes, indicates that the Secretary of State replied as follows:

> Mr. Speaker, I have already given the hon. member that assurance privately.

I believe the television transcript or record of proceedings of yesterday will also confirm the original notes. In the official record of *Hansard* we find that five extra words have been added to the minister's answer, which I submit substantially alter the interpretation of the answer given yesterday.

In *Hansard* we read on page 3829 the Secretary of State saying:

> Mr. Speaker, I have already given the honourable member that assurance privately that I will explore this.

Those extra words "that I will explore this" indicate a certain degree of ambiguity which, I submit, substantially

alters the interpretation I had and indeed that the public had yesterday—that the minister had given assurances that there would be amendments to the Students Loans Act providing a student would not have to repay until he gained full employment.

The official transcript of yesterday says the minister will explore the matter—a quite contradictory interpretation of what we heard yesterday. I should like to know how that *Hansard* record was altered in such a way as to contradict clearly the answer of yesterday. I would also hope that the minister would explain what is the government's actual position on repayment of student loans?

Hon. John Roberts (Secretary of State): Mr. Speaker, first of all I want to thank the hon. member for having indicated to me that he intended to raise this question of privilege. That was a kind thing for him to do and I appreciate it.

I can explain it quite simply that the words were added to try to make clear what was, in fact, the situation. As the hon. member knows, we have had some discussions about the legislation, and to have left the impression that I had given the assurance to him that the change which he wanted to see in the legislation would in fact be presented, would not have been true. That was not in fact the substance of our conversation and it did not seem to me desirable to have the public record misstate the facts of the situation.

I admit, Mr. Speaker, that there is not a right to contravene the sense of the answer and that was not my intention in adding those words to make the response clearer. It would have been the essence of his question, or the part that stuck in my mind was his desire that we take these issues seriously, and that was the assurance which I wished to give him and which I give to him still.

I would therefore welcome the opportunity that he has presented if there have been—he has told me this privately—some press reports which indicated that the legislation would contain the provision for a six-month delay of the re-collection of loans until after the point when the former student was employed. It enables me to indicate that that had not been the intention of the proposed legislation, but I indicated to him that I would explore this possibility. Since such a change would indeed take place in regulations and not in legislation itself, I would hope that he would not let that lacuna—that vacuum in the legislation from his point of view—impede the passage of legislation which I believe is of very considerable significance to the students of the country and would assist them greatly.

On the other matter which I also promised to explore, that of the situation or the position of the provinces in relation to grants, I have been assured after telephone consultations that it is not the intention of the provinces to make any changes in the ratio of grants to loans. There may be some provinces which will want to make changes in relation to grants vis-à-vis their own bursaries. That undertaking has been made to me as a result of telephone conversations. I hope that meets one of the concerns of the hon. member and that he and his colleagues in the New Democratic Party will therefore be prepared to give speedy treatment to this legislation when it is presented to the House.

● (1212)

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, this raises a very important question. I think the minister by his answer indicated he changed the purport of the transcript. If that practice continued, the debates in the House can become meaningless and irrelevant. They can change from day to day, overnight, and outside the House. The minister knows there is a procedure available to him to rise on a question of privilege and indicate that he inadvertently misled the House or did not give a complete answer, and that would be accepted with applause by all members.

Further, and I say this as kindly as I can, this statement has come from a minister who, in terms of his estimates, indicated that there was some difficulty for some period of time. I followed his answer with interest, and I would like to reserve the right to raise the matter later if that should appear to be necessary.

Mr. Speaker: Order, please. Hon. members have touched upon a point which concerns my authority in respect of the faithful recording of the proceedings of the House. I will discuss it, of course, with the Editors of *Hansard* to determine what in fact has taken place. It is a matter of great and substantial importance to the accuracy of the record of the proceedings.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

NORTHERN GAS PIPELINE

Mr. Maurice Foster (Algoma): Mr. Speaker, I have the honour to present the first report of the Special Committee on a Northern Gas Pipeline.

Some hon. Members: Hear, hear!

FINANCE

Mr. Bob Kaplan (York Centre): Mr. Speaker, I have the honour to present the Second Report of the Standing Committee on Finance, Trade and Economic Affairs dealing with Bill C-18, an Act to amend the Anti-Inflation Act.

[*Editor's Note: For texts of above reports, see today's Votes and Proceedings.*]

NATIONAL SECURITY

STATEMENT ON APPLICATION OF OFFICIAL SECRETS ACT

Hon. Ron Basford (Minister of Justice): Mr. Speaker, during the past several weeks, considerable attention has been given in the House and in the country to the conduct of the hon. member for Leeds (Mr. Cossitt) involving highly sensitive national security information. This House is also aware of an article published in the Toronto *Sun* on March 7, 1978, which made detailed and explicit references to a secret document containing national security information. While the two events may appear to have been related, I wish to indicate at the outset that I have not been made aware of any information that would relate the hon. member for Leeds to the article which appeared in the Toronto *Sun*.

In each of these instances, it is clear that certain documents and information of the most sensitive nature have been unlawfully released by, or obtained from, someone authorized to have them. Unfortunately, the person or persons responsible for this unlawful release of information have not been identified. The investigation into the circumstances of the release of this information will continue to be vigorously pursued and appropriate action will be taken when possible.

In some circles, the public servant who leaks sensitive information has some approval and "glamour". In my view, they have none. Such actions are contemptible and cowardly.

If a person in the service of this country is so dissatisfied, as is that person's fundamental right, with the conduct of public business by a duly elected government, their remedy is not in skulking about delivering brown envelopes and thereby discrediting their associates who serve Canada with devotion and integrity. Their remedy is to resign and endeavour, through our free institutions, to influence public affairs and public opinion. That, Mr. Speaker, in my view, is the lawful, proper and courageous way.

Because of the importance of the issues involved in these matters, I think that this House and the people of Canada are entitled at the first opportunity to know the decisions that I have reached on whether prosecutions should be instituted under the provisions of the Official Secrets Act against the hon. member for Leeds or against others in connection with the publication of the article in the Toronto *Sun*.

The privilege of free speech in this chamber and the freedom of the press are matters which are fundamental to our democratic system. Decisions on issues which tend to draw these fundamental principles into conflict with the protection of our national security interests must be taken with great care. What may be seen by some as a matter to be decided with speed has therefore been seen by me as a matter that demanded decision with careful thought and consideration.

What I have had to face, and resolve to my satisfaction, is whether and under what circumstances to authorize prosecutions under the Official Secrets Act. I have been guided by those parliamentary, constitutional, and legal principles which should be taken into account by the Attorney General in the discharge of this particular responsibility. Mr. Speaker, it might be useful to set some of those out.

In arriving at these I have been guided by recognized authorities such as Lord Shawcross, Edwards, Erskine, May and Bourinot, and more recently and very helpfully, my valuable discussions with Commonwealth attorneys general in Winnipeg last summer on the office of attorney general, and more particularly my personal conversations at that time with the Attorney General of England and Wales and the Lord Chancellor.

I am aware that, since the enactment of the Official Secrets Act, this would appear to have been the first occasion in Canada where consideration has to be given to the provisions of the Official Secrets Act and the right of a member of the House to freely express his views in the House in the course of carrying on his parliamentary business.

The first principle, in my view, is that there must be excluded any consideration based upon narrow, partisan views, or based upon the political consequences to me or to others.

In arriving at a decision on such a sensitive issue as this, the Attorney General is entitled to seek information and advice from others but in no way is he directed by his colleagues in the government or by parliament itself. That is not to say that the Attorney General is not accountable to parliament for his decisions, which he obviously is.

Clearly, I am entitled to seek and obtain information from others, including my colleague, the Solicitor General (Mr. Blais), and the Commissioner of the Royal Canadian Mounted Police on the security implications of recent disclosures. This I have done.

In my view, the special position of the Attorney General in this regard is clearly entrenched in our parliamentary practice. Based on the authorities and on my own experience as a member of the government for ten years, which has included my three immediate predecessors, this special position has been diligently protected in theory and in practice.

Mr. Speaker, the second principle is that every citizen is subject to the law. One of the pillars of our system of government, dating back three centuries, is that neither the King nor any other person, be he a member of this House, a member of the government, a member of the press, or someone possessed of title or position, is above the law. The law should apply to all, equally. He who breaks it must bear the consequences.

Third, with today's differing ideological viewpoints between different countries, it is essential for the preservation of our democratic way of life that there should be maintained a strong and vigorous security service. In spite of all that has been alleged and what is properly being examined by the McDonald Commission, we are being well served by a group of dedicated individuals.

• (1222)

The functioning of a security service by its very nature demands that most of its operations remain secret. Unlawful

disclosure of the details of what is known about the operations of foreign intelligence agents in this country, or provision to others of information about the operations of our security service, is to destroy and render useless the work of this service.

Fourthly, in exercising a discretion as to whether or not to consent to a prosecution under the Official Secrets Act, the Attorney General should ensure that the widest possible public interests of Canada are taken into account; that, as a member of this House, he has responsibilities toward the rights, privileges, traditions and immunities so necessary for the proper functioning of parliament; and finally that each competing public interest is weighed and balanced against the others in as responsible a way as possible.

In the present situation, the hon. member for Leeds has made statements in the House which must clearly have been based upon highly classified national security information. In my judgment, the hon. member's use of the secret information he was not entitled to have was contrary to the national interest. However, by law, his statements cannot constitute the foundation for a prosecution under the Official Secrets Act since it is well established that no charge in a court can be based on any statement made by an hon. member in this House.

The hon. member for Leeds did, however, make additional statements. In my view, these statements did not add substantially to what he had already said in the House. There is some doubt as to the extent to which a court would view these statements as being protected by any parliamentary privilege or immunity. The existence of this doubt guides me in my decision whether or not to provide my consent to a prosecution.

The obligation of the Attorney General in deciding whether or not to provide his consent under the Official Secrets Act calls into play the many factors I referred to earlier. In my view, an Attorney General should not provide such a consent unless the case is free from substantial doubt.

Having considered the evidence produced in the investigation to date, and having considered applicable legal and parliamentary principles, I have concluded that I should not consent to a prosecution against the hon. member for Leeds.

I must emphasize that in any case free from these elements of doubt, involving unlawful disclosure of information relating to national security by an hon. member, I would not hesitate to have a court of criminal jurisdiction pass upon the issue.

This House has established a committee to examine the privileges and immunities of members of parliament, including the application of the Offical Secrets Act. That examination is necessary and, in my view, urgent. It is essential to protect the position of members of parliament to continue to be able to speak freely and candidly in carrying out the responsibilities that we bear on behalf of our constituents and the country at large without any harassment.

I look forward to the report of the special committee which I hope will outline the principles that should govern a member of this House when dealing with security or other highly sensitive matters and which will, I hope, strike a balance between the imperative public interest that the national security and integrity of the state ought not to be imperilled and the equally imperative public interest that members of this House should enjoy a freedom of speech commensurate with the necessity of fulfilling our obligations. It is historic and preferable that this House, and not the courts, settle these issues.

Mr. Speaker, with the highest of immunities goes the highest of responsibilities. I would urge all hon. members, prior to asking a question, or disclosing sensitive information of any kind, to take reasonable steps to bring the matter to the attention of the responsible minister of the Commissioner of the RCMP so that the member may be fully apprised of the possible seriousness of the matter and so that measures in proper cases might be taken to protect the information from public disclosure with its attendant risk of doing serious damage to our national security. To be fair, I want to add quickly that I am advised that there are members of the House and members of the press gallery and the public who do this.

I would further commend to the attention of hon. members what was said by the 1939 United Kingdom Select Committee on the Official Secrets Act and Privileges of Members, relating to the Duncan Sandys case, and I quote:

> Your committee are of opinion that the soliciting or receipt of information is not a proceeding in parliament, and that neither the privilege of freedom of speech nor any of the cognate privileges would afford a defence of a member of parliament charged with soliciting, inciting or endeavouring to persuade a person holding office under the Crown, to disclose information which such person was not authorized to disclose or with receiving information knowing, or having reasonable grounds to believe, that the information was communicated to him in contravention of the Official Secrets Act.

With respect to the publication of the article in the Toronto *Sun*, parliament has not extended to any other person or body, the rights, privileges or immunities that are accorded by law to parliament and its members.

That is not to say that the press is not in a somewhat special position in our society, for without full and free dissemination of information through an independent and responsible press, a free society cannot continue to exist. That freedom is exercised under and pursuant to the rule of law. In that respect, members of the press are in no different a position from anyone else. I am confident that the courts are the proper forum for dealing with and defining the rights and responsibilities of the press.

Because of this special position of the press and lest any step be misconstrued as an attack on the essential freedom of the press, it is important that the process of the criminal law be invoked only after most careful and studied consideration.

It is with such consideration that I have examined the available evidence, including the extent of the information that was published, the present state of the law, the various competing public interests, and all other relevant factors in consenting, as I have done, to a prosecution under the Official Secrets Act in connection with the publication of the article in the Toronto *Sun*.

In arriving at these decisions, I have sought the opinion of the officers of the Department of Justice, and they concur in my decisions.

May I just add that because of the fact that an information was being sworn and laid, I felt it was appropriate that those people to whom it was being directed should concurrently know what I was saying before others. Therefore, I felt I should not and I did not provide to opposition House leaders or spokesmen a copy of my statement. That is not my usual practice, but I felt it was required in these circumstances. I trust they will appreciate that.

Some hon. Members: Hear, hear!

* * *

QUESTIONS ON THE ORDER PAPER

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 503, 504, 505, 506, 507, 527, 685, 697, 704, 881, 929, 1,027, 1,152, 1,206 and 1,209.

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

[*Text*]

RESEARCH—INDUSTRIAL SECTOR OF THE ECONOMY

Question No. 503—**Mr. Howie:**

1. From January 1 to November 1, 1977, what amount was spent by the Ministry of State for Science and Technology or its supporting agencies or councils for research in the industrial sector of the economy?

2. How many research projects (a) were started (b) were concluded (c) are still ongoing?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: The policy of the Ministry of State for Science and Technology is to formulate and develop policies in relation to the activities of the Government of Canada that affect the development and application of science and technology. The objective is to assure the optimum use of science and technology in support of national objectives. The Ministry has no laboratories and does not award grants-in-aid of research, scholarships or fellowships.

RESEARCH AT UNIVERSITY LEVEL

Question No. 504—**Mr. Howie:**

1. From January 1 to November 1, 1977, what amount was spent by the Ministry of State for Science and Technology or its supporting councils or agencies for research at the university level?

2. How many research projects (a) were started (b) were concluded (c) are still ongoing?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State and Technology is concerned: The policy of the Ministry of State for Science and Technology is to formulate and develop policies in relation to the activities of the Government of Canada that affect the development and application of science and technology. The objective is to assure the optimum use of science and technology in support of national objectives. The Ministry has no laboratories and does not award grants-in-aid of research, scholarships or fellowships.

MONEY AVAILABLE FOR RESEARCH IN TRANSPORTATION

Question No. 505—**Mr. Howie:**

Since January 1, 1977, what amount has the Ministry of State for Science and Technology or its supporting agencies or councils made available to industry and/or universities for research work in the transportation field?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: The policy of the Ministry of State for Science and Technology is to formulate and develop policies in relation to the activities of the Government of Canada that affect the development and application of science and technology. The objective is to assure the optimum use of science and technology in support of national objectives. The Ministry has no laboratories and does not award grants-in-aid of research, scholarships or fellowships.

MONEY AVAILABLE FOR RESEARCH ON SOLAR ENERGY

Question No. 506—**Mr. Howie:**

Since January 1, 1977, what amount has the Ministry of State for Science and Technology or its supporting agencies or councils made available to industry and/or universities for research work on solar energy?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: The policy of the Ministry of State for Science and Technology is to formulate and develop policies in relation to the activities of the Government of Canada that affect the development and application of science and technology. The objective is to assure the optimum use of science and technology in support of national objectives. The Ministry has no laboratories and does not award grants-in-aid of research, scholarships or fellowships.

MONEY AVAILABLE FOR RESEARCH IN AEROSPACE FIELD

Question No. 507—**Mr. Howie:**

Since January 1, 1977, what amount has the Ministry of State for Science and Technology or its supporting agencies or councils made available to industry and/or universities for research work in the aerospace field?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: The policy of the Ministry of State

for Science and Technology is to formulate and develop policies in relation to the activities of the Government of Canada that affect the development and application of science and technology. The objective is to assure the optimum use of science and technology in support of national objectives. The Ministry has no laboratories and does not award grants-in-aid of research, scholarships, or fellowships.

FLUOROCARBONS IN THE ATMOSPHERE

Question No. 527—**Mr. Howie:**

Since January 1, 1976, were any studies on fluorocarbons in the atmosphere authorized by the Ministry of State for Science and Technology or any councils, commissions or agencies funded by it and, if so, in each case (a) on what date were they authorized (b) have any reports been received to date (c) what amounts were (i) granted (ii) authorized?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: No.

FEDERAL ASSISTANCE FOR URBAN TRANSIT IN NEW BRUNSWICK

Question No. 685—**Mr. Howie:**

1. What financial assistance is available to the Province of New Brunswick to assist with urban transit over the next five years?

2. What amount will be given to New Brunswick for this purpose in each of the next five fiscal years?

3. Is financial assistance intended to be available for (a) community operated bus systems (b) privately operated bus systems (c) systems operated entirely within the municipality (d) systems operated between urban centres?

4. What are the minimum requirements for federal assistance?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Transport and the Ministry of State for Urban Affairs as follows: 1. Federal assistance for urban transit will be available to New Brunswick through the Urban Transportation Assistance Program which will be implemented April 1, 1978. Total funding available to New Brunswick will be $6,774,000 over the five year life of the program ending March 31, 1983.

2. The annual allocation to New Brunswick is to be $2 per capita according to the population of the Province as recorded in the official census of 1976. Accordingly, the province may receive up to $1,354,800 annually over the five year life of the program.

3. (a) Federal assistance through the Urban Transportation Assistance Program will be available to community operated bus systems. (b) Assistance will be available for privately operated bus systems, however all funds are to be made available through the province and accordingly it will be the responsibility of the province to specify projects which it wishes to have funded. (c) Federal urban transportation assistance will be available to transit systems which operate entirely within the municipality. (d) Federal urban transit assistance will not be available to intercity services.

[Mr. Maine.]

4. The minimum requirement for assistance through the Urban Transportation Assistance Program will be concurrence by the federal government that the projects, put forward by the province for funding, meet at least one of the program objectives of: (i) Improving the efficiency of the urban transportation system. (ii) Improving standards of urban environmental quality and land use efficiency. (iii) Contributing to energy conservation. (iv) improving safety at railway crossings. (v) the Urban Transportation Assistance Program does not provide any funds for operating subsidy. The funds are to be used for capital acquisitions or improvements only. In addition, each project is to be evaluated against the objective it was designed to meet to determine the effectiveness of federal assistance for urban transportation. Approval of a grade separation or railway relocation project will be subject to the provisions of the Railway Relocation and Crossing Act and Urban Development and Transportation Plans Regulations.

RESEARCH—NEW SAFE USES FOR NUCLEAR FISSION

Question No. 697—**Mr. Howie:**

Since January 1, 1977, what amount did the Ministry of State for Science and Technology or its supporting agencies and councils allocate for research into finding new safe uses for nuclear fission?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: The policy of the Ministry of State for Science and Technology is to formulate and develop policies in relation to the activities of the Government of Canada that affect the development and application of science and technology. The objective is to assure the optimum use of science and technology in support of national objectives. The Ministry has no laboratories and does not award grants-in-aid of research, scholarships or fellowships.

RESEARCH—REYE'S SYNDROME—LINK WITH SPRUCE BUDWORM SPRAYING

Question No. 704—**Mr. Howie:**

Does the Ministry of State for Science and Technology or any of its supporting agencies and councils have ongoing in-house research into Reye's Syndrome and its possible link with spruce budworm spraying?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: The policy of the Ministry of State for Science and Technology is to formulate and develop policies in relation to the activities of the Government of Canada that affect the development and application of science and technology. The objective is to assure the optimum use of science and technology in support of national objectives. The Ministry has no laboratories and does not award grants-in-aid of research, scholarships or fellowships.

AT-SOURCE SEPARATION OF RECYCLABLE WASTE PAPER

Question No. 881—**Mr. Saltsman:**

1. (a) Has Crown Assets Disposal Corporation signed a contract to sell recyclable waste paper and, if so, what are the terms of that contract (b) are all government departments and agencies now giving their waste paper to CADC so that it may be sold, or are some selling the waste paper on an individual basis?

2. (a) Has CADC agreed to commence source separation of waste paper from garbage so that only paper would be collected by a recycling firm (b) has source separation been delayed and, if so, on what date will separation begin?

3. (a) If source separation has not begun, and the waste paper is not being bought from CADC, how much is it costing the government to dispose of this garbage every day (b) how much would the government be receiving in revenue if the waste paper was being sold to a recycling firm?

4. What efforts are being made to educate various departments and agencies as to the purpose and benefits of paper source separation and the proposed implementation of this plan?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Crown Assets Disposal Corporation, the Departments of Public Works and Fisheries and the Environment as follows: 1. (a) No, Crown Assets Disposal Corporation has signed a contract to sell mixed office waste paper. (b) Crown Assets Disposal Corporation administers two contracts for the disposal of waste paper. In the National Capital Area, the major waste paper generating federal facilities are included in those two contracts. The number of facilities in the existing contracts would increase with the implementation of the federal high quality waste paper separation program. This program involves segregation at the point of generation of high quality waste paper from the rest of refuse. This refuse, including waste paper is currently disposed of under a refuse removal contract administered by the Department of Public Works.

2. (a) No. (b) At-source separation has not been delayed. Before the Federal Government could start a large scale implementation program, the system had to be demonstrated, guidelines developed and all costs identified. The pilot study to demonstrate this selected at-source separation system, was completed on April 30, 1977. The system has since then been implemented in three facilities occupied by approximately 3,000 federal employees. Three additional facilities with approximately 5,000 employees are being brought into the program in early February.

3. (a) It is not possible to answer this part of the Question as the Department of Public Works' figures show only garbage as a whole and do not give a breakdown for waste paper as a separate item. (b) If departments located in the National Capital area implement the at-source separation program, there is a potential to recover in excess of 4,000 tons/year of high grade waste paper. This would be in addition to the quantity that is currently being recovered through CADC contract. The revenue from the sale of such paper would be determined through CADC's tendering process and would reflect current market conditions.

4. The Department of Fisheries and the Environment is finalizing a Federal Government Guideline which outlines steps to be taken to organize and manage an at-source separation system. When approved, the Guideline will be distributed to all departments to assist them to implement at-source segregation systems for high grade waste paper. Publicity material as well as assistance is also available from the Department of Fisheries and the Environment to brief departmental co-ordinators on such programs.

NEW DRUG SUBMISSIONS

Question No. 929—**Mr. Herbert:**

1. For each of the past five years, how many new drug submissions have been received by the Department of National Health and Welfare and how many received notices of compliance?

2. What is the average time period between the receipt of a submission and issuance of notice of compliance?

Hon. Monique Bégin (Minister of National Health and Welfare):

1.

Year	Number Received	Number of Notices of Compliance
1971-72	63	51
1972-73	51	50
1973-74	74	50
1974-75	89	67
1975-76	79	63

2.

Year	Number	Average Days	Median
1972	49	513	351
1973	50	310	283
1974	67	341	265
1975	63	335	287
1976	46	446	353

UNEMPLOYMENT IN THE CONSTITUENCY OF RICHMOND

Question No. 1,027—**Mr. Beaudoin:**

In (a) 1975 (b) 1976 (c) 1977, were there any unemployed in the Constituency of Richmond and, if so (i) how many (ii) in what economic sector were they the most numerous?

Hon. Bud Cullen (Minister of Employment and Immigration): (a), (b) and (c) There are no statistics on unemployment for the Constituency of Richmond, in total or by economic sector, for the years 1975, 1976 and 1977. The only valid estimates of unemployment for constituencies are those given by the Census of Canada. (The latest Census data available are for 1971). The Labour Force Survey, which is the other official source of unemployment estimates, does not produce data by constituency. Because no constituency unemployment estimates are available, the Department has, only for the purpose of allocating Canada Works Program and Local Initiatives Program funds, produced constituency labour surplus estimates. However, these estimates are not comparable from one program to the next, since they are based on different definitions and they pertain to different time periods. The following are the labour surplus estimates produced for the constituency in the last three years. It is emphasized, however, that these figures are based on different definitions and should not be compared with one another. LIP 75/76: 3,174 (First

Quarter, 1975); LIP 76/77: 2,354 (First Quarter, 1976); CWP 77/78 Phase I: 2,208 (December 75—March 76); CWP 77/78 Phase II: 2,874 (November 76—March 77).

QUEBEC FIRMS RECEIVING INCENTIVES UNDER DREE

Question No. 1,152—**Mr. Herbert:**

For each private firm in Quebec that accepted development incentive offers from the Department of Regional Economic Expansion in the past two years, what was the known amount, if any, at the time that the Department made the offer of direct or indirect financial assistance from the (a) Government of Quebec (b) local municipal authority?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): In so far as the Department of Regional Economic Expansion is concerned the reply is as follows: No information, relating to commercial or financial matters, which has a bearing on files administered under the Regional Development Incentives Act may be divulged by the Department, in view of the commercial confidentiality of the contents of these files.

MARITIME FORCES—FISHERY PATROL

Question No. 1,206—**Mr. McKinnon:**

1. How many days of fishery patrolling have the patrol ships Tanu, Laurier and Howay carried out since April 1, 1977 and at what cost?

2. What operating funds for how many ship-days of patrolling are left for each ship prior to April 1, 1978?

3. At what cost per day will a DND Destroyer carry out a fishery patrol on the West Coast?

4. How many ship-days are outstanding for DND fishery patrols on the West Coast prior to April 1, 1978?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Fisheries and the Environment and National Defence as follows: 1. "Tanu", "Laurier", "Howay", 407 days April 1, 1977 to January 31, 1978. Cost $427,350 exclusive of ships crew's salaries.

2. "Tanu"—$72,000 for 45 days; "Laurier"—$40,000 for 50 days; "Howay",—$40,000 for 50 days; February 1, 1978 to March 31, 1978 exclusive of ships crews' salaries.

3. $5,210.

4. As of January 31, 1978 there were 20 shipdays outstanding prior to April 1, 1978.

MR. RENÉ-JEAN RAVAULT AND STUDY ON FRANCOPHONE ASSIMILATION

Question No. 1,209—**Mr. Epp:**

Did Mr. René-Jean Ravault carry out a study for the government on Francophone assimilation and, if so (a) at what cost (b) how much was he paid?

Hon. John Roberts (Secretary of State): Yes, Mr. René-Jean Ravault made a study on the assistance from the Department of the Secretary of State to the French-speaking communities outside Québec. He submitted his report in June 1977 to the Official Language Minority Groups Program of the Secretary of State. (a) Cost of the study, $24,117.58; (b) Amount paid to Mr. R-J Ravault, $24,117.58; The breakdown of this sum is as follows: Fees, $18,500.00; Travel, $2,493.24; Administrative costs, $3,124.34; $24,117.58.

GOVERNMENT ORDERS

[*English*]

TRANSFER OF OFFENDERS ACT

MEASURE RESPECTING TREATIES ON TRANSFER OF PERSONS FOUND GUILTY OF CRIMINAL OFFENCES

Hon. J.-J. Blais (Solicitor General) moved that Bill C-21, to implement treaties on the transfer of persons found guilty of criminal offences, as reported (with amendments) from the Standing Committee on Justice and Legal Affairs, be concurred in.

Motion agreed to.

Mr. Blais moved that the bill be read the third time and do pass.

● (1232)

Mr. Eldon M. Woolliams (Calgary North): I intend to be very brief in speaking on Bill C-21. This bill is one which I personally, along with many members of parliament on both sides, have asked for with reference to the exchange of prisoners between the state of Mexico and the state of Canada. I have asked many questions in relation to this subject. What I am about to say is by way of introduction—it may appear to contradict the questions I asked in committee when it was studying the bill.

I had asked the Solicitor General (Mr. Blais) whether there was an agreement between Mexico and Canada, and on March 10 I received a letter from the hon. gentleman—it was not addressed to me in confidence so I believe I can quote it. The Solicitor General, in his usual friendly fashion, wrote:

Dear Eldon Woolliams,

Following Mr. Vincent's acknowledgement of November 23, 1977, your letter of November 15, 1977, addressed to my predecessor concerning the Canada-Mexico Prisoner Exchange Treaty, was brought to my attention.

Although discussions have already taken place between Mexico and Canada regarding the possibility of a prisoner exchange treaty, an agreement to that effect has not yet been reached. Consequently, I cannot provide you with more detailed information on that subject at the present time.

I call attention to those words in the letter which say an agreement had not been reached. We were told in the committee that there had been an agreement reached but that it had not been ratified. I make nothing of this as argument, Mr. Speaker. I am not challenging the minister at the moment. I believe there is a misunderstanding here with regard to terminology. I suppose the question is whether there is an agreement in place and ready to be ratified, or whether there is any agreement at all.

There is one point I should like to make with regard to this. Over a year ago the United States got their agreement and put their legislation in shape, since when they have been operating along the lines of the bill before us. I would hope that before this measure is passed the minister will clarify the situation in every respect.

As I have said over and over again—and I have heard many of my hon. friends on this side say it, not only in this Chamber but in caucus—none of us, and I am sure this applies to members on both sides of the House, condones Canadian citizens going to a foreign country and breaking the law of that country, particularly when it involves, as it does in many of these cases, the use of drugs or trafficking in drugs.

One of the most difficult things to control today is the international trade in drugs, particularly hard drugs. Unfortunately, many of our young people who go down to Mexico because of the attraction of a climate which we all enjoy—I think of Acapulco and other places—find, as is reported in our news media and elsewhere, that marijuana is grown in Mexico as a crop and they cannot believe a little simple possession may put them behind bars, waiting for months and sometimes years to be charged for what they consider to be a very minor crime in their own country.

I want to deal with some of these problems because in 1963, I believe it was, I was chosen by my party, then forming the Government of Canada, along with Chief Justice Tremblay of the province of Quebec, to lecture at a special seminar on civil rights in Mexico City where members of the United Nations from all over the world were attending. I cannot forget the statements which were made then by Mexican officials, Mexican professors and others on the question of civil rights.

But it was while I was in Mexico City that the Chief Justice and myself received a telephone call from two people who had been incarcerated in one of the Mexico City jails and held there for two years without charges being laid following an argument about the price of a motel. I did the leg work to dig up the facts, as was only proper since Chief Justice Tremblay, because of his position could not become directly involved. As a Canadian and as a member of parliament I did the work. I went down to see them. They had run short of money in Mexico and had wired their parents in the City of Montreal. They had sent them a cable transferring some money. The fact that the money came from such a source tipped off the motel people who tripled the price of the accommodation and, when the girls refused to pay, they were thrown behind bars and held, without a charge being laid, under conditions to which I shall refer in a few moments.

One of the big problems in Mexico is this: if you have any money at all the state does not feed you while you are in jail. You have to pay for your own meals, and so on. I was told by these girls—and they struck me as being honest people—that the older prisoners, the male prisoners, governed the food supply and that if they, the girls, did not perform certain sexual acts, they did not eat. It is under such abominable conditions as these, Mr. Speaker, that Canadians are being incarcerated. This is what started me on a crusade to get people out of jails of that kind.

I want to put another case on record. I rose in the House of Commons some time ago, about two years ago, I believe, to move a motion under Standing Order 43. It read:

> Mr. Speaker, pursuant to Standing Order 43 I rise on a matter of urgent and pressing necessity. In view of the fact that Miss Bethune, daughter of longshoreman Ray Bethune, of Vancouver has been incarcerated since February in a Mexican jail whereby her father has spent some $18,000 to obtain a hearing or a release, I move that the Department of External Affairs after discussions with the Department of Justice and through the Minister of Secretary of State of External Affairs protest in the strongest terms that Miss Bethune be given an immediate hearing and, if innocent, be released from the deplorable jail conditions in which she is incarcerated and subjected to indignities and conditions similar to those inflicted on other Canadians now and in the past in that nation.

I am glad to see there is some remedy provided in the bill with respect to the second point I wish to make. There are weaknesses in the legislation, but I shall deal with them in due course. This is the kind of situation which arises. When young people are detained, for whatever reason, cables are sent to their parents informing them that the services of a solicitor are required. Money is required to buy food for their children while they are in prison. This is used as a system of blackmail so as to get money out of parents in Canada. There is never any accounting for this money. Much of it disappears, and nobody knows what happens to it. It is about time we came to grips with this situation.

I should like to quote, now, from the Toronto *Star*, an article written on December 7, 1976 under a Mexico City dateline. It starts:

> There might be something dumber than having dope in Mexico City, but I don't know what it could be. Norman Piché, a 25 year-old Montrealer, knows what he is talking about. He and 11 other Canadians are languishing in vermin-infested Mexican prisons because most of them tried to make a quick buck by smuggling drugs.

● (1242)

We do not endorse what they did, but I am complaining about the conditions under which these people have been held.

> To make matters worse, the Canadians feel that Ottawa is doing little to help them.

Without the pressure which was exerted by myself and other members of parliament, we would not have received any answers from the Secretary of State for External Affairs (Mr. Jamieson). We were not getting relief. I do not want to read this whole article, but for those who are interested, it shows the kinds of conditions under which these people were incarcerated.

That brings me to another point which is of concern to me. I know our procedures do not allow hon. members to quote bills. At this stage we are supposed to be discussing the principle of the bill, but with the leave of the House I would like to quote from one part of the bill at page two. Clause 4 of the bill states:

> Where a Canadian offender is transferred to Canada, his finding of guilt and sentence, if any, by a court of the foreign state from which he is transferred is deemed to be a finding of guilt and a sentence imposed by a court of competent jurisdiction . . .

That is good, but section 617 of the Criminal Code does not apply in respect to the offence of which a Canadian offender has been found guilty in the foreign state from which he is transferred, and his finding of guilt and his sentence, if any, are not subject to any appeal or to any other form of review in Canada. That is provided for in clause 5 of the bill.

This bill really only applies where a person actually has been charged. The criticism I have in this regard is not with reference to what this bill will do for those who are charged. I read very carefully the remarks of the parliamentary secretary, and I think I am correct in saying that even where a sentence is under two years, it is possible to transfer a prisoner if he has been convicted, provided there is provincial consent. That is a good part of the bill, and I endorse it.

I support this bill. I am glad we have gone for even half a pie, but the escape clause concerns me. The Mexican authorities do not have to charge people. They can say matters are under investigation. The same old blackmail will be practised against parents. Without a charge this bill does not apply, so people will continue to rot in vermin-infested dungeons in Mexico. That is what I do not like, and that is why I want to say a few words in that regard. There has to be a positive answer. We like to have good relationships with our neighbours, particularly on the North American continent, and more particularly with Mexico and the United States. We also want good relationships with South American countries.

The field of diplomacy is really outside the minister's jurisdiction, but ambassadors have been reluctant to bring very much pressure to bear with regard to the grievance I have mentioned. In the past all they have done is handled money as brokers do. It seems to disappear into thin air, and nothing happens. In view of what Mexico has said with regard to civil rights, and in view of its style and process, there should be actions instead of words, and Mexico should not be objecting strongly. I am glad to see that a former secretary of state for external affairs is here. I know he knows the difficulty, but we should be objecting strongly to this kind of blackmail and to the holding of Canadians without charge in Mexico. Surely at the highest level of diplomacy in Canada we can get better treatment for our Canadian citizens by the Mexican authorities.

I think I have covered what I wanted to say. In conclusion I would like to say that I endorse this bill. It will not come to a vote because I think everyone is basically in accord with it. We have gone a long way. Perhaps it is not possible to legislate in cases where people are not charged. I want to be fair, but if that is the argument—and it is an argument of substance—I must come back to what I said, that in the strongest terms we must say that we want the provisions of this bill carried out with agreement. Perhaps this legislation ratifies an agreement, but we want the agreement carried out.

In the days of the dictators of Europe people rotted in jail. This is going back 300 or 400 years in history. They rotted in jails without being charged. In my opinion, holding people without charging them is illegal, but there is nothing Canadian authorities—the Attorney General of Canada (Mr. Basford) or the attorneys general of the various provinces—can do.

I hope due process of law will be interpreted in wide terms. The United States has already done its thing, as it were. There has already been an exchange. The article to which I referred earlier indicates the situation for some young Canadians. Some were charged, and some were not. Some were charged and convicted. Some are waiting for their trials, and that can take months and sometimes years. John Howard, the prison reformer, would blush. Some Americans were allowed to go home more than a year ago, and we are still waiting for action by this institution. Therefore I will be brief.

I hope the bill will be passed immediately. I thank the House for its kind attention. I congratulate the government for introducing this legislation. I am critical about the delay, but perhaps that is part of the parliamentary process. Perhaps I am mellow because this is Friday, but let us get on with the job. Let us pass this bill, but let us not forget the warning I have given with reference to people who have been held in jail without being charged and with reference to people who are charged but who never get to trial.

[*Translation*]

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first I would like to thank my parliamentary secretary, the hon. member for Lachine-Lakeshore (Mr. Blaker), who very ably led the debate on the bill on second reading as well as in the committee stage. He performed in a masterly manner, Mr. Speaker, and I wish to thank him publicly.

[*English*]

I join with the hon. member for Winnipeg North Centre (Mr. Knowles), who made some complimentary remarks about the hon. member for Lachine-Lakeshore last Friday when this bill was introduced at second reading.

With reference to the remarks of the hon. member for Calgary North (Mr. Woolliams), it is true that the information I provided to him in my letter tends to be misleading. I do not think I should have indicated that there was no agreement because an agreement has been signed. It was signed at the time the letter was written. It was signed in November of 1977, but it has not been ratified. Notwithstanding the fact that it has not been ratified I think the execution of the agreement indicates the content of the exchange. In fairness, I think the letter referred to the last argument the hon. gentleman made. I was addressing myself to that argument, and the nature of the comments I made in that letter still apply at this time.

I agree with the hon. gentleman that there should not be a long detention prior to trial. We in Canada recognize that as part of our bundle of civil rights. We recognize that individuals ought to be brought before the courts immediately upon being charged and that there should be no undue delay.

The old adage that justice delayed is justice denied is very applicable.

In attempting to offer some solace to the hon. gentleman, who recognizes the difficulties in achieving what ought to be achieved, I might indicate that in my view this treaty and this legislation will permit additional treaties to be signed and subsequently ratified, which will encourage an increase of exchanges between legal jurisdictions and legal systems throughout the world.

● (1252)

If we deal with offenders and the exchange of offenders, naturally there will be an increase in the familiarization of each other's systems, even with Mexico. Undoubtedly the signing and ratification of that treaty, after this bill is passed, will encourage an increase in exchanges between Canadian justice authorities and those in Mexico. As a result of that, we will be able to assist to a greater degree the Department of External Affairs and our representatives in foreign countries in order to achieve the ends the hon. member identified, namely, ensuring that Canadian citizens who run counter to laws in foreign lands are dealt with expeditiously, fairly, equitably, and in accordance with the standard of justice in those countries; and that Canadian authorities are kept abreast of the manner in which those individuals are dealt with.

In conclusion, I thank hon. members who participated in this debate. It has been a very constructive one. We have canvassed the issues very readily. It is that type of co-operation which is essential to the proper functioning of parliament at this particular time.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the hon. member for New Westminster (Mr. Leggatt) indicated at second reading stage of this bill and in the standing committee, our party supports this legislation. We are not dealing with the offences which persons may have committed, nor the severity or otherwise of the sentences imposed. We are dealing with the making of arrangements for transferring persons detained in certain foreign prisons to this country and vice versa. This is good legislation, and it is long overdue.

We share the concern of the hon. member for Calgary North (Mr. Woolliams) regarding those detained in foreign prisons awaiting trial. I welcome the assurance of the Solicitor General (Mr. Blais) that he shares that concern as well, and that the matter is being pursued. We were prepared to give unanimous consent to proceed with the report stage of this bill today, even though the rules require a bit more time. We hope the bill can be passed today. As a matter of fact if I sit down, perhaps it would be passed by one o'clock.

Some hon. Members: Hear, hear!

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

Some hon. Members: Question.

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

Elections

ELECTIONS

AMENDMENTS RESPECTING ELECTORAL PROCESSES

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development) moved that Bill C-33, to amend the Canada Elections Act, the Election Expenses Act and the Northwest Territories Act in respect of territorial elections, be read the second time and referred to the Standing Committee on Indian Affairs and Northern Development.

He said: Mr. Speaker, the reason I was anxious to deal with this bill is because I think we can dispose of it before one o'clock. There have been discussions with all parties. Particularly I want to thank the hon. member for Yukon (Mr. Nielsen), the hon. member for the Northwest Territories (Mr. Firth), the hon. member for Winnipeg North Centre (Mr. Knowles), and the hon. member for Témiscamingue (Mr. Caouette). They agreed to give this bill all three readings today before one o'clock. That is the understanding.

Effectively the bill transfers the legislative and administrative responsibilities for the conduct of councils' elections in the Yukon and the Northwest Territories to the councils, the commissioners and their staff. This bill has been the subject of consultation with the people in both the Northwest Territories and the Yukon. It has their support. Therefore, with Your Honour's indulgence, perhaps the bill can receive all three readings today.

Some hon. Members: Hear, hear!

Mr. Erik Nielsen (Yukon): Mr. Speaker, there is an all-party agreement for Bill C-33 to go through all three stages today. This power to administer elections has always been in the Yukon. It was transferred approximately five years ago to the Chief Electoral Officer. It was thought that some money would be saved and efficiency would be improved. With the growth of the territories, we now find we would like to have the powers resident locally once again.

Provisions exist in the Yukon Act which provides them with the power to run their own elections. Simply, the territories want the power returned to them. The minister is correct when he indicated that there was an all-party agreement for the bill to pass all three stages this afternoon.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member for Northwest Territories (Mr. Firth) has been made aware of the contents of this bill. The bill seems to carry out what we were told would be in it. I may add that the hon. member for Northwest Territories expressed the hope that we would pass the bill quickly. It received first reading yesterday. We are happy to give it second reading now, consideration in committee of the whole and third reading, before lunch.

The Acting Speaker (Mr. Ethier): Order. Is there unanimous consent to changing the motion?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Ethier in the chair.

Clauses 1 to 7 inclusive agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: By leave, now.

Mr. Faulkner moved that the bill be read the third time and do pass.

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

The Acting Speaker (Mr. Ethier): It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

CRIMINAL CODE

AMENDMENTS TO GIVE CERTAIN RIGHTS TO POLICE

The House resumed, from Tuesday, March 14, consideration of the motion of Mr. Blais that Bill C-26, to amend the Criminal Code, the Crown Liability Act and the Post Office Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, this is an important bill and one which I believe ought to be given very sober and careful consideration by this House.

● (1412)

After a number of years in this House, it has struck me that the more purple the rhetoric of the speech which deals with a subject, often the less substantial is its content. I regret to say that I find this to be the case in what we have heard so far from the hon. members opposite on this bill. Indeed, the hon. member for Perth-Wilmot (Mr. Jarvis) gave such a thespian performance that I could only believe that, representing as he does the city of Stratford, he was auditioning for a role there later this summer in the event that his electoral fortunes do not go as he would wish. The hon. member for Provencher (Mr. Epp) on his own side who followed him was, nevertheless, most impressed by his colleague's address. Perhaps he though he was playing the role of Henry V. As I heard it, it sounded more like Polonius.

Mr. Knowles (Winnipeg North Centre): This sounds more like baloney.

Mr. MacGuigan: I think we have to look at the public's perception of a matter such as this when we are concerned with something which is not only a matter of technical concern to members of parliament or a small group of learned people, but to the whole public. It potentially involves the whole country.

The hon. member for Perth-Wilmot has cited the Mackenzie report at page 3772 of *Hansard* where he points out that the Mackenzie commission recommended that the power of opening mail be available to the government. The Solicitor General (Mr. Blais) rightly drew attention to the fact that the Franks commission which reported in the United Kingdom in 1957 and the Australian Royal Commission on Intelligence and Security in 1977 also agreed that the power to intercept and open the mail should be possessed by the government.

In a constituency bulletin I recently put this question to my constituents on the subject, which I phrased as follows:

> Do you favour legislation which would give the power, under appropriate safeguards, to open first class mail to apprehend drugs or to protect national security?

As you will note, it covers both aspects of this bill which is before us. I gave my constituents until this week to reply. I received approximately 700 replies, and the breakdown is as follows: those who favoured such legislation totalled 74.6 per cent and those who were opposed totalled 25.4 per cent.

One cannot treat the results of such a questionnaire with scientific exactitude because it is not a poll in the same sense as in a Gallup poll, but I have no doubt that the same proportion of support for legislation of this kind would be found in a proper poll in any constituency, indeed, in the constituencies of the hon. members who have either spoken against the bill or those who have very haltingly spoken in its favour. I submit that this is certainly an occasion for consideration of public attitudes since it involves the public and the public's mail. It is their mail, not our mail, and the public should be listened to.

With respect to drugs I sense, even on the part of the opposition, a disposition not to raise very difficult questions as to the provisions. I would like to quote a publication which came across my desk this week. It is a newsletter of the Council on Drug Abuse, dated February, 1977. I received it on the very day that the hon. members opposite were making their speeches. My quote is from a news story in the newsletter entitled "Heroin In Our Mail To Continue Or Not?". It reads as follows:

> It was reported at a meeting of the International Narcotic Enforcement Officers Association held in Toronto in August that the use of first class mail for the importation of heroin into Canada was prevalent.
>
> One gram of heroin worth $5 at source can easily be mailed in a regular envelope. By the time this has been cut and adulterated with other substances

and passed down the distribution chain, the resulting portions sell for $16,000 on the streets . . .

The use of the mail is an insidious means of importing with little risk of detection.

That was only the relevant part, but I notice that the Solicitor General was more modest in estimating the street value of such a gram of heroin. He placed it at $11,400. I am prepared to accept his figures on that. The point is that the value increases enormously with distribution and, of course, with the addition of other substances which increase the quantity. This is therefore a serious problem that we have to confront.

Earlier in the year the Commissioner of the RCMP presented the problem to the justice committee, and the members of the committee realized that something had to be done to prevent this from happening. This was not an area in which we could wait the requisite length of time until the McDonald commission had reported. One of the important aspects of this bill is that this is sunset legislation. The bill will end within a limited time after the presentation of the report of the McDonald commission.

Some hon. members opposite have raised the question, "What if the McDonald commission does not make a final report?" Can anyone in this House seriously imagine a commission on a matter of such vital importance to the country not making a final report? If for some reason it did not, surely another commission would be appointed that would make a final report. It is inconceivable that there would be no final report of that commission. The length of the life of this legislation is tied to that report.

As I mentioned, Mr. Speaker, I sense a disposition even on the part of the opposition, of opponents to the bill, not to raise serious questions about mail opening with respect to narcotics, but rather to attempt to attack the opening of mail for purposes of national security. The hon. member for New Westminster (Mr. Leggatt) made the sharpest attack on the possible meaning of this section. He said as reported at page 3775 of *Hansard*:

This legislation gives to the Solicitor General an unbridled discretion to issue a warrant in determining which group he considers to be subversive, and any group can be subversive if they are suspected of using any criminal means.

Let me give the Solicitor General some examples of groups which could now become subject to the opening of mail at the hon. gentleman's discretion—and I am sure he will use that discretion in the broadest way he can, to judge by his record to date. Take, for example, one group which appears to be unpopular at the moment, the Greenpeace organization. The government recently made it an offence for anyone to go on the ice within half a mile of the seal herd. To do so carries a penalty under the criminal law. It would probably be a popular thing for the minister in present circumstances to issue warrants permitting all the mail of Greenpeace to be opened. That is just one example. I could mention many other groups, native groups, anti-poverty groups and so on.

While obviously, Mr. Speaker, a member who is attacking a bill is free to try to extend the legislation to make it look at its worst, I think that this is a poor interpretation to give to the bill. It is an impossible interpretation, and I think it arouses needless anxiety where there should be none. Section 16(2) of the Official Secrets Act, which was added to the act at the time we amended the protection of privacy legislation with respect to wiretapping and electronic eavesdropping, reads as follows:

(2) The Solicitor General of Canada may issue a warrant authorizing the interception or seizure of any communication if he is satisfied by evidence on oath that such interception or seizure is necessary for the prevention or detection of subversive activity directed against Canada—

● (1422)

That is the relative part of that subsection because it goes on to say:

—or detrimental to the security of Canada or is necessary for the purpose of gathering foreign intelligence information essential to the security of Canada.

The words that the hon. member for New Westminster has put in question are those relating to "the prevention or detection of subversive activity directed against Canada." Those words are defined in 16.(3) which defines subversive activity under a number of possibilities. Three of those are directed toward activities of foreign countries: foreign intelligence activities are dealt with in subparagraph (b), activities by a foreign power in subparagraph (d), and activities of a foreign terrorist group in subparagraph (e). Those are not particularly relevant to the present discussion since the hon. member for New Westminster did not bring them into contention. Subparagraph (a) deals, simply with espionage or sabotage. It cannot really be supposed that there is any problem about that.

The subparagraph about which the hon. member has argued there can be some question is subparagraph (c) which reads as follows:

(c) activities directed toward accomplishing governmental change within Canada or elsewhere by force or violence or any criminal means;

That is where the hon. member for New Westminster found the phrase "or any criminal means." He has ignored a very important part of that subsection, however,—"activities directed toward accomplishing governmental change." Surely no one is going to argue, whatever his views on the seal hunt, that taking a stand one way or the other is a means of accomplishing governmental change in Canada. By overlooking that important part of the definition of subversive activity, it seems to me that the hon. member for New Westminster has given an entirely impossible interpretation to this legislation in suggesting that it could be applied to groups such as Greenpeace. I think this is somewhat mischievous. It could arouse a real apprehension on the part of such groups that they might be subject to scrutiny of this kind when there really is no possibility under the legislation that that could occur.

I should add that the Solicitor General would in any event have to find that in his best judgment and based on evidence under oath there were activities directed toward accomplishing governmental change by force or violence, or any criminal means. There is a fairly heavy onus to be satisfied by those who appear before him seeking such a warrant.

Indeed, it seems to me that the only valid question to raise about the power to open mail for the protection of national security is with respect to the organ of government which should give permission. I do not really see, and I do not think

the public of Canada sees, how anyone who is determined to subvert the Government of Canada, whether it be another foreign government or whether it be genuinely subversive elements within Canada, should be allowed to use our mails to get away with that with impunity. The valid question is with respect to the person or body or organ of government which can give power to do that. In this part of the legislation, that power rests in the Solicitor General rather than in the courts. Some members of the opposition have attempted to make the argument that this is not appropriate.

I want to recall that this issue in a very slightly different context has been before parliament for quite some time. I think it was in 1969 that the Standing Committee on Justice and Legal Affairs first had a reference on the subject of wiretapping. At that time the committee had a very difficult time deciding who should grant such authorization. Whichever way you decide that question—whether you go to the courts or decide to leave it all in the hands of the Solicitor General, as many members of the committee wanted to do at that time for all cases of electronic eavesdropping, whichever way you decide, it is a very narrow decision to be made. Very good arguments can be made in favour of either position. On the one hand you can argue that the courts are the traditional protectors of our liberty, and on the other hand you can argue that because of ministerial responsibility it is better to put that onus squarely on the government in a way that they cannot escape it.

I think I should say that many of the remarks of the hon. member for Perth-Wilmot were beside the point. He talked about the kind of problem that has become apparent recently in law enforcement in Canada with respect to the activities of the RCMP and other police. We are aware of those and we deplore them and have set up a royal commission to attempt to discover the truth. But the fact is, those are not governmental activities in the sense that they are directed by the government. The opposition case—if there is any case—with respect to such activities, directed at the government, can only be that the government did not take sufficient responsibility. I do not agree with that case, but that has to be their argument.

Mr. Speaker, here is a case where the government is taking responsibility. That is precisely the purpose of this legislation. The Solicitor General on behalf of the government, takes responsibility in cases of this kind for the issuance of authorization. Therefore, any arguments which attempt to invoke any popular feeling today against police activities are beside the mark. They do not refer to what can happen under this legislation

That was a slight digression, Mr. Speaker, in the course of telling you about the consideration of this question previously by this parliament. The justice committee considered it in 1969. It came into the House with the protection of privacy legislation and, of course, that legislation has been amended several times since. On each occasion it was considered by the House and then by the Standing Committee on Justice and Legal Affairs. Again I say it is a very close decision whichever way you go.

I do not think we have to decide that question today in the context of this bill for the following reason. The government is proposing legislation which is sunset legislation—it will expire after the report of the McDonald commission is presented. It is really up to the McDonald commission to settle this question.

It seems to me that at the moment parliament must follow the precedent it has established in the area of wiretapping and electronic eavesdropping. It must follow that precedent and adopt the same procedures here as were approved by parliament at that time. I would think that any other course would be irresponsible on the part of the government. Until the McDonald commission reports, I think the government has the clear duty to follow the procedure which parliament has set up in this parallel case. In other words, we are not dealing with an eternal principle here but with a mechanism which will be subject to review at the time of the report of the McDonald commission. In the interim we must follow existing procedures.

It may be that if the McDonald commission recommends to the contrary with respect to the authorizing authority, we will then have to go back and review the wiretapping legislation and see if such a change should be there as well. Surely we do not want to act in a precipitous way, however, without the benefit of their expertise.

This is a stop gap measure, Mr. Speaker. It is not a final determination of the issues. As a stop gap measure the government has followed not only the best existing precedents but the only existing precedents. There really is no alternative to the provision which this bill places before us at the present time.

The only remaining matter on which I wish to comment is the question of why we proceed now—why we go ahead without awaiting the report of the McDonald commission on the whole thing. Some opposition speakers, in particular the hon. member for Perth-Wilmot, have said, "When we raise questions about things that are before the McDonald commission you say you have to await the report of the commission, but when we want to raise something you argue we are being inconsistent in taking this up now."

Mr. Speaker, the kind of issues they have been raising are matters concerning the guilt or liability of individuals. Those are matters which have to be determined by the commission. They are not appropriate matters for parliament to decide.

We are now confronted with a matter in which the government, through the Solicitor General, has shown a gap in the law which can allow drugs to be circulated by first class mail, and which can allow national security to be imperiled. We simply cannot wait, without legislation, on a matter of this kind now that the gap has been discovered. We cannot wait until the McDonald commission reports. We must have something in place. When the McDonald commission reports, that will be a different story and we will have to reconsider the whole matter. The government's good faith in this matter is shown by the fact that this is sunset legislation and that it will come to a conclusion at the appropriate time after the presentation of that report.

We are confronted with a situation in which there is a genuine need for action. The precedents are very clear and were established by the Protection of Privacy Act. It seems to me that we are proceeding responsibly and carefully if we pass this legislation because it protects all aspects of the public interest. It protects the public interest against crime and it also protects the public interest in liberty because it provides these extraordinary powers only under very strict limitations.

Mr. Speaker, that is the case for the bill, and as such I am pleased to support it.

Some hon. Members: Hear, hear!

● (1432)

Mr. John C. Crosbie (St. John's West): Mr. Speaker, the bill that is now before us does two things principally, as I understand it. It authorizes the government or the Solicitor General (Mr. Blais) and the government to proceed in connection with drug offences under the Narcotics Control Act and the Food and Drug Act to intercept communications that go through the mail in the same way that they are now authorized to intercept telephone communications under the earlier legislation, and with the same safeguards as in that legislation. In other words, there has to be an annual report to parliament. There has to be a notice given to the person whose mail is intercepted, within 90 days, unless a judge grants a longer time, up to three years. You have to go to a judge to get the authorization. You have to submit affidavits to him and so on.

I am not going to deal with the first part of the bill. I am very lukewarm about that. I do not like our present law relating to wiretapping. I do not like the first part of this bill that relates to the Narcotics Control Act. I do not like the cynicism that caused the government to bring into this House legislation combining the two subjects of narcotics control and drugs and national security. They are not connected. It was only a political manoeuvre to attempt to put people in a position that if they are against the bill because of its national security provisions, they can somehow be said to be supporters of those who sell and traffic in drugs and the like. That is the only purpose there can be of combining these two things.

I want to deal myself with the part of the bill that I find to be particularly obnoxious, and that has to do with national security. First, I have to agree that I believe that the state should have the right in certain circumstances, carefully defined, as our spokesman, the hon. member for Perth-Wilmot (Mr. Jarvis), said the other day, carefully defined and carefully safeguarded, the right to open written communications through the mail in the interest of seeing that the state survives—and that we all survive in a civilized society. The same as I have to concede it should have the right to listen in on telephonic communications, or bug people, and the like, if it is done with certain safeguards and to certain very strict purposes.

I have to agree there has to be some kind of power in the state or in the government to do that. But, Mr. Speaker, I do not agree with the kind of power that the government is arrogating to itself in this bill to carry out that objective. I do not agree with it because it has been left in the hands of the government and in the hands of the Solicitor General to decide what is the matter when there is a national security question involved. That gentleman, without reference to anyone else, is to decide whether my mail is to be opened or your mail is to be opened, or whose mail is to be opened. He does not have to report to this parliament. He does not have to report to any other authority. He does not have to submit anything to a judge or some outside third party. He, and he alone, is to decide the issue.

Well, I say quite frankly that I do not trust the government and I do not trust the Solicitor General to make those decisions. If this Solicitor General were not there, and this government were not there, I would not trust the next government or the next solicitor general. I do not trust the executives to make those decisions by themselves. There should be some other authority that can be appealed to in the event of disagreement as to what is a national security matter and what is not. Apart from the fact that I do not believe any government should have the authority, I, in particular, have no reason, I have seen nothing demonstrated to me to trust the present Solicitor General to carry out these objectives. I just do not. His record of the last few weeks does not inspire me with confidence that he should have that authority. It is erratic to say the least.

It may be true, as the hon. member for Windsor-Walkerville (Mr. MacGuigan) suggests, that the public is overwhelmingly in favour of having mail interception, whether for national security, drug reasons or whatever reasons. That is probably true. He cited a figure of 74 per cent approval from his mail-out. But, Mr. Speaker, that is not the determinant of the issue. That does not determine in the House whether we should agree with the legislation or not because the great majority of the public may not care. The great majority of the public does not think a lot about these issues and they feel that they themselves are innocent of any wrongdoing, that they are not criminals themselves. They have never engaged in any criminal activity or any conduct detrimental to our security interests, so why should not mail be opened. That is the way they feel. What we do have, Mr.Speaker, is a minority of people who are concerned and who must also be considered. We also pride ourselves in saying that we are a country of great civil liberties.

As a matter of fact, in the very disappointing speech which the Solicitor General gave when he opened this debate, he mentioned that himself. Mr. Blais said as reported at page 3768 of Hansard of March 14:

> Canada, and I have said this often, has the most secure civil liberties of any nation in the world.

What the Solicitor General said when he said that was buncombe. It is not the truth. And it is certainly not the truth if we pass unchanged the legislation which he has introduced to this House. What kind of poppycock is that statement? I will tell you right now, Mr. Speaker. The United States of America has got far more effective and secure civil liberties

than Canada has. We do not even have a bill of rights in our constitution.

This statement of the Solicitor General's is pure buncombe that Canada has the most secure civil liberties of any nation in the world. It has not. It has the Official Secrets Act which gives the Solicitor General and the government unlimited power. It has many other powers so that civil liberties do not even weigh in the balance. How can anyone say that, with the record of the last six or eight months of what has been revealed of illegal activity by the people who work for the executive branch of the government? How, after what we have heard for the last six or eight months, can any Solicitor General stand up and say that we are so secure in our civil liberties?

Where were the civil liberties when the barn was burned down in Quebec? Where were the civil liberties when the break-in took place in L'Agence de Presse down in Quebec? Where were the civil liberties then? Where were the civil liberties when they broke into the Parti Québécois headquarters to take membership lists? Where were they then? Where are the civil liberties, when, as the Laycraft inquiry has shown out in Alberta, the law has been ignored by the RCMP and by National Revenue officials who interchange information? The income tax people are giving information to the RCMP illegally when the RCMP wants it, and vice versa; as revealed in the Laycraft inquiry. Where were the civil liberties then? So the vast majority of people are not interested in civil liberties because they never come across it. Their rights are not interfered with. But there are other people who do get interfered with, who do come across the law. And then they become concerned about civil liberties when they see what can be done to them even if they are innocent. I am concerned with civil liberties, Mr. Speaker, and that is why I am not going to support this bill in its present form.

The member for Perth-Wilmot (Mr. Jarvis) who opened the debate for our side has done a first-class job. He has done an excellent job. He has done an excellent job as critic of the Solicitor General. I agree with the principle that he stated when he opened the debate are reported at page 3770 of *Hansard* of the same date:

> We support in principle the legal interception of mail in special specified circumstances, given adequate safeguards and given the situation where the more normal, acceptable and traditional methods of law enforcement have proven ineffective. Therefore, we support Bill C-26 in principle. In our view it meets most of these requirements.

He went on to say changes will have to be made in committee. I cannot accept his statement, Mr. Speaker, that I can support the bill in principle. I might be able to support the bill if it goes to committee and it comes out with adequate safeguards in relation to national security so that the Solicitor General himself, and he only, is not left in a position of having the power to decide what mail interceptions are going to take place or not. If it is amended to provide some effective safeguards I could go along with it. Therefore, I intend to abstain when the vote comes if I am here because I want to wait and see whether the bill comes back improved. If the bill comes back as it is now without substantial improvements that protect civil liberties, I will vote against it on third reading.

I do not want to embarrass my own party, but this is a matter that transcends party consideration, in my view. I agree, Mr. Speaker, the Solicitor General opened the debate and he did nothing to show why we need the legislation passed. The gall and the impudence of it will take your breath away. What the Solicitor General is doing in effect is saying, "Look, we have sinned for 40 years. We have violated the laws of this land." What law did you violate? Section 43 of the Post Office Act, which excluded any other act from interfering with the post office and stated that nothing is liable to demand, seizure and detention while in the course of post except as permitted by the law.

● (1442)

For 40 years, the government, the Solicitor General and everybody in government who should have known about this permitted the law to be ignored and permitted interception of mail to take place illegally in Canada. Now they come before us and say, "We have sinned, forgive us for our past sinning, and authorize us to go on sinning in the future." They have not given any reason why it was necessary in the past or why it is necessary in the future.

The present Solicitor General when Postmaster General assured the world that mail was not being intercepted and opened. The present Minister of Consumer and Corporate Affairs (Mr. Allmand) assured anyone who was interested that mail was not being intercepted or opened.

When all this became public, they agreed that mail was being illegally intercepted. There was no apology, not even a word to say they were sorry. They just brazenly came into this House with other legislation to authorize them to keep on intercepting and opening mail and, in the case of national security, without any check by anybody of what they are doing.

If the old saying that patriotism is the last refuge of a scoundrel is an accurate statement, and it certainly was accurate with regard to some people who used to wrap themselves in the flag, then national security is the last refuge of a power-mad and power-hungry government that wants to stay in power forever. That is what this is, this national security, this security blanket in which the Liberal party is trying to wrap itself. It is the last refuge of a scoundrel of a government. I am not going to give it support unless something is done to improve vastly the safeguards that are there.

The hon. member for Windsor-Walkerville said that this is sunset legislation. What a joke! It is the sunset on civil liberties in Canada. It is another part of pulling the shades down over our civil liberties. That is our sunset. How many angels can dance on the tongue of a former dean of a law school that he would get up in his House and make the subtle little distinctions with regard to the law now before us. The sunset law, he says. It is to be in effect until a year after the McDonald royal commission reports, and then, if the House passes a resolution, it is to continue.

The hon. member went on to say that it is up to the McDonald commission to settle this question. It is not up to the McDonald commission. The McDonald commission will never settle the question for me. I will read their report to see whether I think it is valuable or makes sense. To say that the McDonald commission will settle the question is ridiculous. We are going to settle the question, if we are re-elected. Those of us who will be here in one or two years' time, if that royal commission ever finishes its work, and it is a pretty slow commission proceeding at a pretty slow pace, will decide the issue in this House, not the McDonald Royal Commission. While we are waiting to be guided by the McDonald commission, we only have to say we are disappointed at a lack of progress to date.

For the government to have the gall to come in with this legislation in view of the record that has been revealed since the last solicitor general spoke in this House last October is most surprising. The McDonald royal commission was announced last October 27.

An hon. Member: It was in June.

Mr. Crosbie: Was it in June? I thought the statement was in October. Their terms of reference were widened in October. The hon. member is correct, it was last June.

We have had questions about former solicitors general, who are still members of this House, for the past year or two on past issues that affect the McDonald commission and the Keable commission. Instead of the government and the Minister of Consumer and Corporate Affairs and the Minister of Supply and Services (Mr. Goyer) insisting that they be first before that commission to clear their names and clear up all the confusion, they have been hiding out ever since that commission has been appointed.

We have been told by the McDonald commission they are not going to start questioning people like that until next summer. If that is not a cover-up, I do not know what is. If I were in the position of either one of those two gentlemen, I would insist to Judge McDonald that I appear before the commission now, under oath, to explain and clear up the discrepancy, and not month after month sit like a dummy.

We have a mummers troupe now at the National Arts Centre which is presenting "They Club Seals, Don't They?" I would like to have them cut loose in here and club some sense into the government. They are called The Mummers Troupe. The Mummers Troupe should be joined by the government because they are mummers also. They are mum. To be mum means to say nothing, to keep quiet, to cover up, to hide.

The government is the mummers troupe. They should all troup over to the Arts Centre and join the Mummers Troupe tonight and do something useful instead of the positively harmful things they are now doing to Canada, such as bringing in legislation like this.

The time of the present Solicitor General will be short. He may as well go over and join the Mummers. In fact, he was the original mummer. He was not going to answer any questions. He was mum, mum, mum. He was so mum, he was a mummy. He is in the long history of the Egyptian mummy.

Let us look at this piece of legislation.

Mr. Lachance: It's about time; you have already taken 15 minutes.

Mr. Crosbie: You do not have to stay here. You can leave if you are not interested. This is the report that has to be filed under the Official Secrets Act if it is a national security matter under Section 16(5) about interceptions, whether they be telephone interceptions or mail interceptions. God knows what other kind of interceptions go on, hidden by the Official Secrets Act. It is one skimpy page. It tells you nothing. There were 471 warrants issued for an average of 244 days. The methods were wiretapping and eaves dropping by microphone. One warrant authorized interception of a written communiqué. It goes on with a pansy little statement about the warrants being very valuable in detecting subversive activities, and so on. It is only one page. It is nothing. That is what we get under the Official Secrets Act. The Solicitor General has full power, but reports nothing to the House.

Under the privacy legislation, another report has to be made to do with wiretapping under the Criminal Code. That is a 21 page report. There is not all that much more information in it, but at least you can see how many warrants were issued, how many led to a charge being laid, and how many charges were successfully prosecuted. That is shown in this 21 page report.

In the legislation now before us, the only kind of report we will get about the mail is this spindly little thing, this wizened, weak nothing, that tells us nothing and tells the country nothing. That is all we are going to get under this legislation. That is the only safeguard we have.

The *Globe and Mail* had an editorial on Thursday, February 9, that made a lot of sense. It pointed out that with respect to wiretapping and the parts of this bill under the Narcotics Control Act where it is necessary to make reports and go to judge, and I quote:

—the protections are largely illusory.

I agree with that. When discussing the national security part of this, it goes on to state:

> Warrants empowering police to intercept or open mail under the Official Secrets Act would not require the sanction of a judge; they would be issued by the Solicitor General of Canada. People whose mail had been opened on the authority of such a warrant would not have to be told that their mail had been opened. Their mail could be opened even though neither the Solicitor General nor the police—nor anyone else—had any grounds even to suspect that a crime were being committed or contemplated. It would all be done in the interest of (that term again) national security, the prevention of "subversive activity".
>
> What constitutes subversive activity? The definition, and the scope of the definition, will change from day to day, will change according to the political and social mood of the times, will vary according to the political insecurity of the government in power.

If the present government's proposed legislation becomes law, then private mail could be opened with no one save the police and the government permitted to know whose mail had been opened or what it contained. This is not what we consider to be law geared solely for the protection of the public from

harm. This is law capable of causing harm as severe as any of the dangers it might conceivably seek to prevent.

I agree with that 100 per cent. That is just what this is. I do not trust this government. They do not need to have this legislation passed. They have already demonstrated that they are eager and willing to engage in illegal activities whenever they want. They do not need this legislation and they are not going to get my approval unless there are a lot more safeguards put into this bill. Not on your life! It has not been demonstrated that it is necessary. We know the government can already deal with bombs going through the mail and so on. They have that authority in other areas.

The record of the government is shameful. The Prime Minister (Mr. Trudeau) made a sad mistake. I made a mistake of giving him a vote for the leadership of the Liberal party. I should be sculded for ever having done it. I was a delegate at that time. Thank God I saw the light. At that time he was a civil libertarian.

Mr. Daudlin: Mr. Speaker, I rise on a point of order. I regret to interrupt the hon. member. I do not want to take any of his time. My point of order does not relate to the substance of what the hon. member is saying but rather to the electronic *Hansard* we now have in the House, namely, the television cameras.

● (1452)

Just a moment ago in the lobby of the House, while watching the hon. member on television, I noticed that instead of showing the hon. member in the midst of his speech the camera was zeroing in on the notes the hon. member was using. I suggest that when the electronic medium was brought into the House its purpose was to provide an electronic *Hansard* which would record visually and in sound what was going on in the chamber. But zeroing in on a speaker's notes is not the function of an electronic *Hansard* and in my view, directions should be given from the Chair that the practice should cease.

The Acting Speaker (Mr. Ethier): The hon. member might have a point of order or even a question of privilege. I will take it under advisement and make a judgment at a later date.

Mr. Crosbie: Well, my notes are in order, I hope.

Some hon. Members: Oh, oh!

Mr. Crosbie: So if they zero in on my notes it should be all right.

Well, the Prime Minister was a great civil libertarian in his day. Was. He is now the new Duplessis of Canada. That's what he is today. And when we are considering whether this bill should be passed or not, Mr. Speaker, we should consider the mood and thoughts and how the government acts. Let's look at the Prime Minister today, 15 years after *Cité Libre* and all that business, fifteen years after fighting Mr. Duplessis he is the new Duplessis of Canada.

An hon. Member: Oh!

[Mr. Crosbie.]

Mr. Crosbie: Just listen a moment and I will convince you. You'll be right over here with us in a few minutes. I have here the transcript of the Prime Minister's press conference of October 28, 1977. He was asked a question—I am referring to page six of the transcript. Just a moment. I will get to that one in a minute. I want now to refer to page four. The Prime Minister said, "I think in circumstances like that if the law has to be broken technically in order to save a city then either it should be broken technically or the law should be changed to make that not an illegal act. And that is what McDonald is going to advise us on."

Well, the Prime Minister was asked about breaking into a building by certain people who worked for the RCMP security services. He was asked whether this illegal act should be tolerated. He went on to say how policemen broke the law sometimes and drove fast to catch a man who was escaping from a bank. Then he went on with this irrelevancy that if the law had to be broken technically to save a city then he thought that either it should be broken or that the law should be changed. Now, Mr. Speaker, that is the kind of codswallop a hypocrite uses, that a person who doesn't care about the truth uses, that a person that doesn't care about civil liberties uses.

What does it have to do with breaking the law technically to save a city if somebody breaks and enters an office to take membership lists, or if somebody burns down a barn, or if somebody gives information wrongfully to National Revenue or the RCMP if they are not supposed to, or if the law forbids it, or if somebody intercepts and opens mail when it is illegal to do so? What has that got to do with saving a city? That is not saving anything. That is the specious argument of an authoritarian. That is the argument of a padlock law supporter. So never let it be put to us again that the Prime Minister is a civil libertarian. He is not. He has left that long behind him. He is a man who is now anxious to cling to power by any means at all.

An hon. Member: Hear, hear!

Mr. Crosbie: Has there been anybody prosecuted for all these illegal acts yet? Not on your life!

Mr. Woolliams: They have been given medals.

Mr. Crosbie: The great civil libertarian. Those people are getting medals! Now, on another question. The Prime Minister said the government and the Solicitor General and those who were involved should not really know much about security matters. They should not interfere with what the police were doing in the security service and with the RCMP. At the same press conference he said, and I quote from page six:

> And if the government, the ministers or myself had begun asking the RCMP in any detail about their operations and where did you get this fact on the file and who gave you this information and what do you say on so and so in your file and how do you know—we would certainly have been accused by the opposition and probably by people like yourself, Mr. Wilson, of having undue political influence and interference in the RCMP.

So he is suggesting that the less we know the better. It is like the story of three monkeys, one had his hands over his eyes, the other had his hands over his ears, and the third had his

mouth shut. See no evil; hear no evil. This is the new doctrine of ministerial responsibility. That is what we are being led to believe happened over all these illegal acts for the last seven or eight years—that the solicitors general were instructed and the Prime Minister agreed not to ask the RCMP security services anything but just leave them on their own—Don't ask any awkward questions or try to find out what is happening. That is not our practice." But the lie was given to that, Mr. Speaker, just about a week ago when the Prime Minister and the Solicitor General went berserk getting every kind of detail from the RCMP and security service they could. They got all the files and every little bit of information they could to try to prosecute and persecute the hon. member for Leeds (Mr. Cossitt). That gives the lie to the Prime Minister's high protestations that their principles were never to interfere with the RCMP.

Mr. Woolliams: Hear, hear!

Mr. Crosbie: Well, to serve their political purposes, sir, they put their snouts into the security files immediately. And they did not have the gumption—and they were correct—to try to prosecute the hon. member for Leeds; it is the biggest surrender since Napoleon left Moscow. But instead they are going to bully the media. They are attempting to show the mailed fist to the media. They are going to prosecute the Toronto *Sun*. They know they are on a sticky wicket with the member for Leeds so they are attempting to intimidate the press. Well, what a scurvy bunch. And still, that scurvy bunch are asking me to support them in having more power without any reference to anyone; that the Solicitor General should have this tremendous power, untramelled in any way. How can I go along with that? I cannot. I will not.

Only if the bill comes out of committee with protection for the people of Canada, for us, and for everyone else concerned, will I support the bill. I agree there has to be the right to intercept, but only under very careful safeguards, both on the security side and the criminal side. The behaviour of this government only gives me every reason to continue to cling to that point of view.

An hon. Member: Five o'clock!

Mr. Crosbie: No, it is not yet five o'clock.

Mr. Woolliams: They would like it to be five o'clock, but it is close to midnight for them.

Mr. Crosbie: The time is close to zero hour for them. The sunset law is going to come down on their heads very shortly.

Now, Mr. Speaker, I want to talk about the Prime Minister and his Japanese terrorist. We caught a Japanese terrorist, he says, by intercepting the mail. It is the first time I ever heard of a Japanese terrorist being small enough to fit into an envelope. What was he in? What kind of a cardboard carton was the Japanese terrorist in, Mr. Speaker, that they caught him coming through the mail? The poor devil would have starved to death had he got caught in the Canadian Post Office before he could ever have been delivered to the receiver. What kind of malarkey are we supposed to swallow here in Canada from this government? Japanese terrorist!

Some hon. Members: Hear, hear!

Mr. Crosbie: Well, so much for that. It turned out, before the McDonald commission, that there was no Japanese terrorist caught in any manner by means of the interception of any mail. Every attempt to get information from the government is stopped. The Keable commission, which was in no way under its control and which was doing a fine job in the province of Quebec, asking proper questions, being meticulous, burrowing in to get the information we are all interested in having if we are interested in civil liberties, has been guillotined by the government opposite, not because it is digging into something under federal jurisdiction but because it is digging into the truth. And it is the truth the government cannot stand having revealed. So it is the self same government which now comes rushing in to ask us to put our imprimatur on this bill and to forgive them for acting illegally for the 39 or however many years it is they have acted.

Where is the freedom of information act, Mr. Speaker? Have they rushed into the House with a freedom of information act? They offered us that little green paper! They must think we are too green to burn. They used to use such an expression about Newfoundlanders. They used to say that Newfoundlanders were too green to burn. Well, where is the freedom of information bill? One would have thought they would have brought it in at the same time as this bill—the one which will allow the government to intercept the mail. Where is it? It is nowhere. It is not coming because this government cannot afford to let any information go out, other than what it chooses to evacuate through anaemic press releases which come flooding into our offices day after day.

● (1502)

My God, the amount of paper wasted by the government opposite in these things is enough to give one the horrors. Not information, but poppycock and piffle and vacuous statements of vacuous ministers evacuating on the Canadian public. What we want is a freedom of information act. I imagine at one time the Civil Liberties Association thought the Prime Minister wasn't too bad. Well, they wrote him a letter a while ago in response to that press conference that I quoted from, and here is their letter. It was in the papers November 16, 1977, signed by some very eminent people, fine people. Judge Emmett Hall, a great appointment of a former prime minister, an adornment to the Supreme Court of Canada, a man of impeccable credentials, a royal commissioner of superb talent and ability, signed this letter addressed to the Prime Minister about the RCMP, the government and the rule of law. It was an open letter making certain suggestions, pointing out the same statements that I quoted from the Prime Minister today saying how shocked they were and asking him to correct the statements, to make all relevant information on RCMP law breaking immediately available, to launch immediate disciplinary proceedings, to launch immediate investigations into illegal conduct at the Post Office, to establish a parliamentary committee

to inquire into how various ministers of the Crown have exercised their responsibility.

Has the Prime Minister agreed to any of this? Has our great civil libertarian Prime Minister agreed to one thing that the Civil Liberties Association of Canada requested? He has not. They have not. They have ignored it because they think that the majority of people are not concerned about these matters. They think they are safe in ignoring them. Well, I don't think they are safe in ignoring it, Mr. Speaker. That is what the Nixon administration thought down in the United States of America when they originally got started on their grubby path to glory. We all saw how glorious it was when they got finished.

Now, we don't have the same protection here. The Bill of Rights that was passed by the right hon. gentleman from Prince Albert (Mr. Diefenbaker) doesn't, through the interpretation of our courts, supersede and come ahead of every other law of the land. So for a solicitor general to make such a blatantly false statement as he made, unknowingly I will agree—I agree unknowingly, not knowingly, because the hon. Solicitor General (Mr. Blais) doesn't know what he is talking about, so it is not deliberate. It is not intentional. For him to say that Canada is the greatest bastion of civil liberties in the world today demonstrates the lamentable lack of his state of knowledge of civil liberties. He knows nothing about them.

The greatest bastion of civil liberties in the world today is the United States of America. The second greatest would be Great Britain where they have a tradition, where they believe in what they say, where governments are very careful, in security matters and all other matters, not to step out of line because of the force of public opinion in that society. That's where civil liberties are strong and vibrant today, not in Canada where a government feels free to act illegally for years and then comes before the House of Commons and asks them to pass legislation not only authorizing but giving them even more powers than they had assumed before.

Well, Mr. Speaker, we have the U.S. experience. There was a good article by Michael Valpy in the Vancouver *Sun* of February 18 on this subject. He compared it to the United States of America, and he referred to the 1972 Keith decision where Justice Lewis Powell, a conservative on the bench of the United States of America, said, and I quote:

"We cannot accept the government's argument that internal security matters are too subtle and complex for judicial evaluation . . . If the threat is too subtle or complex for our senior law enforcement officers to convey its significance to a court, one may question whether there is probable cause for surveillance."

Now isn't that just solid common sense? If the Solicitor General can't persuade a judge that he needs a warrant for national security purposes or if his officers are so opaque or so unable to convince the judge, surely to God there is no cause for surveillance.

"That decision effectively ended warrantless wiretapping in purely domestic security surveillances (with the court reserving judgment on the rights of foreign agents . . .

In the 1975 Zwelbon v. Mitchell decision, the court further restricted the executive's powers: "A warrant must be obtained before a wiretap is installed on a domestic organization that is neither the agent of nor acting in collaboration with a foreign power, even if surveillance is installed under presidential directive in the name of foreign intelligence gathering for protection of the national security."

It doesn't matter what the name is; you have still got to go and get judicial sanction before you start off on this course. But under this legislation our Solicitor General can open mail and give his sanction; he can open anyone's mail without reference to anyone. He doesn't have to justify it. He doesn't have to discuss it. And, Mr. Speaker, when we have a situation like we had a week or two ago with our hon. member for Leeds (Mr. Cossitt) when the government was threatening and bully-ragging and browbeating and waving all its weapons and saying what it was going to do, when we had that situation we had no impartial third party to decide. But the government said it was national security, and the government is not going to explain why. It's not even going to say how many copies there are of the document, the 58 copies. They won't even say that there are 58 or one copy. That's national security, you know, to give any information. That's what the government said.

Well, obviously we've got to have some other authority, judicial or parliamentary, to which these matters can be referred as to whether it is really a national security issue. It could be a committee of the House of Commons with five people on it representing the various parties, but there has got to be a judicial reference. There has to be more information come to us on how many warrants were given for national security and what kind of national security, did anything result from those warrants or not and so on, when we are agreeing to the Canadian people having their rights changed and infringed like this.

We need more information, and we need the minister to justify what he is doing before at least a judge or someone, the same as in the other part of this bill. Everybody is very careful what they say about the RCMP. Let me say this, Mr. Speaker. I think the RCMP is a fine police service.

Mrs. Holt: How can you?

Mr. Crosbie: But that doesn't mean to say that I am afraid to criticize the RCMP. Not on your life, sir. I am not afraid of criticizing anyone, and if the RCMP deserve criticism, I am going to criticize them; or if the police deserve criticism, I will criticize them. That doesn't mean to say I don't think they are doing a fine job. What is required is to have the RCMP removed from the security services altogether. They shouldn't be involved in that grubbier side of extra-legal operations. That should be done by security forces. The RCMP should be left to do their thing in the area they are best capable of doing it where their reputation is not going to be sullied by some of the things that are bound to sully it in this grey security area. That is the first thing the government should do.

Not only have there been all the violations of the law I mentioned earlier, but the same thing is being done with Ontario Health Insurance Plan records. The law has been broken there. The RCMP, doing security checks or something like that, got information from the Ontario Health Insurance

Plan without permission and "may have jeopardized the prospects of the applicants' getting the jobs, Ontario Attorney-General McMurtry said Tuesday". This is a clipping from the *Journal* of March 1. Here's a case where some people may not have got jobs because of illegal actions of the security forces. Are we to treat that lightly? Suppose it is only one case in Canada a year. Are we to treat it as though it is unimportant? Supposing that 99 out of every 100 people in Canada think we are wrong not to give the government absolute power to open everything and to listen to everything and to take away all our privacy. Supposing 99 per cent think that. Would we be right to allow some people to lose jobs or not get jobs because of illegal actions of the government? Surely that is not a reasonable position to take, and it is not a position that I will take or can take.

This bill, Mr. Speaker, is going to go to the committee, the House of Commons Standing Committee on Justice and Legal Affairs, and I have little hope that it is going to come out much better than it went in. I don't think the government is likely to agree that there should be changes made in it, and if it comes out as it went in, as I say, I will be voting against it. I have to go on the record as being against it. I will be against it in any event, but I am doubly against it because of the sorry record of this government in security matters. It just does not inspire in me the confidence to give them any further authority.

The Solicitor General apparently is going to accept personal responsibility for warrants now under this legislation. I wonder how long it will be when a question is asked before he says no, no, he doesn't take any responsibility; he just signs them blindly; that "they send them up to me from the security service and I blindfold myself, honourable gentlemen in the House of Commons, and I sign them, so I can't take responsibility". That will be the song we will hear in six months' time when the bill goes through, or in a year's time. He should report to the House with full details, if he gets this power, every year, and there should be a special national security committee of this House, in my opinion, with all parties represented, and all questions of security involving ministers and M.P.'s should certainly go to that committee where national security is involved. We should have a freedom of information act to show us that the government has got some sincerity and is not afraid to have any information at all go out on them.

● (1512)

So, Mr. Speaker, in winding up, here is the honourable drug-taker from Vancouver—the woman who is against drug-taking, I am sorry, from Vancouver. It is too bad she was overborne by her party. The party that is supporting the pot ignored the hon. member here a few weeks ago.

Some hon. Members: Oh, oh!

Mr. Crosbie: Mr. Speaker, what we want in dealing with this bill and in dealing with the government—

An hon. Member: They want a pot in every chicken.

Mr. Crosbie: They want a pot in every chicken.

Mrs. Holt: What about the Conservative conventions?

Mr. Woolliams: We have never had a pot in our conventions.

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

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Lefebvre): In order for him to continue there must be unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Crosbie: I just wanted to end, Mr. Speaker, if that is agreed. I was at my last sentence. What we want then, Mr. Speaker, addressed to this bill is a sculping knife to get at the truth. We have got to use the truth-dealing gaff on this bill, the same one that the sealers are using. We have got to pelt the hide off the smug seals of Liberal self-satisfaction. We have got to puncture their pretentions. We have got to remove the blubber of Liberal blunders and really get into this bill, Mr. Speaker, and eviscerate it before I can vote for it.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, I shall speak later on about the remarks of the hon. member for St. John's West (Mr. Crosbie) when I come to the problem of national security as dealt with in this bill, but I should like to limit myself, first of all, to remarks of a judicial nature, at the risk of sounding like a dotard to my colleague for Calgary North (Mr. Woolliams) about the concept of direct or indirect evidence, and the pertinence of that evidence before the courts.

Indeed, Mr. Speaker, it is extremely interesting to note that Bill C-26 now before the House is the direct counterpart, with regards to communications, of another bill which dealt with oral communications, namely the Protection of Privacy Act and the regulations on the guarantees related to wiretapping. Mr. Speaker, I noticed with great interest when I first read the provisions of this bill that in clause 178, paragraph 2 in Bill C-26 the same concept was introduced that had been the object of an intervention on my part on March 3, 1978, on a motion for second reading of Bill C-227 by the hon. member for Calgary North, concept which can be defined thus: To mar the image of justice, concept which allows to guarantee, once and for all, the pertinence in a debate or judicial proceedings, of wiretapping, or in the case of Bill C-26, wiretapping itself, when the Crown, for some reason or other, decides to introduce as evidence, which it can do under the terms of section 178, paragraphs (1), (2) and (3), evidence provided directly or indirectly by wiretapping or illegal interception. I

always use the term wiretapping or interception because, as I said a few moments ago, those are exactly the same concepts underlying Bill C-26, if it is approved by the House, and the legislation on electronic surveillance as well as the Criminal Code amendments which were passed by this House in the spring of 1977. In what respect is this clause 2 so interesting for those who want to protect fundamental liberties in this country? Once again, Mr. Speaker, I would like to return to the reasons which prompted the government to introduce last spring, and now in the case of Bill C-26 provisions which allow the police to intervene in areas that were traditionally reserved and where they had no means whatsoever to stand in the way of organized crime. Because, once again, it is still the principle and concept of maintaining balance between fundamental liberties and organized crime prevention which is present in all those provisions and which allows to police, under strict guarantees, either to intercept an oral communication or, in the present case, to intercept a written communication.

The danger pointed out by the hon. member for Calgary North in the bill which he introduced in the House, a bill which has still not been passed on second reading, Bill C-227, was precisely due to his concern that, when legal safeguards are included in the consent given to police forces to intercept an oral communication, those safeguards were not adequate and thus opened the door to potential abuses by police forces if the courts were unable to expose, if necessary, an illegal action of those police forces while it was still possible for the attorney general to submit under the amendment presented in the spring of 1977 some direct or indirect evidence as a result of illegal wiretapping and that the wiretapping itself was not relevant to the prosecution.

I replied to the hon. member, in my intervention of March 3, 1978 as he will remember, that I felt that the provision contained in section 178.16 of the Criminal Code, now in effect and which reads as follows: When the juge thinks the introduction of this evidence might damage the image of justice, he is in a position to refuse this evidence coming directly or indirectly from illegal wiretapping. So, as I said, this new concept has not been tested by the Supreme Court, which explains why I raise it once again, so that in due time the people who will have to interpret it know exactly what it means, namely that the introduction of this concept protected and sanctioned the relevance at the trial of the wiretapping itself. Consequently, police corps would be ill-advised to take the opportunity of a so-called open door in the provisions of the Criminal Code to tap illegally while they know very well that if they could get a direct or indirect evidence through illegal wiretapping they would never be able to introduce it in the trial without taking the risk of this illegal wiretapping being used by the counsel for the defence saying it damages the image of justice.

So it is, Mr. Speaker, a legal subtlety, a subtlety of evidence; I realize and recognize this. But I think this provision is so fundamental that I consider it to be my duty to rise twice in the span of two weeks and explain twice this very concept on two related areas so that in due time, when the Supreme Court will be called upon to interpret it, it will do so in the most enlightened way with everything available since the judges of the Supreme Court must hopefully read *Hansard*—if not, this is more or less assumed—so they will know exactly what was the intention of the legislator when he incorporated this provision of in the law, in the Criminal Code.

● (1522)

So, Mr. Speaker, to come back to the bill now before us, Bill C-26, we find again this very provision under subclause (2) to which I was referring earlier, which reads as follows:

> (2) The judge or magistrate presiding at any proceedings may,
>
> (a) notwithstanding subsection (1), refuse to admit evidence obtained directly or indirectly as a result of information acquired by interception of a communication in the course of post that is itself inadmissible as evidence . . .
>
> where he is of the opinion that the admission thereof would bring the administration of justice into disrepute.

Mr. Speaker, at the risk of repeating myself, I suggest this is fundamental. It is fundamental because any interception by the police that would not have been authorized according to the procedures set out in this bill, namely the warrant that must be issued by a judge with all the legal guarantees that accompany it, this provision allows the evidence, the interception itself, even if the evidence resulting directly or indirectly therefrom is only being introduced as evidence, to cross-examine a policeman in the witness box and ask him: But where did you get that evidence? And then the judge, Mr. Speaker, under the principle of relevancy and because of this provision, has to allow the question. And then, the witness must answer: Your Honour, we have obtained this evidence through mail interception. Was this a legal operation? And then the witness has to explain if this interception was legal or illegal to demonstrate that he has not tarnished the image of justice in using and presenting that evidence.

Mr. Speaker, I know that the hon. member for Calgary North is becoming very nervous. So I encourage him to take part in this debate if he wishes a little later and then we shall be able to denounce the illegal use of an interception in that trial and eventually bring the police officer before the court on different grounds, for having contravened the provisions of what will eventually become a law, Bill C-26.

So, if I insist so much on that aspect, Mr. Speaker, it is only to explain that what might appear at the beginning to be a vague concept—to tarnish the image of justice—what might be considered a legal subtlety, is in fact one of the most basic guarantees that have been included in amendments to the Criminal Code last spring and that are included again in Bill C-26 to prevent police forces from abusing their powers and feeling entirely protected against any prosecution. Without that guarantee it would not be possible to submit as evidence

the interception itself when direct or indirect evidence is presented before the court.

Therefore, the hon. member for Calgary North is perfectly free not to agree with me, taking into account that healthy differences of opinion between us will not result in a controversy nor mean the end of a beautiful friendship, for, contrary to what may think the hon. member for St. John's West who certainly came out today with wild remarks, hon. members on both sides of the House are eager to find the proper balance between the need to fight organized crime and the need to protect our basic freedoms.

Mr. Speaker, I am always somewhat amazed and disappointed whenever hon. members, for the sake of party politics, try to denounce a "so-called" politically oriented policy, when we all know through experience, documentary evidence and otherwise that hon. members on this side are just as concerned with the issue of basic freedoms as any hon. member opposite. However, it is extremely important to try by all means at our disposal, even if we must admit that they are imperfect, to fight organized crime, which is a real danger in our society, while protecting the basic freedoms, and that must be our long term objective, an objective which must be present in all our activities in the House and our whole Canadian democracy.

It is therefore this balance, Mr. Speaker, that we must try to establish and, unfortunately, I have not found it in some of the previous interventions. I know that the hon. member for Calgary North is concerned about this matter. When I spoke on March 3 last, I said that I respected him for his efforts in trying to meet this objective in his own way, even though we do not agree about those means. Even though I do not agree with him about the means, our aims are the same.

But I am always a bit disappointed when someone like the hon. member for St. John's West makes a long speech without suggesting one answer to the problem of national security and spends instead forty minutes making a rambling speech to denounce present practices, which we must admit are unfortunate, but which are now the subject of investigations on the part of a royal commission, and concludes in flamboyant rhetoric that the government is completely incompetent as concerns national security and that we cannot trust them. No, Mr. Speaker!

It is true that the concept of national security greatly concerns me. It is true that the legacy of the 1970 crisis is perhaps not one of the things of which we can be most proud. In fact, Mr. Speaker, the necessary research on national security was made by a member on this side of the House. The concept of national security is very vague. It is hard to define. It was introduced in our legislation to meet a certain need at a certain time. It is a concept whose possible utilization could result in enormous abuses and this greatly concerns me.

But, Mr. Speaker, it is certainly not with speeches such as the one that we have heard this afternoon from the hon. member for St. John's West that we will solve the problem. It makes me pretty mad to hear such rambling speeches. I therefore urge him to read the speech the hon. member for Maisonneuve-Rosemont (Mr. Joyal) made on February 17, since the latter does not have a reputation for being a yes-man. The hon. member for Maisonneuve-Rosemont has looked into the origins of the concept. He has tried to define it and to set forth the problems inherent to the national security concept.

Mr. Speaker, it is true that eventually this House will have to study thoroughly the concept of national security and define its meaning as well as the use we intend to make it and which objectives we are seeking when including that concept in several pieces of legislation dealing with immigration, electronic monitoring or mail interception.

Besides, Mr. Speaker, I know that my colleague from Montmorency (Mr. Duclos) intends to deal with this issue which concerns him a lot and I know from conversations I have had with him that we both share to a great extent the same concerns as do other members of this House. Yet does this mean that one has to extrapolate and denounce, under the pretense that once again we are including this concept of national security in a bill, alleged practices on the part of the government, stretch the facts to tarnish reputations, indulge in sensationalism, which is precisely what I am deploring Mr. Speaker in the case of the hon. member for St. John's West.

Mr. Speaker, I hope that certain members from both sides of this House will seriously and thoroughly explore this concept of national security to try and define its limits so that we may be able to solve this problem which is a serious one, a matter which will not be solved by passionate speeches such as we have heard earlier and during which not a single solution was presented because there was not even a definition of that concept. I strongly urge the members from the other side, whose interest in this issue I am aware of, to rise and participate in this debate to make clear not only to the government but to this House and the country at large what we intend to do to fight organized crime and also to get prepared to prevent such unfortunate incidents as people now experience in Germany, Israel, France, Italy or elsewhere at a time when the very foundations of western democracy are being shattered by terrorism, a challenge we must be prepared to meet.

Mr. Speaker, this bill gives me reason for concern. I feel concerned because once again it includes a concept which I do not understand well because it is ill-defined, yet this does not mean, Mr. Speaker, that one must condemn altogether those who support it; on the contrary, I am confident that since this legislation is only temporary it will be reintroduced before this House though, as is often said, what is temporary becomes permanent and what is permanent becomes temporary. Since this temporary legislation will be back before this House after the McDonald commission has presented its report and since we will then have had the opportunity of studying again this issue, the House should support this bill, provided we are given an opportunity later on to study in depth the scope of the

national security concept which, in itself, calls for a good debate in order to become better defined.

● (1532)

[*English*]

The Acting Speaker (Mr. Ethier): The hon. member for Calgary North.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, it being Friday afternoon I will take support from wherever it comes. No, I seriously appreciate it. I am being a little facetious.

Mr. Knowles (Winnipeg North Centre): After all, you are at the left wing of the Tory party physically.

Mr. Woolliams: That is right, and I am glad to be here.

I was quite impressed by the remarks of the hon. member for Lafontaine-Rosemont (Mr. Lachance) when he spoke on my private member's bill. I know that he is as conscientious and serious in his references to this matter as I am, but I would like to take a moment to get the debate back on the rails. I have a feeling it got slightly off the rails.

This bill is very narrow in its scope, and I say that in its proper sense. It deals with two things. It deals with the right—and I will deal with the authorization in a moment—to open mail for drugs, and secondly for purposes of national security. Coming back to the first point, the right to open mail, the bill does not deal with other offences in the Criminal Code such as rape, murder or robbery with violence. It deals with a very simple thing when we are dealing with criminal law, and that is the right to open mail in reference to drugs or the trafficking in drugs. That right can only be obtained by the police upon authorization from a judge in accordance with the terms and conditions of the Criminal Code as it applies to the privacy act. That is what the bill says. I am not going to spend much time on that part because I am in accord with the provisions.

I may differ with some of my fellow members in my own party as to whether we should wait for the report of the McDonald commission, but I have always said that if I were the minister of justice and wanted to give one of my legal friends a great job I would make him a commissioner. You never know when it is going to end. You do not know how long it is going to last, or what it is going to cost. The libraries must be filled with commission reports.

Coming back to the question of drugs, I cannot think of anything that is associated with international trade and within our own domestic society that demoralizes the people of our society more than the traffic of drugs. It is not so much the harm that taking the drugs does to individuals but what happens to them once they are hooked on these drugs. Hon. members have only to read the reports, particularly those that come out of British Columbia, to know that once a girl or a boy, or a man or woman, get hooked on drugs, they must stoop to all of the low, base crimes of the nation to obtain money to afford their habit. Because such drugs are illegal, they can only be obtained from an illegal source, the trafficker. I am not considering medical prescriptions.

Most of the crime in our urban centres can be traced to drug trafficking, whether it is prostitution or robbers with violence. Take, for example, the woman walking down the street with a purse in her hand and she is pushed down, her glasses are smashed and she is run over, all to obtain money to be able to afford the habit.

I do not know in my own mind whether the right to open mail in reference to drugs will give the police the necessary evidence, but if it does not then it will not be used that much. Therefore, I am not going to spend much time on that phase of the bill. I am one and I speak for myself. I notice that the hon. member for Perth-Wilmot (Mr. Jarvis) took the same position. He is our critic of the Department of the Solicitor General on this side of the House. I have never really liked the word "critic" because it sounds as though we do not ever produce positive suggestions. I know that the hon. members over there believe that I do offer positive suggestions by moving a number of private member's bills and having alternatives in the speeches I deliver.

As far as opening mail with reference to drugs is concerned, I support it 100 per cent. I support it because I am prepared to give the police officers that authority, providing it is obtained by authorization from a judge. I hope that the Criminal Code will be amended in line with my private member's bill, where the person who is the object of the electronic surveillance will be notified within 90 days, or an extension of time thereof necessary to solve and investigate the crime in question. With that I endorse the bill.

I will point out one thing that I have not seen any legislation on, and it is with regard to the position of the courts in this country, the judiciary. Many laymen think that all of the law flows from parliamentary legislation. That is entirely wrong. There is more common law made by the courts based on precedents. It is the custom and tradition of mankind that our law is crystallized by precedention our courts. More important, when we pass a bill in this House on laws that govern the rights of the court it is interpreted by that court. The court will take the words in their grammatical sense and interpret them, no matter what we intended. That is the law of the land, and that is the way it must be because to operate under any other system of jurisprudence would be very bad.

Before I go into the question of security, I would like to deal with a second point. The second part of this bill deals with national security. Here we do not have the features of the first part of the bill, where an application must be approved by a judge to authorize wiretapping. This can be done by a writ and the signature of the Solicitor General without any report to the person who is the object of that wiretap.

● (1542)

Although I did not agree with everything the hon. member for St. John's West (Mr. Crosbie) said, I agree with him in this regard, that I am not prepared to give the Solicitor

General (Mr. Blais) or those who come after him the authority to issue those warrants. I hope this provision will be changed in committee. If those warrants, under national security, are to be issued they should be issued in the same manner as a warrant under the privacy act for electronic surveillance on the telephone or for the opening of mail when investigating drug traffic in Canada.

It may be claimed that national security is a different field and, therefore, the powers should be given to the executive rather than the judiciary because the matter is highly confidential and we must always protect classified information. There may be some merit to that argument but I have great faith in the judiciary of this country. On the whole, over the years we have appointed good people to the various benches, whether District Court, the Supreme Court trial division, the Appeal Court, the Supreme Court of Canada, or the Federal Court. I think with very few exceptions they are people of great integrity, intelligence and compassion. I think they have the capacity to keep matters confidential.

Surely one could apply to a judge for a warrant. Maybe all the facts of classified information would not have to be set out, although I am sure a judge who takes an oath of allegiance to the Queen—not to the government—to do a proper job without discrimination of any kind, would be able to keep information confidential. That is a positive suggestion, Mr. Speaker, and I hope the government will give it serious consideration if and when this bill goes to committee. I am prepared to make such an amendment in committee. I hope my amendment does not fall like the seeds and the stones from the sower of the seeds in the Bible and fail to germinate or sprout because there are always too many Grits to vote me down on my positive suggestions. I am usually told a few minutes later that I do not come out with anything positive, it having been thrown in the waste basket by the Grits in question.

I want to deal with something that really frightens me, Mr. Speaker. I want to read from the report of the Solicitor General of Canada issued pursuant to section 178.22 of the Criminal Code of Canada. This covers the period from January 1, 1977 to December 31, 1977. The number of wiretap authorizations obtained under the Criminal Code was 589; wiretap authorizations under the Narcotics Control Act, 1344; under the Food and Drug Act, 197; under the Customs Act, 24; under the Excise Act, 9; and under the Bankruptcy Act, 1. The total authorization for that year was 2,164. The amount is going up like inflation, Mr. Speaker. There were 879 persons arrested whose identities became known through wiretaps. Out of 2,164 wiretaps, approximately one-third were arrested.

There is something else I wanted to put on record regarding the issuing of warrants authorized by a judge. As the hon. member for St. John's West said, we cannot find out the facts about these warrants that were issued by the Solicitor General. He accused the minister of being blindfolded but I do not know whether that is correct. However, only 28 persons were convicted as a result of wiretap information. Mr. Speaker, that is 28 convictions out of 2,164 wiretaps. That is quite a thunderstorm, but I suggest the result is a mere shower.

Mr. Dionne (Northumberland-Miramichi): How many of the investigations are still going on?

Mr. Woolliams: Mr. Speaker, that was the story last year. One thing about the Liberals, they never change their philosophy or their policy. Their policy is power. That very question was put to me a year ago when I was speaking in this House.

Mr. Dionne (Northumberland-Miramichi): Answer it now.

Mr. Woolliams: All right, I will. Last year they said there would be a carryover. That is included in the 28. There is a carryover every year but it does not really affect the result, except for one or two. I hope that answers the hon. member satisfactorily.

Mrs. Holt: It is also justice not to charge if you have not complete evidence.

Mr. Woolliams: Mr. Speaker, I do not want to argue. I hope my good friends make their own speeches. I came here with the facts, but when you talk facts to the Liberals they just cannot take the truth.

Let us look at something else now. These are not my figures, they come from the Solicitor General's office.

Mrs. Holt: Because he is an honest person.

Mr. Woolliams: I am not going to get into whether he is honest or dishonest or what he is. I wish my good friend from Vancouver, whom I always give a good hearing in committee and in the House, would restrain herself. I know she gets frustrated sitting there because she does not go along with many things that happen. Sometimes she explodes in committee because of that frustration. If she could only restrain herself for a few moments, it would be a great help to all concerned.

I should like to refer to the Solicitor General's report again. Referring to the Official Secrets Act, it shows that 471 warrants were issued by the Solicitor General. The average length of time—

Mr. MacFarlane: Was it 472?

Mr. Woolliams: I did not know the hon. member wanted to be included. I will see that is done next year. The Liberal whip said it should have been 472. Perhaps he has some inside information about himself that I do not have. I hope he will go to Hamilton and get himself a good lawyer this afternoon!

Mr. MacFarlane: I thought they had missed you!

Mr. Woolliams: The average length of time for the warrants was 244.55 days. That is out of 471 warrants. Aside from the case in Montreal the report is secret and silent about how many arrests and charges there were. I know of only one case, and I do not know whether wire-tapping was used in that Montreal case or not. Even if it was, there was only one conviction out of 471 listenings conducted under the Official Secrets Act. The figures on both sides of the fence, whether

under the Criminal Code, the Narcotics Act and the Official Secrets Act, are almost identical. I think that shows the danger of too much extension.

I want to repeat that I believe that in order to wiretap under the Official Secrets Act for national security, the judge should grant authority.

This is a very difficult act. It would be very difficult to defend oneself under the Officials Secrets Act and it would also be very difficult to get a prosecution. It is like the old laws on rape; it was very difficult to defend or to prosecute a rape case because the language was quite vague.

● (1552)

The Protection of Privacy Act deals basically with national security, which we are dealing with under this Bill C-26. I want to read once again something I have taken objection to, and I quote:

(2) The Solicitor General of Canada may issue a warrant authorizing the interception or seizure of any communication if he is satisfied by evidence on oath that such interception or seizure is necessary for the prevention or detection of subversive activity directed against Canada or detrimental to the security of Canada or is necessary for the purpose of gathering foreign intelligence information essential to the security of Canada.

Then we go to the next clause, which is the definition of "subversive activity" which means various things, such as espionage or sabotage. But one thing that strikes me is that it means activities directed toward accomplishing government change within Canada. As I said the other day when speaking on my own private member's bill, in any election, when the government finally goes to the people, isn't the opposition asking the Canadian people for a change in the government? In view of economic policies of this government and the economic mess which we find ourselves in with this deficit, if we do not get a change in government this time, the country will be bankrupt. As the member from Crowfoot, the Minister of Industry, Trade and Commerce (Mr. Horner), said only a month before he took that strange walk to join the cattle rustlers, "The country cannot stand another year of Trudeau."

Now I come to subversive activity. Subversive activity means activity toward accomplishing governmental change within Canada. Well, anybody might be suspected of a breach of national security if that is the law of the land. I think it is a very dangerous law. I do not like to put that kind of law or that kind of a tool into the hands of this present Solicitor General or any other solicitor general that may be appointed in the future; solicitors general have not always shown they can obey the law either.

The Official Secrets Act has many sections and they are difficult. For example Section 2(3) provides:

(3) In this Act . . .

(b) expressions referring to obtaining or retaining any sketch, plan, model, article, note, or document, include the copying of, or causing to be copied, the whole or any part of any sketch, plan, model, article, note or document; and

(c) expressions referring to the communication of any sketch, plan, model, article, note or document include the transfer or transmission of the sketch, plan, model, article, note or document.

[Mr. Woolliams.]

Section 3 provides:

(1) Every person is guilty of an offence under this Act who, for any purpose prejudicial to the safety or interests of the State,—

That is subject to very wide interpretation. What does it mean? There is probably not one member in this House who could come up with the same definition. Likewise there would not be one judge who would come up with the same definition. Under this act it would be very difficult to prosecute, but it is just as difficult to defend, depending on the circumstances, depending on the political temperament of the country and depending on what the judge had for breakfast.

Under this same section concerning prosecution the act says:

(2) On a prosecution under this section, it is not necessary—

And listen to this.

—to show that the accused person was guilty of any particular act tending to show a purpose prejudicial to the safety or interests of the State, and notwithstanding that no such act is proved against him,—

The lady from Vancouver will not like that, she likes "her".

—he may be convicted if, from the circumstances of the case, or his conduct, or his known character as proved, it appears that his purpose was a purpose prejudicial to the safety or interests of the State;—

With that kind of ambiguity in the law I must say I am not prepared now or tomorrow to give the Solicitor General the power and the authority to sign warrants without a judge's authorization. I want to repeat that I have absolute confidence in the judiciary of this country. If it is a matter of some evidence that has to be disclosed to a judge which is classified, I am confident, whether that judge is male or female, that he or she would keep that information confidential and private from the public, for the good of Canada. I continue reading this same section:

—and if any sketch, plan, model, article, note, document or information relating to or used in any prohibited place, or anything in such a place, or any secret official code word or pass word is made, obtained, collected, recorded, published or communicated by any person other than a person acting under lawful authority, it shall be deemed to have been made, obtained, collected, recorded, published or communicated for a purpose prejudicial to the safety or interests of the State—

In other words, if any person is in possession of such information, whether or not it was obtained accidentally, if hon. members wanted to take the extreme interpretation of that section that person—man or woman—in Canada could be found guilty. Suppose a person listened in on the telephone having obtained the Solicitor General's warrant and someone asked: "Did you find a document, a sketch, a note or a copy on your desk?", and the answer was "Yes, I read it". Maybe the person in question had no idea whether it was harmful to the state or not but that person could very well under this section of that act be convicted without any notice to himself and without any authorization by a judge. I say that is not good enough, not when we are dealing with this kind of an act.

Then I go on to another section. Again I quote:

4. (1) Every person is guilty of an offence under this Act who, having in his possession or control any secret official code word, or pass word, or any sketch, plan—

And further down it says:

(a) communicates the code word,—

The person might indicate that code word over the telephone innocently if he did not know that it had been laid down on a piece of paper inadvertently and placed on his desk. I am not prepared under those circumstances—and again I emphasize this—to let the Solicitor General have this power, in particular this Solicitor General or one to be appointed in the future. Indeed those in the past were not always above the law. Therefore, I want a judge to give the authorization.

Can I call it four o'clock, sir?

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely public bills—

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I rise on a point of order. I request the unanimous consent of the House so we may proceed to consideration of Bill C-234 and that all items appearing on the order paper before that bill be allowed to stand.

The Acting Speaker (Mr. Ethier): Order. The House has heard the request of the parliamentary secretary. Is there unanimous consent?

Mr. Baker (Grenville-Carleton): Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

● (1602)

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

HOLIDAYS ACT

ESTABLISHMENT OF NATIONAL HERITAGE DAY

Mr. Mark MacGuigan (Windsor-Walkerville) moved that Bill C-234, respecting National Heritage Day, be read the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, it is, on the one hand, a pleasure to be able to speak again on this important piece of unfinished business. On the other hand, it is a slightly unhappy occasion in that it is necessary to speak on it again, to find that the bill has not yet been passed and that the government bill with a similar initiative which had been introduced in the last session has not been reintroduced. Nevertheless, I understand that the

government is committed to this initiative and will at least in time bring forth legislation on its own behalf.

In the meantime, I would certainly like to advance the acceptance of national heritage day through my Bill C-234. Indeed, as I will develop in the course of my remarks, there is at least one substantial difference, perhaps two, between the bill which I am proposing and that which it appears the government would desire. I would suggest on both points that the consensus of parties which is represented in my bill is the preferable position to take.

I wish to say first that it is a pleasure to have an opportunity on an occasion such as this to celebrate my national heritage as well. We Irish have become so Anglicized that we do not have as many chances to parade our original origins now as we used to. In some places they still turn rivers green on St. Patrick's Day. In most cases all we can do is wear a badge to indicate our origin. In my case all of my ancestors came here from Ireland in the 1830's and forties. It is a long time ago, but I like to look back on that heritage because I believe it has made an important contribution to what Canada is today.

That is what each of us feels about his heritage in Canada. That is one of the great things about this country, perhaps the greatest, that we each have a distinctive heritage. Each of us can look at his own heritage and his own contribution to Canada with pride. Our government looks at all of these with pride as having made a contribution to the development of our country.

With respect to national heritage day, I believe two provinces have adopted national heritage days. I think the territory of the Yukon has also done so. In addition, there are a number of large organizations which are very instrumental in pressing for the establishment of our heritage. Kinsmen are one of those groups and I frequently had an opportunity of appearing before them. They have been taking a major initiative with regard to this legislation. I believe Optimists International have taken a similar position.

Bill C-234 is a symbol of the richness of our national heritage. I believe it is strongly supported by all the people of Canada. In a questionnaire which I included in a householder last month, I asked my constituents the question: "Do you favour Heritage Day as a national holiday in February?". The replies are now in, about 700 in all. Of those, 68.7 per cent favour a heritage day as a national holiday in February. Only 31.3 per cent are opposed. In fact, most of those who were opposed objected only to the date, not to the concept. They wrote on the questionnaire other dates they would prefer. Nevertheless, the date proposed in this bill is obviously the one around which there is the greatest popular consensus.

I would like to go back to the genesis of this bill in the justice committee. In 1973, this matter came before the justice committee with some degree of force because there were quite a number of bills at that time which were referred to the

committee. The committee was being asked in some way to resolve this problem.

I might just mention that some of those who presented bills were the hon. member for Hillsborough (Mr. Macquarrie), the hon. member for York-Simcoe (Mr. Stevens) and the hon. member for New Westminster (Mr. Leggatt), I believe. He was certainly a member of the justice subcommittee which straightened out the matter and I believe he had a bill. There were also several former parliamentarians such as Mr. Reginald Stackhouse, the hon. member for Scarborough East at that time, and Mr. Nelson from British Columbia. The hon. member for Winnipeg North Centre (Mr. Knowles) will know his constituency.

Mr. Knowles (Winnipeg North Centre): Burnaby-Seymour.

Mr. MacGuigan: He was the member for that area at that time. Having regard to the hon. member for Winnipeg North Centre, I would like to pay a special tribute to him for his support in this important task.

Some hon. Members: Hear, hear!

Mr. MacGuigan: He has been indefatigable in his activities with regard to this legislation. I am encouraged by that because I have noticed in the course of my public life, and even more in the course of his, that he very often in the long run gets his way with many of those pieces of legislation for which he so tenaciously struggles in this House. That gives me added reason to hope that before very long we will see the fruits of his labour, mine and those of many other people and get this measure on the statute books of Canada.

Some hon. Members: Hear, hear!

Mr. MacGuigan: I wish to refer to the report of a subcommittee of the justice committee that was presented in that committee on December 18, 1973. As I mentioned, there was a diversity of options. The justice committee set up a subcommittee of which I was the chairman. We were able to bring in a unanimous report which made the following recommendations. Although this is found in the minutes of the justice committee at page 32:4, I do not think it would be a bad idea to put it in *Hansard* today. I presented the report of the subcommitte on the subject matter. It read as follows:

> The Sub-committee on the subject-matter of a National Holiday of the Standing Committee on Justice and Legal Affairs has the honour of presenting to the Committee the following recommendations:
>
> (1) That the Government consider the advisability of introducing legislation to establish the third Monday of February as a new legal holiday;
>
> (2) That this holiday be kept and observed under the name of Heritage Day;
>
> (3) That the particular aspect of our heritage to be honoured on this day should be varied by proclamation from year to year. In the opinion of the Sub-committee the focal point of the celebration for the first year should be the Canadian Flag, for the second year our first Prime Minister, Sir John A. Macdonald, and for the third year, our native peoples;
>
> (4) That a new Standing Joint Committee of both Houses of Parliament, chaired by the Speakers of both Houses, should be established to recommend to the Government the theme of the holiday from year to year;
>
> (5) That the Government consider the advisability of issuing a special stamp and coin each year to mark the celebration more fully.

After debate thereon, on the motion of the hon. member for York-Simcoe the report was concurred in unanimously by the justice committee. I might just make a few additional comments on that.

Mr. Baker (Grenville-Carleton): What year was that?

Mr. MacGuigan: December 18, 1973. The name was varied from heritage day to national heritage day on my initiative because of the difficulty of finding an adequate translation in the French. It was thought that the word "patrimoine" by itself might not signify exactly the right thing, that "patrimoine national" was the preferred phrase. Therefore, we made the insertion of the word "national" in the English as well to keep the name of the holiday parallel in both languages.

There was a subsequent resolution of the justice committee which recommended that the Canadian Bill of Rights should be the focal point of the celebration in the fourth year. That has also been added to the bill.

I did not proceed with the idea of a standing joint committee of both Houses of Parliament chaired by the Speakers of both Houses to advise the government, not because I had a change of mind on this, but because it seemed a bit too elaborate a setup for a single matter of this kind.

The matter was put in the hands of the government to decide by proclamation but with the understanding and recommendation I am making here now that this be done on the basis of a consensus of party leaders, or whatever form of consensus might be established, so that the holiday which was established would not be one which brought any acrimony to the Canadian scene but was one which had very general support in all segments in this House and, therefore, in all parts of Canada. Indeed, it would be political folly for a government to proceed in any other way on a matter of this kind.

I will come to that subject later, but not too much later because I do not want to prevent other members from making a contribution to this debate. I wish we were not having a debate but simply putting the bill through. Since I do not sense that to be the disposition of the House, I think this to be an opportune time to put some things on record.

The bill which is before us represents an initiative of an all-party body. It represents the feelings of all groups in Canada. There seem to be only two arguments against it. One was raised by the hon. member for Palliser (Mr. Schumacher) on a previous occasion and his opinion may be shared by other hon. members.

• (1612)

Mr. Knowles (Winnipeg North Centre): By the Secretary of State (Mr. Roberts), for example.

Mr. MacGuigan: I do not think that is the view of the Secretary of State. I think there is simply a reluctance there to proceed at the moment. As for consideration of the question of the work ethic, the notion of the work ethic put forward by the hon. member for Palliser is not mine. My notion is that people should work when they wish to, or when it is their duty, but that they should also have time off. It would not be excessive to have 12 holidays a year rather than the nine or ten presently recognized. Consequently, I have no difficulty with this concept.

There are some who link their opposition to this proposal with our present economic difficulties and they tend to think its adoption would present difficulties for business. Several years ago a survey was made with respect to employees under federal jurisdiction. It showed that most of such employees in Canada already enjoyed more days off than were designated in legislation. That was in 1973. In other words, we are merely establishing a minimum by what we propose to do here because employees are already receiving more days than are prescribed by statute, so the number of holidays will not necessarily increase. At the time of the survey, 95 per cent of employees had nine or more general holidays when only eight were required by legislation. Some 72 per cent had ten holidays, at least two more than legislation at the time required. This is an indication that the business community does recognize that holidays make an essential contribution to work. I hope that once our temporary economic difficulties are over the government will recover its courage and proceed with this bill immediately. I hope this will come about early in the next parliament.

Another type of argument is used—I do not think it is one which will stir the country. There has been a feeling expressed in committee that the government might use its unilateral proclamation power to vary the focal point of the celebration each year, misusing the discretion given to it for its own purposes, and that this would be divisive. It seems to me, Mr. Speaker, that a government which attempted to use tactics of that kind would not profit politically by so doing.

On the other hand, it is quite likely that in the mind of the government there is hesitation about accepting such a power on the ground that it is too weighty a responsibility; in the mind of the public it would be taking responsibility for whatever day is established and nobody else would share it. Well, that is a very good argument, it seems to me, in favour of the government's appointing a public committee. It could be a committee of this House or it could be a committee of citizens, or a combination of both, set up to make recommendations as to what the focal point should be each year. I would suggest that this be done on an annual basis, without making too many decisions far in advance. This should not arouse selfish instincts because as long as the country and the world continue there will be a succession of opportunities to name a day, and a group which does not get the year it desires recognized in terms of its special hero will still have another opportunity the following year. So it is not a question of the government ever having to say no. The government merely has to say: You have to wait a bit longer until your subject matter is recommended by the advisory committee.

The advantage of having this power of proclamation lies in the opportunity it affords to recognize the richness of our country. Canada is a country with so many cultures that we have been able to adopt an official policy of multiculturalism which states there is no official culture, that the earlier notion that there was such a thing as biculturalism in Canada was a mistaken one, and that while we think about bilingualism we now couple this not with biculturalism but with multiculturalism. We recognize all these cultures and their contribution to the present and the future and, indeed, to the past of our country.

This power of designation by government on the recommendation of public spirited citizens and parliamentarians, coupled with the ability to issue stamps and coins and all the things which would help Canadians to recognize aspects of their life together, seems to me to be an immensely useful one. Even if you look at it from the point of view of historical discoverers, or if you look at it from the point of view of immigrant groups, on however you look at it, there are just so many aspects of our national heritage to be recognized that you can think of a century of subjects to be recognized without having to sit down for more than three or four minutes.

There is no trouble about arriving at aspects of our national life which we want to celebrate. So this power of designating those aspects, of giving a little special recognition to them from time to time, is very important. It could make an enormous contribution to our life as a society. So I would hope that when the government does again embrace this initiative, or if it is prepared to support my bill, the power to designate the aspect of the holiday will be embodied in the legislation.

I just want to say in conclusion that the genesis of this bill suggests that it should not be a matter of partisan strife. There is, I believe, a genuine national consensus on the need for such a holiday. The only real dispute among most ordinary Canadians has to do with when it should be each year. That is a fortunate position for a parliament to be in, to be able to take an initiative which is so generally acceptable to the people, and I urge that this step be taken very soon.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I am proud and honoured to follow a fellow Islander, the hon. member who has just spoken, a very distinguished parliamentarian and a one-time opponent of mine in a general election.

Mr. MacGuigan: I would rather forget about that!

Mr. Macquarrie: A few years ago the Liberal party in Prince Edward Island thought it should scour the highways and byways to get a more highly educated man than Macquarrie. It discovered the hon. gentleman, whose erudition and education I salute and respect. I look upon him as one of the most distinguished Islanders of this generation or any other following a very distinguished and honourable family in our province.

I want to say, too, that I have the greatest respect for what he has done in the course of his duty as committee chairman. He has brought broadmindedness and, generally, an apolitical attitude toward some very important issues facing the Canadian people and parliament.

Some hon. Members: Hear, hear!

Mr. Macquarrie: It is not for me to give advice to the Prime Minister (Mr. Trudeau) in the twilight of my political career, but if I were forced to do so I would say this to him. The people of Windsor and many hundreds of thousands of Canadians cannot understand why the hon. gentleman is not in the cabinet.

● (1622)

Some hon. Members: Hear, hear!

Mr. Macquarrie: He has abilities and capabilities to spare, once you even him up with the present members. That is the only nasty thing I will say. It is not meant to be nasty; it is a tribute to my hon. friend from Prince Edward Island, and if the Prime Minister (Mr. Trudeau) takes that advice and my party loses ground, then we will charge it up to my professorial rather than my political posture.

I am very pleased with the leadership the hon. member has given to this matter, and I am very disheartened by what the government has done about it. In my couple of decades here I have noted that there is a great tendency on the part of this government, if there is something developed by a private member which wins acceptance in parliament or in the country, immediately to cut off that initiative of the private member and to produce a bill.

I remember that time after time my very dear friend the Liberal member for Cochrane (Mr. Stewart) produced bills to get the likenesses of Canadian prime ministers on the currency of our country. God help us, it is nearly time that that was done. He also introduced a bill to get the flag of Canada into this chamber. His bills were always talked out or ignored. I was sitting in the House when the then minister of finance stood up without even consulting the hon. member for Cochrane and said that the government would bring out an issue of currency with Laurier on the five dollar bill and John A. Macdonald on the ten. I think that is very suitable because when you buy a bottle of rum, you need a ten dollar bill, and I always use a John A. Macdonald bill. I think I am being very historic as well as gustatorily correct. I am told Borden is on the one hundred dollar bill—I have not seen one—and that Mackenzie King is on the fifty. We should have done that long ago.

We Canadians have been reluctant to let our Canadianism show. I went to school in the United States in grade one. Perhaps that is where I went astray. Abe Lincoln was there, and George Washington was there. I was taught exactly how to salute the flag, what to do with my hand and what words to say, and I can say them yet. But will we give John A. Macdonald credit? Will we give Laurier a chance? Will we honour Borden? Will we respectfully give credit to the great men who brought into being a great country?

I have studied—and the hon. member is a great scholar—the nation builders of the world. I have taught in university about Cavour, Mazzini, Bismarck and all the rest of them. But our founding fathers do not have to take second place to any statesmen in the world.

Some hon. Members: Hear, hear!

Mr. Macquarrie: The task which faced Macdonald, Brown, Cartier and McGee was enormously difficult. The challenge was tremendous and horrendous, but they overcame it. I often say, and I am sure my hon. friend agrees with me, that we are unworthy successors if we allow what those men created to disappear. Surely to God on this St. Patrick's Day—that Scottish born saint whom we all honour—we must realize that bringing this country into being was far more difficult than keeping it together in a time of advanced communication. In 1864—and it is wonderful that I am following the hon. member because Canada began in Charlottetown, the cradle of confederation—the problems of communication and transportation were enormous and difficult. The people did not know one another. It was reported in a very distinguished Nova Scotia newspaper that maritimers did not know many Canadians, and the few they did know they did not like.

However, it took people like Macdonald and Brown to build Canada. Brown even started to drink during his visit to Charlottetown. We are very proud of that. He had quite a good time. He probably relaxed for the first time in his life. All these people decided that the ideal of the country was very important. Yet we are reluctant to honour Macdonald. We are reluctant to have likenesses of these men on our coins. We are totally unmindful of Cartier. Having studied a good deal of history I often wonder what might have happened had Macdonald died before Cartier and Cartier had become the leader of our party. If that had happened, today we would be what I think we should be, the favourites of the province of Quebec. However, that did not happen. These men were great figures. Only recently have we even mustered up the courage to put on the stamps of the nation the likenesses of wonderful men like Mr. Pearson, Mr. St. Laurent and a man I did not like very much but admired greatly, Mr. Bennett. These people were

leaders. I thought that the hon. member who has just spoken did an excellent job in integrating all our various interests.

For 15 years I have been pleading in this House for a day to remember John A. Macdonald, the father of our country. He was the outstanding architect of Confederation. He was not the only one, but the outstanding one. In consultation with the hon. member I was prepared to forget that John A. was born on January 11, which is a rather bad time, ten days after New Year's Day. John A. was a Scotsman. He knew all about hogmanay. It took him about ten days to recover. We were prepared to move it on into February. We talked it over with the hon. member for York-Simcoe (Mr. Stevens) who—please, God—may be Minister of Finance before the year is out, and we all agreed. There was a very good discussion and a consensus in the Standing Committee on Justice and Legal Affairs which, if I am right, was then chaired by His Honour Mr. Speaker. That, in my judgment, was parliament working at its best. It is unfortunate that here today there is not a single cabinet minister I can address this remark to, but I think it behooves the executive to note occasionally the consensus and the will of the people's representatives.

I think it was quite unbecoming, improper and unnecessary for the Secretary of State (Mr. Roberts) to pre-empt the hon. member and the rest of us, and even more unbecoming, if I may use that kind of garbled English—and I do not often do that—for him then to renege on his own interference. We do not have the holiday. We have put the consensus of parliament into discard, and that I find totally reprehensible. At a time when it was more important than ever before that this institution be well regarded by the public which it represents, the government did a double disservice not only to the hon. member, to me, to the hon. member for York-Simcoe and to Sir John A. Macdonald, but also to the parliamentary institution itself. For that I think they deserve the harshest condemnation, and I hope they will take advice and not continue this practice which I have indicated. I mentioned the hon. member for Cochrane, but it has happened many times. Perhaps the most important hour in this parliament is the private members' hour, when we do not listen to the orders of our beloved friends, my highly regarded whip on my right and the House leader, and when members who are here because people sent them here decide what they are going to talk about and what they are going to say. Because representative government is older than responsible government, I think the emphasis should be on that private members' hour.

● (1632)

The learned and hon. member who has just spoken rendered a great service by making a good, earnest and sensitive representation on behalf of people. He is a very courageous committee chairman. He is sensitive to very hot public issues, if I may say so. I applaud him for his leadership.

I never make long speeches. Perhaps my speeches are longer than I think. I believe I am to be followed by the venerable hon. member for Winnipeg North Centre (Mr. Knowles). He is the chancellor of an outstanding university which has still not offered me a degree. As a Scot, I can say that I am proud we gave the Irish St. Patrick. I am very mindful of where my strength came from. I remember the many Irish Prince Edward Islanders who voted for me over the years. I was happy to have an opportunity to follow my fellow islander, the distinguished hon. member for Windsor-Walkerville (Mr. MacGuigan). I am happy to support him in his endeavours to establish a national heritage day.

I am not afraid Canada will fall apart if another holiday is celebrated. Is our economy so frail? Are our people so weak? Are things so bad that if one more holiday occurs, the entire country will go to hell? I cannot believe it. I am interested in greater productivity during working days. I discount the days people do not work. There is no reason why a highly developed country like Canada, with its advanced technology and albeit lousy government, cannot afford a holiday every month.

We must celebrate and honour our native people. We must honour discovery day. We must honour Sir John A. Macdonald. Then we can honour Sir Wilfred Laurier, Sir Robert Borden and even Mackenzie King, God forgive me. There have been many tremendous Canadians. There was Dr. Wilder Penfield, who was probably one of the ablest and most brilliant men the world ever produced. There was Dr. Bethune. Also there is Dr. McClure, who is still living. He was the former moderator of the United Church of Canada. There are scores of people who should be honoured by us for one day. We should stand aside and honour these people who make up our heritage.

If I were greedy and wanted to use up more time, I could name many people. I could talk about Senator Cairine Wilson, Nellie McClung, C. G. D. Roberts, the hon. member for Halifax (Mr. Stanfield), C. D. Howe, Charles Tupper, M. J. Coldwell and J. S. Woodsworth. It would be exciting, imaginative and valuable to have a national heritage day. As was suggested by the hon. member, from year to year a Canadian could be chosen to receive honour. We could survive for 100 years and not be required to use the same list twice. I will not live for 100 years, because I am too intemperate.

While I condemn the government for its niggardly action and their even more reprehensible reaction, I commend and support the measure before the House.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the quality of debate that we have on Friday afternoons leads me to make the suggestion that perhaps we should use the power of parliament to declare five days of the week to be Friday. We could have delightful debates. Today we passed two or three bills. Perhaps everything would become better and more productive around here if every sitting day was a Friday.

After listening to two Prince Edward Islanders speaking with their usual modesty, I confess I began to wonder what right a Canadian from another part of the country might have to take part in this debate. But I realized I could boast of my New Brunswick and Nova Scotian ancestry. That gets me into the picture.

Also I noticed that this is a day of accolades. They are being handed out all over the place. I want to join in on some of them. Before I join in on the accolades to the living, I should like to indicate that I enjoyed the manner in which the hon. member for Hillsborough (Mr. Macquarrie) referred to great names in Canadian history. He started away back in our history and got to the era of Borden. Then he picked up with Bennett, but he missed one in between. The second time around, he decided that he should mention Mackenzie King in order to save his soul.

An hon. Member: Mackenzie King probably heard him!

Mr. Knowles (Winnipeg North Centre): Yes, probably he was heard. I join with the hon. member for Hillsborough in paying tribute to the hon. member for Windsor-Walkerville (Mr. MacGuigan) in connection with his persistence regarding this bill asking for a national heritage day. I am sure all members of the House would join with me in paying tribute as well to the hon. member for Hillsborough for the 21 years of service he has given to parliament.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): He has decided that what he has done is enough at least for now. His presence in the House of Commons has been enjoyed very much. The students who will sit in front of him in Mount Allison University will indeed be fortunate.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Returning to the hon. member for Windsor-Walkerville and this bill, it strikes me there is a double significance about it. I support the hon. member for Hillsborough by saying that consideration should be given to it. As the hon. member for Windsor-Walkerville pointed out, his bill represents a consensus or a bringing together of the ideas of several hon. members. Perhaps more than any private member's bill that has been before parliament in a long time, it is not just one member's bill. As I say, it is before us as a result of several bills having been introduced.

The hon. member for Hillsborough presented a bill to honour Sir John A. Macdonald. As was mentioned before, Mr. Ed Nelson presented one as well. In fact there were four or five, including one of my own. I was calling for a holiday in February, midway between Christmas and Easter, by whatever name it might be called. All these bills got to committee. It was in committee that the idea to combine them was developed. Thus, this bill comes before us. It is not just the product of the thinking of the hon. member for Windsor-Walkerville, but it is the combined thinking of several private members from all parties. I wish we could get around to passing this piece of legislation. I see no reason why this bill could not be passed today, so that it can go to committee.

I will not take the time of the House to go into arguments concerning economic restraint and productivity. Those who argue that we need more work and that people must be more productive surely will not follow that to its logical conclusion and indicate that we should cancel the holidays we now have. We have a number of holidays during the year because we believe people are more productive if they have a bit of time off. I suggest an extra day off in the long winter in Canada between Christmas and Easter would be a good idea. I support the bill on that count, and I also support it very strongly for the reasons presented by the two previous speakers, namely that we do have a heritage in this country which we should celebrate and talk about, and that we should tell our people about. I think that on every count we ought to have this day.

● (1642)

Having said that in the friendly fashion that develops here on Friday afternoons, I think I must also join in the criticism levelled on the government by the hon. member for Windsor-Walkerville, and which was levelled even more strongly by the hon. member for Hillsborough, for not having proceeded with it. Originally it was a private member's idea, or the idea of several private members.

The bill in the name of the member for Windsor-Walkerville, two or three years ago, did not get through, and then the government took it up. In the session previous to this one it had two bills; Bill C-30 and C-32. Bill C-30 was to establish a national heritage day as one of the national holidays of this country, and Bill C-32 amended the Canada Labour Code in respect of what was to happen on certain holidays. Private members can put bills down year after year and know they may have to wait twenty, thirty or forty years before getting them through; but when the government makes it a matter of government policy and puts it down, that is a declaration of what the government wants. For the government to have backed away from that in the last session I think was reprehensible, particularly so because it had taken the idea away from private members.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): This session when we thought that last session's Bill C-30 or Bill C-32, or both of them, would be brought back again we were told by the Secretary of State (Mr. Roberts) that this was not to be done. I think this is most unfortunate. I suppose it is too much to hope that my friend's bill will get passed, but I would rather see this bill passed than the government's bill because it does

represent the thinking and the ideas of private members. If that cannot be done, I hope it will not be long before this kind of legislation is passed and the third Monday of February becomes national heritage day.

There is one other element about this that disturbs me. Four or five years ago when this matter was under very active consideration and it looked as though it would pass, Mr. Justice Emmett Hall settled a railway dispute, and part of that settlement was that when the parliament of Canada passed a bill for heritage day that would be an additional holiday for railway workers. Those railway workers feel they have been short changed very seriously by the fact that such a bill has not been passed, and now once each year for three or four years they have lost a holiday they thought was included in the award of Mr. Justice Hall.

There is more that could be said, Mr. Speaker, but I had better sit down so I will not be part of the process of talking this bill out. So far here we are: we are unanimous and everybody seems to be in a good mood, so let us pass this bill this afternoon.

Mr. F. A. Philbrook (Halton): Thank you very much, Mr. Speaker, for the privilege of speaking today on Bill C-234, an act respecting national heritage day. Unlike some of my colleagues, I will be very, very brief, not only because I have to catch a plane back to Oakville, but because most of the major points have been expressed very eloquently so far and, most important of all, because I want to see this bill passed and not talked out.

Let me congratulate and support very strongly the sponsor of this bill, my colleague the hon. member for Windsor-Walkerville (Mr. MacGuigan). As has been said, it seems to me the main objection thrown up time and time again to this bill is that in hard economic terms it would badly influence or take away from the productivity of this country. That is a spurious argument. In fact, being the only holiday during the hardest time in the Canadian year, the hardest part of winter, it would lend itself to many strong arguments as to why it would improve on the productivity of this country. If in fact it would make people less productive or would take away from our work output, then we should be doing away with the holidays we have so far. We should be doing away with weekends off. We should be doing away with the whole principle and practice of coffee breaks, all of which is obviously ridiculous.

To close on a positive note, this holiday would be good for the productivity of this country, contrary to what others have said. Surely the most important thing we can do at this time in our history, with issues, worries and anxieties about major things like national unity and our economy, both of which are often overplayed, is to have this holiday to remind ourselves of what a great country this really is.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I want to rise for just a few moments as this may be one of the last times we will have the opportunity of hearing the voice of the hon. member for Hillsborough (Mr. Macquarrie) in the House of Commons. That hon. member has become known throughout the world as a proponent of heritage and as an authority on the early history of our country. He has become what I would like to call an ornament in parliament.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): When he takes his leave of us this institution will have lost one of its richest assets.

I want to speak for a moment as the House leader of the Progressive Conservative party, and I hope the House will allow me to do so during the private members' hour. There will be other tributes paid to the hon. member, but there will be no tribute more sincere than mine on behalf of all my colleagues in parliament for the contribution he has made to the thought and political processes of Canada.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): It is not just to this country that he has confined his duties. The hon. member for Hillsborough is known throughout the world as a man of great conviction, a man of great eloquence and a man with a tremendous sense of compassion and concern for his fellow man, whatever be the colour, creed, race or religion of that man.

I should say as the House leader of the official opposition that we as a party, his province, his parliament and his country would be richer were he to change his mind and stay.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Private members' hour is devoted to the business of those of us who were elected but do not hold an executive function in the government of Canada or a position recognized in our constitution. The House leader of the official opposition and the House leader of the NDP hold positions different from that of the Leader of the Opposition. As a result, the rules pertaining to the private members' hour do not bar House leaders from participating.

When a House leader rises in his place he does not necessarily speak for his party. Like other members of the House, he can also speak for himself. It is in that way that I want to speak for just a few minutes regarding this piece of legislation.

The hon. member for Hillsborough has given us a lesson today that we ought not to forget. We ought not to distort our history and we ought not to take away from the richness of our heritage by our petty squabbling. If Sir John A. Macdonald and Sir George-Étienne Cartier had concentrated on those things that made them different one from the other, we would not have a country. We would not have this parliament.

• (1652)

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): If we had relied on referendums in those days to decide whether or not we would have a Canada, we would not have had a Canada. The maritime provinces would have said no to confederation to begin with, and I dare say there would have been others who would have said no as well. The creation of this country and the fact that it has existed for 110 years was not an act of referendum. It was an act of statescraft and great men, who were bigger than themselves, who were prepared to sit down and discuss the country despite their differences, and were prepared to say that there is something worth while to be done, some good reason for us to build together a nation in the northern half of North America. That is why we are here as a nation.

If we can accept that spirit, somehow or other we will remain a nation. Because a nation is more than bricks and mortar and plants and highways. There is the matter of spirit in a country. Without assessing blame today, we have lost that spirit in Canada. It is not dead, it is just lost for a while. It has not flickered out, it has been dimmed. I think our heritage is important to us, and we ought to recognize it not just in terms of a holiday—even though that idea is not offensive to me—but in terms of those who have gone before and on whose greatness we are building so that we can make our country more united.

I say those words in tribute to the hon. member for Hillsborough because throughout his parliamentary career that is what he has tried to do. I think parliament is richer for his presence today, and when he is gone its poverty to the extent of his leaving will be felt by all of us.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I am proud to join today in the tribute that has been paid by my friend and my neighbour, the hon. member for Winnipeg North Centre (Mr. Knowles) to a great Canadian and Parliamentarian, I suppose in this place the first parliamentarian. He is one of the most eloquent men here, and he has made our chamber and our political process a richer thing by his presence.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I too want to make a few remarks with regard to Bill C-32—

Mr. Knowles (Winnipeg North Centre): Bill C-234.

Mr. Dionne (Northumberland-Miramichi): Bill C-234, I am sorry, Mr. Speaker. I must be suffering from dyslexia today.

Before going directly to the bill, I would like to add my voice to those who have already expressed to the hon. member for Hillsborough (Mr. Macquarrie) their very good wishes for when he retires from politics and goes back to the academic life. I am pleased that he will be taking up residence in my native province. I am also pleased to know that he will be taking up residence in an area whre my party is strong, and he will probably have little political influence. I hope, however, that he has a great influence—and I know he will—on those who enter his classroom and who partake of his wisdom. I wish him well.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): It has been noted already that the quality of debate seems to be better in this chamber on Fridays, and I am not sure why that is. The hon. member for Winnipeg North Centre (Mr. Knowles) has suggested that we pass a bill here declaring all days to be Friday for the purpose of debate. I think that might be a good idea because on at least two days this week the opposition parties in this House tried to give us heritage day without passing a bill. Maybe that would get rid of these silly motions to adjourn the House which waste our time.

Some hon. Members: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): I also want to differ a bit with my hon. friend from Hillsborough in taking credit for Scotland for producing St. Patrick. He is known as a scholar, and I hesitate to argue with him on this point, but the research I have done on this venerable man—I am referring to St. Patrick, not the hon. member for Hillsborough—indicates he was born in France. It makes no great deal of difference to me, since some of my ancestors came from France, some came from Scotland and some came from Ireland. I am one of those people who is a mixture.

I think it is important, Mr. Speaker, when speaking to this bill dealing with our national heritage that we mention, even if briefly, that such a day as national heritage day might move Canadians to call to mind the contribution that has been made to this country by our native people, by the Indians and the Inuit. Perhaps that would serve as a point of focus to bring the culture and heritage of those people more to the minds of other Canadians. It would certainly be advantageous for the country.

I support the idea of a national heritage day, but I wonder if declaring a holiday is the proper way to do it. I wonder whether, Mr. Speaker, if in the classrooms of this nation on a designated day all the teachers of this nation were to spend that day developing projects looking back into history, showing films or slide presentations, or having the students themselves develop ideas on the heritage of Canada—on the great people to whom the hon. member for Hillsborough referred, and others whom time does not permit mentioning here today—that would not do more to focus attention on the richness, the wealth and the diversity of the heritage that is ours. Therefore, I question the validity of making the day a holiday.

I am also wondering if this in fact is an appropriate time, in view of the difficult economic situation in which we in Canada find ourselves at the moment—

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. The hour appointed for the consideration of private members' business has now expired. It being five o'clock, this House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

Heritage Day

At 5 p.m. the House adjourned without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 20, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

MIDDLE EAST—CANADIAN PEACEKEEPING FORCE—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House on a motion relating to a matter of urgent and pressing necessity. In view of the resolution passed yesterday by the Security Council of the United Nations proposing a UN force to confirm an Israeli withdrawal from southern Lebanon and supervise a ceasefire, thus leading to the demilitarized character of the area, I move, seconded by the right hon. member for Prince Albert (Mr. Diefenbaker):

That this House advise the Canadian government of its support for the UN resolution; and calls upon the government to indicate to the United Nations its readiness to send an appropriate number of Canadian troops to a mission that would be clearly defined as peacekeeping between the Palestinians and the Israelis in an effort to build the conditions for permanent peace in the Middle East.

Mr. Speaker: Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Diefenbaker: The Prime Minister said no.

Mr. Trudeau: I said no, yes.

Mr. Diefenbaker: I wanted to identify him.

* * *

STATUS OF WOMEN

GOVERNMENT URGED TO END DISCRIMINATION AGAINST WOMEN IN WORK FORCE—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I rise under Standing Order 43 on a matter of pressing and urgent necessity relating to the discriminatory tax laws against the increasing number of married women who work full time on unincorporated family farms, fishing operations and small businesses.

In view of the fact that a proposal to redress this inequity was included in a series of amendments on women's rights put forward recently by this party, which members of the government rejected in total while showing some sympathy for this particular proposal, and in order to give the House an opportunity to address itself to that specific proposal, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the government immediately act to end such discrimination by developing policies to encourage women's participation in unincorporated family farms and business by allowing the deduction of salaries paid to spouses.

Mr. Speaker: Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

INCREASE IN UNEMPLOYMENT RATE FOR WOMEN—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that labour force statistics released a few days ago reflected a further increase in the unemployment rate for women reaching an official level of 10.1 per cent, or 412,000, and considering the unofficial rate of unemployment for women has now reached 16.8 per cent, or 740,000, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the government to bring in, as part of an over-all new package to deal with our unemployment crisis, specific measures to change this discriminatory situation for Canadian women.

Mr. Speaker: Presentation of such a motion for discussion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

THE CONSTITUTION

PROPOSED ADOPTION OF NEW CONSTITUTION ASSURING EQUAL RIGHTS AND PRIVILEGES—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I consider this day, March 20, 1978, an historic day for Canada.

Under the provisions of Standing Order 43, I request the unanimous consent of the House to present a motion on an important and urgent matter.

Since, for the future of Canada, it is essential that parliament recognize that all Canadians, whether from the east or from the west, have equal rights and obligations as well as their own particular responsibilities, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That every single Canadian, regardless of the ethnic group to which he belongs, be recognized as having the same rights and privileges as all Canadian citizens, as of the day a new constitution is passed by the Canadian parliament after being duly recommended by the provinces and the Canadian people, following a referendum held on that new constitution and approved by the majority of Canadians, which constitution will in fact be a truly Canadian constitution for our country, Canada, as well as the creed of all Canadians, regardless of their ethnic origin.

Mr. Speaker: Order. Pursuant to Standing Order 43, such a motion cannot be put without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

INQUIRY OF THE MINISTRY

COMMITTEE OF MEDICAL MEN TO STUDY ALLEGED FORGETFULNESS OF CABINET MEMBERS—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the discovery of a substance called choline which is supposed to perform miraculous cures for senility and loss of memory, as noted in recent publications describing the work of Douglas Hospital's geriatric division, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That this House form a select committee of qualified medical practitioners, of whom there are several in this august chamber, to administer choline pills to the Prime Minister and those of his cabinet who have demonstrated great difficulty and, in some cases, a complete inability in recalling matters relating to so-called national security matters, income tax, immigration, dredging, nuclear exports, finance—indeed, those matters which in lieu of a meaningful freedom of information act they would ordinarily be expected to recall for the edification of the House and the people of Canada.

[Mr. Speaker.]

CANADIAN RADIO-TELEVISION COMMISSION

PROTEST AGAINST WITHDRAWAL OF SERVICES FROM CHURCHILL, MAN.—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact the CRTC found adequate grounds and funds for establishing CBC French television services in the community of Flin Flon, which has only 275 French speaking persons out of a total population of 9,345, and in The Pas, which has a French speaking population of 310 out of a total population of 6,095, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That this government urge the CRTC to revoke their decision allowing CBC English radio to withdraw station services from Churchill, Manitoba, a community of some 1,600 people.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

MIDDLE EAST—CANADIAN PEACEKEEPING FORCE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister. At the beginning, I must express my regret that the Prime Minister and the Secretary of State for External Affairs denied, once again, the right of the Parliament of Canada to become involved in a very important matter relating to external affairs when they uttered "no" to the resolution introduced under Standing Order 43.

I now ask the Prime Minister, as head of the Government of Canada, whether the government will support in a practical way the Security Council resolution of yesterday by making Canadian troops available to serve on the proposed United Nations' interim force in Lebanon.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, if I may answer that question by the hon. Leader of the Opposition, in the first instance, I should emphasize to him that had there been consultation in advance on the particular motion which he put, I would have been more than pleased, and the government would have been more than pleased, to devise mutually acceptable wording after we had had an opportunity to brief the hon. Leader of the Opposition on the circumstances that exist at the present time.

● (1417)

The position at the moment is that we have repeated our agreement in principle to participate in the peace-keeping force agreed to by the Security Council on Saturday. The problem at the moment without going beyond that is; first of all, we have not been asked; second, there are a number of questions with regard to the details of the mandate.

As I told the right hon. member for Prince Albert on Friday, we wish to be very sure that if Canadians are going to be used in this operation, they are going to be in as secure a position as possible under the circumstances and, also, that they will have the capability of carrying out that mandate. This is now being discussed in the Security Council at the United Nations. The next 24 hours or so should see the situation clarified. We will then be in a better position to decide whether we have the capability to carry out any task that may be asked of us.

Mr. Clark: Mr. Speaker, my supplementary question is to the Prime Minister. I must preface it by expressing regret that the government cannot learn to work within the rules of parliament and to discuss and respond to public business in the House of Commons. Can the Prime Minister advise whether the Government of Canada has received reasonable assurance that Israel is prepared to accept all of the provisions of the Security Council resolution?

Mr. Jamieson: At the moment, Mr. Speaker, the answer is no. This is one of the reasons we are not prepared at this time to make a positive and specific commitment even if asked, which I again emphasize we have not been. We have only heard from Prime Minister Begin in his statement upon arrival in the United States and from general assurances by various spokesmen within Israel that they are prepared to co-operate, although they have expressed very strong reservations about the efficacy of such a force.

Under these circumstances, therefore, we are waiting, as indeed are other members of the Security Council, for a categorical declaration by Israel that it is prepared to accept the ceasefire, and also that it is prepared to answer the United Nations Security Council demand for an immediate withdrawal from Lebanon.

Mr. Clark: My supplementary is to the Prime Minister, as the head of the Government of Canada. In the event that Canada does receive, and decides to accept, an invitation to be part of that peacekeeping force, would it be the intention of the Government of Canada to use Canadian troops which are presently with the United Nations disengagement observer force? Can the Prime Minister, as the head of the Government of Canada, advise whether that can be done without jeopardizing the strength of the mission on the Golan Heights?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, that is one of the forces we have in place there at the present time. The task has not been defined. We are looking at our capability, depending on what the request is from the United Nations.

Mr. Clark: Mr. Speaker, my final supplementary question is to the Prime Minister, as the head of the government. In considering its response to this Security Council resolution, is the Government of Canada considering proposing any time limit upon the commitment of Canada's contribution and, if so, what would that time limit be?

Mr. Jamieson: Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Jamieson: May I say in answer to this particular ploy on the part of the Leader of the Opposition that if he would allow some of his colleagues to participate, we might get better questions.

Some hon. Members: Hear, hear!

Mr. Jamieson: The time limit as proposed for the Lebanon force has been a matter of six months. That is the time that is stated in the resolution. There is, however, a prior suggestion, namely, for a two-week involvement by existing forces in the area, particularly those of Sweden and Austria, and possibly others, which would move in on a preliminary basis to more or less pave the way for the larger and more permanent force. It is anticipated that this would involve a period of two weeks. It is in that connection that a tentative proposal has been put forward for Canadian logistical support, from forces now on the ground in the Middle East, for that particular movement.

● (1422)

It is this complex of proposals which, I emphasize once again, is taking some time to clarify and that is the reason why it is not possible at this time to state with precision what the involvement of Canada is going to be.

POSSIBLE HARASSMENT OF PEACEKEEPING FORCES BY PLO

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. If Israel disengages, what assurances would be forthcoming from the forces to the north of the disengagement area? The PLO is not recognized, and Lebanon seems unable to guarantee the situation in that area, so the peacekeeping forces might well find themselves harassed and engaged by the PLO or their friends. What assurance is there that they will be controllable by the peacekeeping forces?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, that is the most sensible question asked this afternoon. It makes, by the way, a total mockery of the motion originally introduced by the Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. Jamieson: It is precisely because such questions have not been answered that we are reluctant to commit Canadian forces to what could be a very precarious situation. That is why the resolution was not acceptable to this side of the House. It ought not to have been put in the way it was by the

Leader of the Opposition and supported by the right hon. member for Prince Albert.

To answer the hon. member's question, this is one of the matters we are now seeking to have clarified, that is, what acceptance will there be by the PLO of the legitimacy and the rights of whatever peacekeeping force is put in place, so that there will not be attempted incursions by the PLO who might disregard the peacekeeping forces. There is also the question of what is described as the so-called Arab peacekeeping force, the Syrians to the north of the red line on the Litani River. Once these matters are resolved, it will be easier to reach a final decision.

Mr. McKinnon: It takes a considerable length of time to get these questions through when the minister sees fit to indulge in political argument in the middle of his answers.

Some hon. Members: Oh, oh!

Mr. McKinnon: Can the minister tell the House whether we are offering logistic troops, administrative troops and combat troops—the whole lot—if they want them, or whether we have restricted our offer to logistic troops only? At the same time, would the hon. gentleman undertake to come before parliament for approval of the Canadian contribution before troops are finally committed in this area?

Mr. Jamieson: Mr. Speaker, to be precise, we are not offering anything at the moment. All we have said is that we are prepared to make a contribution if it is deemed we have the capability to do so. Again, it is for the reasons the hon. gentleman outlined that we have adopted this stance. If, for example, our role is to be largely logistical, we would have to examine that request in light of the responsibilities we now have in Ismailia and on the Golan Heights. We could not substantially expand our logistical support beyond that at the present time.

One of the suggestions I have made, with the concurrence of my colleague, the Minister of National Defence—and one which the United Nations has accepted—is that the whole program be examined in light of an over-all theatre approach. In other words, there would be some co-ordination between the new force and those already in place on the Golan and in the Sinai. If that were to be done, it is quite possible the Canadian logistical capability might be of some value in that kind of context. Once again, I think it important to re-emphasize that the decision was made only yesterday. This is an enormously complex and precarious kind of situation, and we want to be very sure before making any long-term or permanent commitment.

[Mr. Jamieson.]

• (1427)

EMPLOYMENT

REPORTED UNDERREPRESENTATION OF WOMEN IN CANADA MANPOWER TRAINING PROGRAMS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, whatever one might say about the questions which are being asked, the answers are certainly getting longer, if not better. I would like to direct my question to the Minister of Employment and Immigration. He will recall that two weeks ago my colleague, the hon. member for Winnipeg North Centre, asked whether he had received the report of the Advisory Council on the Status of Women which, among other things, indicated that women in Canada Manpower training programs are underrepresented in apprenticeship and skill training programs. At the same time, the report pointed out that sex stereotyping is still practised by Manpower centres in many parts of the country, so that women are underrepresented in courses for managerial and administrative positions. In light of that, has the minister in the last couple of weeks had a chance to read this important report and, if so, has he acted upon it, particularly with reference to these central concerns which are expressed?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, first I should like to welcome back the leader of the New Democratic Party.

Some hon. Members: Hear, hear!

Mr. Cullen: I am pleased to see him looking so well. I might indicate, with tongue in cheek, that he might have got his hernia from carrying around the inflated statistics he throws at me every once in a while.

Some hon. Members: Oh, oh!

Mr. Cullen: In more serious vein, I did in fact read the report referred to by the hon. member. The statistics are not quite in line with those we have in our department. In language and upgrading courses, the percentages of women were 54.6 per cent and 54.8 per cent. In basic training and skill development, we spent about $123 million: about $68 million of that was spent on women. In language courses, $15 million of $28 million was spent on women. In skill training, the figure was $85 million of $213 million. I agree with the statistics in the report with regard to the apprenticeship program, where we spent close to $80 million but only about $2.5 million on women.

I am not certain whether that is because women were not applying, or because they were taking the wrong attitude toward the apprenticeship program; but that area does warrant looking into.

Mr. Broadbent: Mr. Speaker, if the minister reads the report, he will find it was not because women were not applying for courses in these areas; it was because of the attitudes being taken by officials in terms of not encouraging

women to go into these kinds of training programs. Perhaps he will check that out.

I would like to ask the minister a second question which is directly related to women and the Canadian economy. The minister will recall that in a recent statement he prepared for members of the Liberal caucus, he implied that unemployment among Canadian women does not really matter because, to use his phrase, they are, in the main, secondary members of the labour force. Since that incorrect statement was made some time ago in a report to the Liberal caucus and it was brought to the attention of the House in debate just a short time ago, has the minister had time to consider the fact that about 40 per cent of the Canadian labour force is made up of women?

Has the minister considered that almost half of that 40 per cent are the heads of single-parent families and are working as a matter of necessity? If so, will he take this opportunity to correct the incorrect information he passed on to the Liberal caucus and to make it clear to the people of Canada, particularly Canadian women, that they have the same rights in the economy as men?

Mr. Cullen: Mr. Speaker, the only error is the interpretation the hon. member has placed on that particular statement. The statement indicated that we were comparing unemployment statistics in the present situation and in the 1960s with the situation in the depression years. We indicated that because of unemployment insurance and other programs, and the fact that many of the people who were laid off were actually secondary and tertiary earners, that did not have the same impact as it did in the thirties.

However, we were not suggesting that many secondary and, for that matter, tertiary wage earners do not have to work for room and board and a decent standard of living. We were not suggesting that it was not important, but simply that the impact today is not the same as it was in the thirties.

● (1432)

Mr. Broadbent: Mr. Speaker, considering the fact that the families of almost half the married women who are working would be at the poverty level in Canada without those incomes, and considering that this is an important part of the Canadian economy, does the minister not realize the type of statement he made before the Liberal caucus, which implies something to the contrary, really constitutes a discriminatory statement in its implications about Canadian women and the important roles they play for their families in the economy?

Mr. Cullen: Mr. Speaker, no one, least of all this particular minister, would underestimate the importance of a secondary wage earner. In 40, 50, 60 or, for that matter, 100 per cent of the cases they are out working because they want to work. In many instances they are out working because they have to. I have never downgraded that. Simply, I point out in that statement, in comparing it to the thirties, that there were wage earners in families plus the other assistances which were available: it did not have as dramatic an effect as it had in the thirties. That was the sole point. To suggest that it is improper, not right, or is not damaging for women not to be in the work force is just a misinterpretation of what is in that report. I gather the hon. member has a copy; I did not know he came that close to the Liberal caucus.

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[*Translation*]

NATIONAL UNITY

REQUEST FOR MEASURES TO FAVOUR EXCHANGE BETWEEN FRANCOPHONES AND ANGLOPHONES

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is directed to the right hon. Prime Minister and deals with the young people of Canada.

As I said recently in a motion, there is deep unrest between Francophones and Anglophones and since there is hardly any communication between both groups, it is easy to understand the differences of opinion between them. Given Canada's large deficit due to money spent abroad by Canadians, which ran to something like $1.7 billion in 1977-78, and also given that Canadians would find it highly profitable to know better their fellow citizens of different language and various parts of the country, which would eliminate the unrest which causes the gap between French-speaking and English-speaking Canadians who obviously do not know enough about each other, would the right hon. Prime Minister tell the House whether his government intends to bring in a new policy or new youth exchange programs, especially as far as university students are concerned, in order to increase the number of exchanges between young Canadians from coast to coast?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is clear that the federal government believes in these exchanges since we already have a very large number of programs to that effect; however, we do not have any new measures or programs to announce at the present time.

Mr. Beaudoin: Mr. Speaker, could the right hon. Prime Minister tell the House whether, given the present circumstances and the discomfort felt, everyone, including older people, he intends to bring in new policies or ideas to express at last the wishes of the federal government towards a better understanding in the country?

Mr. Trudeau: Mr. Speaker, I think the hon. member will remember that several months ago we had a debate on this subject. We also established a commission to report on this, and the Robarts-Pepin inquiry commision went all over the country. They heard many representations on this subject. So we are waiting for an interim report and a possible report which we shall be able to discuss in parliament.

[*English*]

EXTERNAL AFFAIRS

REPRESENTATIONS TO USSR RESPECTING EMIGRATION OF SOVIET NATIONALS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. I ask him whether recently—I mean, within the last three or four weeks—the Government of Canada has been in touch with the Soviet Union asking the permission of that country to give unhampered immigration to all who have committed no crime to the state but foresee in the Soviet Union a life of intolerable discrimination.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am not sure of the precise wording of the right hon. member's question. For example, my colleague, the Minister of State for Multiculturalism, met with the Soviet ambassador at Belgrade about two weeks ago, at which time it sounds to me that the representations made to the ambassador were essentially along the lines referred to by the right hon. member.

In any event, I know the burden of his representations was that the Soviets ought to be more forthcoming and prepared to allow the exit from the Soviet Union of persons such as those to whom the right hon. member has referred.

Mr. Diefenbaker: Mr. Speaker, would the minister indicate what the reaction was? Was it the same attitude of indifference to such representations that the Soviet Union has followed continually over the last seven or eight years?

Mr. Jamieson: Mr. Speaker, the right hon. member might wish to ask a specific question of the Minister of State for Multiculturalism as to what the response was. Upon his return, he advised me that there had been some receptivity, although I gathered from the minister's report to me that it was not something which caused him great jubilation.

Mr. Diefenbaker: Mr. Speaker, I ask the hon. Minister of State for Multiculturalism whether the reply on the part of the U.S.S.R. gave him no cause for jubilation but, rather, one of continued humiliation at the refusal of the U.S.S.R. to act?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I had no reason in my trip to Belgrade to be humiliated in any respect whatsoever.

Some hon. Members: Oh, oh!

Mr. Cafik: I made representations to Mr. Vorontsov, who is head of the Soviet delegation to the Conference on Security and Co-operation in Europe. During that straightforward meeting, I suggested to the ambassador that they give consideration to establishing a more effective mechanism whereby we could deal with human right's violations in that country which were of particular concern to this government. Mr. Vorontsov indicated that he was prepared to make representations to his superiors in Moscow in the hope they would accept a lower level of activity in terms of dealing with it on not so much a government to government relationship, but official to official, in order to cut through the red tape and, hopefully, be able to arrive at a more expeditious treatment of access to travelling from one country to the other. I felt quite pleased at the response he made and hoped that in our discussions later on we would establish such a mechanism which would be beneficial to Canadians and to the human rights issue in the Soviet Union.

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STATUS OF WOMEN

DISCRIMINATION AGAINST WOMEN IN CAP PROGRAM

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the minister responsible for the Status of Women. It relates to the obvious difficulties in the Career Assignment Program of the public service. Between 1968 and 1976, only 71 women have participated—which is roughly 10.3 per cent—even though they make up 33 per cent of the labour force in the public service.

In view of the fact that the co-ordinator for the Status of Women, who serves directly under the minister, has indicated to me that the Public Service Commission has found it difficult to obtain even 10 per cent female participation in CAP, and that part of this problem lies with the managers who have the responsibility of recommending women for this program, will the minister describe and indicate, in view of the answer given to me by the chairman of the Public Service Commission, what special measures are being taken to inform women of CAP and what steps are being taken to encourage managers to make use of this program and overcome the very serious discrimination which obviously exists in this important area?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I wish to thank the hon. member for raising this question again. I have also discussed this matter with senior officials of the Public Service Commission. They pointed out substantially the same problem which has been indicated by the hon. member. I have urged them to take additional and special steps to bring this matter to the attention of the management of the various departments. I have been advised that such steps have already been taken. All the deputy ministers have been advised that the Public Service Commission and the government attach great importance to recruiting and attracting more women to that particular program.

I do not remember if the figure quoted by the hon. member is the exact percentage. The percentage I was given was higher than the one he gave. Nonetheless, the problem remains, whatever the percentage is. During the course of last week, Treasury Board reviewed the various proposals made by the various departments as to the opportunities for women in the public service. It has taken certain decisions which I believe will be of great interest and importance in terms of stimulating even further the opportunities for women in the public service.

The various departments will be informed about those decisions as soon as Treasury Board has processed them.

Mr. MacDonald (Egmont): Mr. Speaker, first of all, in view of the statement with respect to special measures, I hope the minister can give us a more detailed indication of what these steps by deputy ministers might be, so there can be some real assurance in this area.

● (1442)

Having regard to the further initiatives being taken by Treasury Board covering the employment of women generally in the public service, and the fact that more than 100,000 women are in fact directly concerned or affected by these possible measures, and the annual accounting that has taken place for Treasury Board regarding the equal opportunity program since 1975, on March 8 the minister indicated to me he would give serious consideration to making public those plans presently in effect, plus these additional ones now being implemented by Treasury Board, would the minister now give some clear indication when he will be able to make a public statement on this matter, giving some public indication so we will know that effective steps are, in fact, being taken?

Mr. Lalonde: Mr. Speaker, perhaps the President of the Treasury Board will want to expand on this. The only thing I can tell the hon. member is that we have, indeed, decided to make these figures available. I understand the President of the Treasury Board is reviewing the appropriate time and method of making them available. This is a matter of compiling and getting the information translated. As far as the availability of the information and the content of the plans of the various departments is concerned, the government has agreed to make the information available on a regular basis as soon as it is available.

Mr. MacDonald (Egmont): Mr. Speaker, in view of the fact there are new plans which will now be made public, as I understand from the Minister responsible for the Status of Women, and in view of the fact it is not yet clear whether the accounting that has taken place on an annual basis—which has basically been internal up to now, and that is important information in terms of where progress has and has not been made and for what reasons—will also be made public in order that we will have a full picture of what has been happening since we instituted programs in 1975, would the President of the Treasury Board indicate what further measures will obviously be necessary in order to achieve effective opportunities for women in the public service?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, that is under consideration. I will be completing my examination of it in the near future and will advise the hon. member.

Oral Questions

CANADA WORKS PROGRAM

EXTENSION AND FUNDING OF PROGRAM

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. In view of the importance of the Canada Works Program to many communities across the country in the creation of employment and the carrying out of projects, would the minister tell us whether there is going to be a cycle of the program later this summer, what the deadline for applications will be, and how much funding will be provided for this program?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have written to each member of parliament on the Young Canada Works Program and the date involved. In so far as the Canada Works Program is concerned, applications will be available in April of 1978, and June 24, 1978, is the application deadline. Projects will commence in September.

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INDIAN AFFAIRS

AVAILABILITY TO NATIVE WOMEN'S GROUPS OF DOCUMENTS ON HISTORY OF INDIAN ACT

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. In view of the fact that the federal government has committed funds to the Indian Rights for Indian Women's Association to research their present status under the Indian Act, especially as it applies to section 10 and section 12(1)(B), I should like to ask what steps the minister is taking to reverse the statements made over the weekend by an employee of the department, Dr. Katie Cooke, to the effect that native women's groups will not be allowed or able to obtain documents on the history of the Indian Act. And will the minister assure the House that the information will be forthcoming to Indian women's groups?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, that appears to me to be a perfectly reasonable request. I will be pleased to look into it. I was not aware of the statement by Dr. Cooke.

Miss MacDonald: Mr. Speaker, given the recent statement by the president of the National Indian Brotherhood that the joint cabinet-NIB committee revising the Indian Act is, as he says, "a farce, a process that is simply not working", and given the continuing discriminatory aspects of the present Indian Act—which is a matter of great concern both to the native people and many other Canadians—will the minister say whether this joint committee has yet set a deadline for its reporting procedures, or will it be setting a deadline on when its work shall be completed? Has it considered any kind of mechanism or any interim measures which might be taken until it reports, in order to relieve discriminatory aspects against Indian women?

Mr. Faulkner: Mr. Speaker, I am surprised by the alleged comments of the president of the Indian Brotherhood. He and I have met on several occasions regarding the work of the NIB-cabinet committee. I indicated to him that I want some results from that process by the next full meetings in June. He indicated to me that was his intention as well. We both agreed that progress to date had not been substantial. My intention is to work with him and he, in turn, with the executive council, in an attempt to establish reasonable targets that might emerge at the meetings in June. That is my intention now.

We also indicated to the NIB and members of the executive committee—I say "we" because members of the cabinet participated in that meeting—that we thought, whatever we addressed in respect of amending the Indian Act, the one item that certainly would be part of it even if we did not want it to be part—and we do—is the question affecting the rights of Indian women. They know that. It is on the agenda of the NIB-cabinet committee and I hope to be able to deal with it in June.

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CANADIAN HUMAN RIGHTS ACT

DATE OF ESTABLISHMENT OF GUIDELINES UNDER LEGISLATION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Minister of Justice. In view of the fact that even though part I of the Canadian Human Rights Act was proclaimed as at March 1, the provisions of section 11, having to do with equal pay for work of equal value, will not come into effect until the guidelines have been established, can the Minister of Justice undertake that those guidelines will be established not later than June 1?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, section 11 is in effect. That is to say, there is no further action required by the government to proclaim section 11; it has been proclaimed. The Human Rights commission has informed me that it is working on the preparation of guidelines and has a number of committees which have been meeting for some months, as a matter of fact, on the development of guidelines, so that on June 1 it will be able, as a Human Rights commission, to deal with complaints made to it about equal pay for work of equal value.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Minister of Justice, although this one may involve the President of the Treasury Board as well? In view of the fact that there seems to be some conflict between clause 6 of Bill C-28, the amendments to the Public Service Staff Relations Act, and the Canadian Human Rights Act, in that the latter act lays down provisions for equal pay for women, will the two ministers look at clause 6 of Bill C-28 to see whether it qualifies under the provisions of the Canadian Human Rights Act and, in fact, whether it qualifies under the Canadian Bill of Rights?

[Miss MacDonald.]

Mr. Basford: Yes, Mr. Speaker, and I suspect we will not have any difficulty in being able to arrange to talk about it.

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NATURAL RESOURCES

FEDERAL-PROVINCIAL DISCUSSIONS ON EQUITY OF MINING TAX

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister. Following the Mining Association's suggestion last week that it would like to see a level of taxation for the industry in Canada that is lowered perhaps to 50 per cent initially and, hopefully, to 45 per cent eventually, will the government take the lead in following the suggestion of the association to hold joint meetings among the provincial and federal governments with a view to seeing if there could not be a more equitable tax treatment of our mining companies?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I was not at that particular brief presentation, although afterwards I did meet some of the members of the Mining Association. I reminded them, as I believe the ministers did, that in fact when the first ministers and myself met in the middle of February we agreed that further meetings and work should be done on the tax question regarding the mining industry.

Our point of view—and the House knows it—is that the federal government has not substantially increased its participation in the tax returns, but the provinces have considerably. However, we are prepared to seek some form of accommodation. I assured representatives of the mining industry that we would be following up on decisions taken in February to have further meetings with the provinces. They may have begun, but I would have to have a report from the Minister of Finance.

● (1452)

Mr. Stevens: A supplementary question, again to the Prime Minister. As the Minister of Energy, Mines and Resources, following the suggestion made by the Mining Association, commented that there may be room for the establishment of still further international mineral cartels, would the Prime Minister indicate if it is government policy to have more international mineral cartels and, if so, have any meetings been held in secret with industry or with other countries with a view to establishing this type of cartel arrangement?

Mr. Trudeau: Mr. Speaker, on the part of the government a position has been taken in the case of the uranium cartel. The hon. member knows something about that. It was that, when we are faced with restrictive competitive positions on the part of other countries, and when these positions of other countries of a cartel-like nature endanger Canadian jobs, we will not, as a matter of principle, hesitate to use our own cartel arrangement. That is the principle of it.

I have no knowledge of any preparation within government to seek any other such cartels, but if we do, the Minister of Energy, Mines and Resources could certainly point them out.

Mr. Stevens: A final supplementary question, Mr. Speaker, for the Prime Minister. If he learns of any plans to set up another international cartel in any mineral field, would he assure the House that this time they will protect the consumer in Canada against whatever price is dictated by the cartel? In particular, would he indicate how they will protect the Canadian consumer, bearing in mind how the consumer has now been ravaged—certainly in the province of Ontario—as a result of the uranium cartel conspired in by his own government?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, with your permission, I should like to deal with this question. The hon. member has put words into my mouth. I never said anything about creating new international cartels; the hon. member knows that perfectly well. That is a particular technique which he has become famous for, to invent a phrase or take one that someone else uses, and put it in a minister's mouth.

Let me make quite clear what I did say, because I think it is important for the Canadian people. I said that the mining industry—this is what the mining industry has been telling me—has been facing some very serious international questions such as deterioration of international markets. I put it to the mining industry that it would be in the interest of Canada if we were to start some new initiatives with respect to other countries so affected.

It seemed to me that the international negotiations with respect to the copper industry might be something which we could consider in other areas as well. The hon. member is concerned about the industry, and I know that he is also concerned about consumers, but he should recognize that consumers are also workers. Unless there is a market for Canadian products, consumers will suffer.

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TRANSPORT

GOVERNMENT ACCEPTANCE OF RECOMMENDATIONS OF SNAVELY COMMISSION

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I have a question for the Minister of Transport which arises out of the latest report of the Snavely commission. I am sure that by now the minister has had an opportunity to examine the report, particularly those areas which deal with the implementation of the recommendations of the Hall report. Could the minister tell the House if the government agrees with the Snavely conclusions and if it is contemplating any action based on those conclusions? If so, in what areas?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, while I have had a chance to begin to look at the report, I could not say that the government has arrived at any conclusions about it. Of course, we have had more time to look at the main recommendations of the Hall commission report, and some of the Snavely commission work is directly related to that.

At a meeting today with representatives of the railway labour unions, I indicated that it was completely consistent with standing government policy to suggest that because grain is carried at a rate below cost, there follows a governmental obligation to make up the difference rather than have it borne by the system. I also indicated that facing up to that additional payment to the railways was beyond our capabilities in these days of fiscal restraint. What we had done, instead, was the most important job of beginning the work of rehabilitating the rail lines. We had earlier committed $100 million to that program but, of course, only ten days ago had committed to a continuation of that program so that when the work is complete every line transfer to the basic rail network, every one of those grain-dependent lines remaining on the prairies—and there will be many of them—will be in first-class shape.

Mr. Mazankowski: A supplementary question, Mr. Speaker. Am I to take it from the minister's answer that, while he agrees with the recommendations of Mr. Justice Hall that the railways should be paid the actual cost of delivering the grain, he does not agree that the federal government should pick up the difference? I presume, therefore, that he agrees with the conclusions of Mr. Snavely. May I ask the minister when we can expect a clear, categorical statement, with respect to this very central recommendation of the Hall report, on whether the government is going to accept that total package and, if not, why not?

Mr. Lang: Mr. Speaker, the hon. member for Vegreville has got it exactly wrong. I indicated it was very clearly government policy even before Mr. Hall spoke, that when a lower charge or lower revenue is imposed upon a transportation system as a matter of government policy, then the government agrees that it should take up the difference. That, of course, is a situation which has existed for some time with the Crow rate at a low rate. The Hall recommendation is clearly being carried out as that rate continues. The question arises, then, when will the government agree to pay the difference between the Crow rate and cost?

I indicated earlier that it was our policy, basically, to move in that direction, as our broad policy statements have made it clear, but that as a matter of fiscal restraint it was not possible to do that now. I would hope hon. members would appreciate that what we have done is put the money into the hands of the railways when, dollar for dollar, they then spend it on programs for upgrading and rebuilding the rail line. We have not put into their hands the extra money to make up losses or lack of profit in handling grain. That, frankly, has to wait for another day when the treasury is not under such fiscal restraint as it is today.

Oral Questions

ADMINISTRATION OF JUSTICE

PROSECUTIONS UNDER OFFICIAL SECRETS ACT

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is addressed to the Minister of Justice as Attorney General for Canada. I should like to ask him about his apparent lack of consistency in singling out the Toronto *Sun* for prosecution under the Official Secrets Act—a very regressive step, in my opinion—and not taking a similar step with CTV, which essentially publicized the same data.

Is it because the Toronto *Sun*, like the hon. member for Leeds, is a critic of the government and only one of several independent news agencies or papers, while the CTV is the only national, independent television network? Would the minister indicate why he chose the Toronto *Sun* only?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, if I may say so, the question is somewhat beneath the hon. member.

An hon. Member: No, it is not.

Mr. Basford: Without going into the details—which would be improper on my part—the cases are quite different.

Mr. MacKay: A supplementary question, Mr. Speaker. Would the minister not agree that the data used by the Toronto *Sun* and CTV was essentially the same? Would he also not agree that the situation is really disclosing an indictment of the government's failure in acting to protect Canada's national interests rather than anything that could possibly be interpreted as against Canada's interests? Would the minister not agree that this is a very, very questionable prosecution in view of the wide distribution of this so-called official material?

Mr. Basford: Mr. Speaker, I have not seen the CTV program to which the hon. member refers.

An hon. Member: How do you know it is different?

Mr. Basford: The reports from my officials and others are of a different nature. On the last part of the hon. member's question, obviously I am not going to start commenting on the case that is now before the courts, with regard to the Toronto *Sun*. I am not commenting on it either in this House or outside. There is a trial to be held and the prospect of a jury to be empanelled. I would ask hon. members to be restrained in the comments they make about it, so that the accused and the issues of law that are in question can be heard properly by a court. As I said on Friday, these are issues to be determined by a court.

[Mr. Lang.]

• (1502)

INDIAN AFFAIRS

NORTHERN PIPELINE—WITHDRAWAL OF B.C. GOVERNMENT FROM COMMITMENT ON LAND CLAIMS

Mr. Jack Pearsall (Coast Chilcotin): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. Last week, at a hearing of the special pipeline committee, a document prepared in the office of native claims was produced which made reference to a withdrawal on the part of the B.C. government from its commitment to the negotiation of Indian land claims, and which has since been published in the Vancouver papers. Would the minister inform the House whether there is substance to this report?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I thank the hon. member for the question. There is no substance to the report. There was some uncertainty, in November, as to what the province's intentions were in respect of the settlement of outstanding claims in British Columbia. I subsequently had a meeting in January with the minister, Mr. Allan Williams. Since that meeting, I think there is an understanding between the two governments and an earnest attempt to try to deal with the Nishga claims and, hopefully others.

There have been two or three meetings involving the three parties to the claims, the provincial government, the federal government and representatives of the Nishga people. There is no substance in that document, Mr. Speaker. Negotiations are proceeding well in British Columbia.

* * *

PUBLIC SERVICE

REPORT ON EMPLOYMENT OF HANDICAPPED PERSONS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the President of the Treasury Board. It is the third time that I have asked the President of the Treasury Board when he will be tabling in this House the report of the Public Service Commission from the secretariat of his department dealing with the problems of handicapped people entering into and performing within the Public Service of Canada. It is the third time I have asked him to table the report. When is he going to table the report?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the hon. member, on the third occasion, will be lucky. I intend to table this report either tomorrow or on April 4. It will probably be tomorrow, but if not it will be April 4 because there is a recess in between.

PRIVILEGE

MR. SYMES—ALTERATION IN OFFICIAL HANSARD RECORD

Mr. Speaker: Order, please. On Friday the hon. member for Sault Ste. Marie (Mr. Symes) raised, by way of a question of privilege, an apparent alteration to *Hansard* during the course of the preparation of the "blues" as they have been commonly referred to in our practice, by the hon. Secretary of State (Mr. Roberts).

The matter, as I indicated then, is rather fundamental to our procedures here, and our practices in recording the proceedings. I undertook to examine the circumstances to determine what in fact had occurred. On Friday the Secretary of State contributed his own intervention and indicated that indeed he had added the words, which were allegedly added, as stated by the hon. member for Sault Ste. Marie. He explained to the House his reasons for doing so.

The privilege of members in making alterations of this sort to *Hansard*, or the editors in making alterations of any sort to *Hansard*, is a long established practice of the House. To put upon members the stricture that the words would be recorded exactly as they were spoken sometimes would produce a printed text which would require punctuation and other assistances of a grammatical nature to make it intelligible.

Some hon. Members: Hear, hear!

Mr. Speaker: I say that very seriously. All of us in making speeches in the House, of course, speak faster and faster and have in our minds ideas which we want to express. Sometimes the actual words used are not as clear as the ideas. It has been a long established practice that there are often cases where words spoken when reported do not at all convey their meaning. Therefore, there has been some liberty in attempting to punctuate and add grammatical changes.

On the one hand I think it is well understood by all hon. members that it would be too difficult a stricture to produce the text without any of that kind of assistance. On the other hand, it has always been understood that the purpose of this procedure is not in any way to change the substance of the words which have been used by any member in debate. It has always been exercised in such a way, both on behalf of members of the House and on behalf of the Debates reporting staff, that it is accepted to clarify the expression that was intended, but not in any way to change the substance of the phrases spoken.

There is an obligation on members not to extend that exercise beyond its original intention. There is an even greater obligation upon the reporting staff and the editorial staff in Debates not to permit that kind of change to go beyond the original intention.

In the particular case raised by the hon. member for Sault Ste. Marie I cannot come to any other conclusion except that the addition of the words was more than simply grammatical. It changed the very substance of the answer which was given by the minister in the circumstances.

Point of Order—Mr. Daudlin

Perhaps our practice has become relaxed over time. Because this privilege does exist in the hands of members they may expect that, if they have reached too far, the editorial staff will correct them and reject that kind of change. This has some merit. I do understand that to a very great extent members do rely on the judgment of the editorial staff in that respect. They expect that if they have over-reached a matter, that it will be rejected by the editorial staff. I look upon that as a fundamental obligation, as part of the duties of the editorial staff. However, it is part of the duty which in this case I do not think was properly exercised.

In examining the events which have taken place I have an initial indication that it was not accidental on the part of the editorial staff, and I have isolated the cause. It is an administrative matter, under my jurisdiction, which needs more attention. I simply wanted to report to hon. members that I have taken the matter that far, and I will need some time to give it further consideration as to what action might have to take place.

I do not think under any circumstances I would have anything more to say in terms of the minister's actions than I have already said. Respecting the person on the editorial staff who was involved, I will be having more to say and do about that, and I will report it to the House in due course.

* * *

POINT OF ORDER

MR. DAUDLIN—USE OF TELEVISION CAMERAS

Mr. Speaker: The hon. member for Kent-Essex (Mr. Daudlin) raised the problem on Friday afternoon concerning the angle of a television camera that was used. We try to be very careful about the use of cameras.

We have not issued explicit written instructions in any way, because I think all hon. members would agree that it would be extremely difficult to codify the instructions to the camera operators. We have asked them, and we have received co-operation all the way through this experience, that they would use only the guiding principle that we were doing this as an electronic *Hansard* and that the operation ought to be of a high quality. I believe that all hon. members would agree with me that the camera operators and everybody associated with television in the House of Commons have kept that principle very much in the forefront of their minds and they have done an excellent job.

Some hon. Members: Hear, hear!

Mr. Speaker: In this particular instance I have explored the problem as the hon. member requested. There was, indeed, some justification for the use of the camera in that particular position and some technical reason for attempting to tee on the notes, not in an effort to bring the notes to the camera so as to expose them to the viewer, but simply to avoid having to change cameras rapidly, in the middle of a sentence, on a

particular member. It was not done as a gimmick or as a new exploration of a technique; it was done in good faith.

I am satisfied that the camera and production crews were attempting to do the proper thing. It did set a dangerous precedent though, and all of us are grateful that it was brought to our attention by the hon. member. It will keep us alert on a continuing basis to see that we are careful and faithful to the fundamental principle of electronic *Hansard* as we have been so far successfully.

* * *

● (1512)

[*Translation*]

PRIVILEGE

MR. LAMBERT (BELLECHASSE)—REQUEST FOR REVISION OF STANDING ORDER 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, again today we have witnessed something which has become a regular occurrence in the House, and the public watching the televised debates is wondering and asking us questions. I do wish we could give an adequate answer to the questions on the various standing orders governing our debates. Also, Mr. Speaker, I am pleased that the people of this country are voicing their opinion. That is extremely important, since we are spending millions to broadcast our debates so that Canadians may have a better understanding of the orders of the House, the reasons for a specific ruling or for the attitude of an hon. member regarding motions or orders or bills put before the House.

Mr. Speaker, I think that since the inception of parliamentary broadcasting, we as members of the House gladly put up with the physical inconvenience of glaring floodlights which considerably raise the temperature inside this chamber. As for me, Mr. Speaker, I accept that because I want Canadians to be more closely associated with the governing body in order to improve the efficiency of the government.

Mr. Speaker, you have been making tremendous efforts and I am very pleased to say so today, because you have a very difficult part to play. Through my question of privilege, I want to show all Canadians how difficult it is to perform this duty in an impartial way in order to give all representatives of this country, those I refer to as the delegates of the general assembly representing the whole country, the opportunity to be seen and heard. I hope all Canadians who will be listening to what I am saying will understand how difficult it is to deliberate in a democratic way under rules which do not provide us with the means of making ourselves understood. In this respect, Mr. Speaker, I would like to say a few words about Standing Order 43. This very day, I rose under the provisions of Standing Order 43, duly seconded as required by these provisions, to deal with a matter of urgent and pressing necessity, because we are precisely in a situation I would describe as panic over our national constitution, a constitution which should be the political creed of every Canadian, whatever his language and extraction. As Canadians, we should all have exactly the same political creed.

Mr. Speaker: The hon. member is discussing the motion he has proposed himself this afternoon under Standing Order 43. Surely this is not the moment to discuss the merits of the motion. It is simply a matter of raising the question of privilege. This raises a difficulty for all members of the House when a motion is moved under Standing Order 43. According to the rules of the House, every member has the right to deny unaninous consent. If the hon. member has another question of privilege to raise, I will listen to him carefully.

Mr. Lambert (Bellechasse): Thank you, Mr. Speaker. It is your duty to address these remarks to me, but as members of the House we must live daily with the application of Standing Order 43. This very day, Mr. Speaker, I moved a motion pursuant to Standing Order 43 on a matter of urgent and pressing necessity which concerns not only all parliamentarians, but all Canadians as well. If I rise on a question of privilege, it is because I deplore the fact that the opposition of only one member is enough to prevent the discussion of a motion under Standing Order 43. I remember that not so long ago, the right hon. member for Prince Albert (Mr. Diefenbaker) raised this matter. A few months ago, I had the opportunity myself to suggest that Standing Order 43 be reviewed. In conclusion, I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

> That this House refer to the Committee on Procedure and Organization for review the implementation of Standing Order 43, in order to ensure that the rules of democracy are strictly adhered to and that no single member is empowered under these provisions to go against the will of all the others.

I feel, Mr. Speaker, that ours is a democratic institution and that we should indeed give all its members the opportunity to deal objectively and positively with the motions put before the House. That is why I suggest that the motion I am now moving seconded by the hon. member for Témiscamingue, should be referred to the Committee on Procedure and Organization for a full study of the implementation of Standing Order 43.

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I support the request made by my colleague for Bellechasse (Mr. Lambert). In fact, the Chair has pointed out several times that there was abuse on the part of hon. members moving motions under Standing Order 43. If there is abuse in the presentation of motions under Standing Order 43, it is precisely because there is also abuse in the process of rejecting such motions.

Generally speaking, motions moved under Standing Order 43 are accepted, especially when they concern innocuous matters, for instance congratulations to the Montreal Canadiens when they win the Stanley Cup, to the Alouettes when they

win the Grey Cup and so on. We know that motions moved under Standing Order 43 must concern urgent and essential matters, but since government members take pleasure in always saying no without even identifying themselves, this prevents opposition members and even government members from moving motions under Standing Order 43 which could be debated in the case of an emergency on a given day or during a given period.

We therefore request that application of motions moved under Standing Order 43 be referred to the Committee on Procedure and Organization so that it may study the right to move such motions, and especially the right to refuse them, subject to identification of the one who refuses the request of the hon. member to hold a special debate. The one who refuses this request should identify himself. This is why we ask that the principle of motions moved under Standing Order 43 be referred to the Committee on Procedure and Organization for a serious study so that this motion may be used intelligently in the future.

Mr. Speaker: Order, please. The question raised by the hon. member for Bellechasse (Mr. Lambert) and supported by the hon. member for Témiscamingue is very important and it has been raised as a question of privilege, which requires examination on the part of the Chair. I shall give this motion careful consideration and reserve my judgment until later. I would first like to say that many suggestions aimed at improving our Standing Orders have been made in this regard. I therefore accept this excellent suggestion concerning the Standing Committee on Procedure and Organization, but I note that this does not really constitute a question of privilege. However, I shall study the matter.

● (1522)

ROUTINE PROCEEDINGS

[*English*]

BANK OF CANADA

TABLING OF ANNUAL REPORT

Hon. Otto E. Lang (Acting Minister of Finance): Mr. Speaker, pursuant to section 26(3) of the Bank of Canada Act I should like, as Acting Minister of Finance, to table copies in both official languages of the Annual Report of the Governor of the Bank of Canada to the Minister of Finance and the Statement of Accounts for the year 1977.

Order Paper Questions

CANADIAN CENTRE FOR OCCUPATIONAL HEALTH AND SAFETY ACT

MEASURE TO ESTABLISH NATIONAL INSTITUTE

Hon. Norman A. Cafik (for the Minister of Labour) moved for leave to introduce Bill C-35, to establish the Canadian Centre for Occupational Health and Safety.

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

* * *

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

Hon. Bud Cullen (for the Minister of Industry, Trade and Commerce) moved for leave to introduce Bill C-36, to amend the Export Development Act.

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

* * *

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-2, to amend the Canada Business Corporations Act, to which the concurrence of the House is desired.

I have the honour, also, to inform the House that a message has been received from the Senate that the Senate have passed Bill C-30, to grant Her Majesty certain sums of money for the year ending March 31, 1978.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 441, 681, 682, 736 to 741 inclusive, 757, 758, 947, 1,010 to 1,019 inclusive, 1,110, 1,228, and 1,289.

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

[*Text*]

EXPENDITURES BY DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 441—**Mr. Leggatt:**

For each fiscal year since 1970, what amount was spent in the constituency of New Westminster by the Department of Industry, Trade and Commerce and those agencies that report to it?

Order Paper Questions

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned:

Fiscal Year	Amount
1977/78*	$ 606,832
1976/77	448,759
1975/76	342,150
1974/75	1,107,031
1973/74	2,024,732
1972/73	2,276,099
1971/72	1,828,327
1970/71	1,494,214

*Period 1 April 77 to 22 February 78.

NUMBER OF PERSONS IN FREDERICTON, N.B. RECEIVING UNEMPLOYMENT INSURANCE

Question No. 681—**Mr. Howie:**

As of November 1, 1977, how many persons were receiving unemployment insurance from the Fredericton, New Brunswick office?

Hon. Bud Cullen (Minister of Employment and Immigration): Three thousand two hundred seven. Beneficiary statistics are gathered the third week of each month. The above figure therefore represents data gathered during the third week of October 1977.

PERSONS REGISTERED FOR EMPLOYMENT IN WOODSTOCK, FREDERICTON, MINTO, N.B.

Question No. 682—**Mr. Howie:**

On November 1, 1977, how many persons were registered for employment at each employment office in (a) Woodstock (b) Fredericton (c) Minto, New Brunswick?

Hon. Bud Cullen (Minister of Employment and Immigration): Number of clients registered for employment at the end of October 1977: (a) Woodstock 2,783; (b) Fredericton 5,535; (c) Minto 7,532. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

PERSONS REGISTERED FOR EMPLOYMENT IN MONCTON, N.B.

Question No. 736—**Mr. Howie:**

As of November 1, 1977, how many persons were registered for employment at the Employment and Immigration offices in Moncton, New Brunswick?

Hon. Bud Cullen (Minister of Employment and Immigration): At the end of October 1977, 15,157 persons were registered for employment at the Moncton office. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS IN MONCTON, N.B. RECEIVING UNEMPLOYMENT INSURANCE

Question No. 737—**Mr. Howie:**

As of November 1, 1977, how many persons were receiving unemployment insurance from the UIC office in Moncton, New Brunswick?

Hon. Bud Cullen (Minister of Employment and Immigration): Nine thousand one hundred fourty one. Beneficiary statistics are gathered the third week of each month. The above figure therefore represents data gathered during the third week of October 1977.

PERSONS REGISTERED FOR EMPLOYMENT IN BATHURST, N.B.

Question No. 738—**Mr. Howie:**

As of November 1, 1977, how many persons were registered for employment at the Employment and Immigration office in Bathurst, New Brunswick?

Hon. Bud Cullen (Minister of Employment and Immigration): At the end of October 1977, 9,539 persons were registered for employment at the Bathurst office. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS RECEIVING UNEMPLOYMENT INSURANCE IN BATHURST, N.B.

Question No. 739—**Mr. Howie:**

As of November 1, 1977, how many persons were receiving unemployment insurance from the UIC office in Bathurst, New Brunswick?

Hon. Bud Cullen (Minister of Employment and Immigration): Eight thousand five hundred fifty eight. Beneficiary statistics are gathered the third week of each month. The above figure therefore represents data gathered during the third week of October 1977.

PERSONS REGISTERED FOR EMPLOYMENT IN NEWCASTLE, CHATHAM, N.B.

Question No. 740—**Mr. Howie:**

As of November 1, 1977, how many persons were registered for employment at the Employment and Immigration offices in (a) Newcastle (b) Chatham, New Brunswick?

Hon. Bud Cullen (Minister of Employment and Immigration): Clients registered for employment at the end of October 1977: (a) Newcastle 3,124; (b) Chatham 3,965. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS RECEIVING UNEMPLOYMENT INSURANCE IN NEWCASTLE, N.B.

Question No. 741—**Mr. Howie:**

As of November 1, 1977, how many persons were receiving unemployment insurance from the UIC office in Newcastle, New Brunswick?

Hon. Bud Cullen (Minister of Employment and Immigration): Four thousand five hundred and twenty four. Beneficiary statistics are gathered the third week of each month. The above figure therefore represents data gathered during the third week of October 1977.

NOTE: "Client registration for Canada Manpower Centre files are kept in Newcastle and Chatham while Unemployment Insurance Claim files are only kept in Newcastle but also include claims from Chatham".

PERSONS REGISTERED FOR EMPLOYMENT IN SHERBROOKE, QUEBEC

Question No. 757—**Mr. Howie:**

On November 1, 1977, how many persons were registered for employment with the local employment office at Sherbrooke, Quebec?

Hon. Bud Cullen (Minister of Employment and Immigration): At the end of October 1977, 12,297 persons were registered for employment at the Sherbrooke office. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS RECEIVING UNEMPLOYMENT INSURANCE IN SHERBROOKE, QUEBEC

Question No. 758—**Mr. Howie:**

On November 1, 1977, how many persons at Sherbrooke, Quebec were receiving unemployment insurance?

Hon. Bud Cullen (Minister of Employment and Immigration): Eleven thousand four hundred ninety seven. Beneficiary statistics are gathered the third week of each month. The above figure therefore represents data gathered during the third week of October 1977.

PERSONS REGISTERED FOR EMPLOYMENT IN FREDERICTON, N.B.

Question No. 947—**Mr. Howie:**

On January 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Manpower Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Statistics are only available for the last day of each month. There were 6,610 persons registered on December 31, 1976. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. UNEMPLOYMENT INSURANCE OFFICE AS OF SEPTEMBER 1, 1977

Question No. 1,010—**Mr. Howie:**

On September 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Unemployment Insurance Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Five hundred twelve. This figure represents the number of regular claims allowed, which excludes those claimants in the categories of maternity, sickness or retirement who are not presently available for work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. UNEMPLOYMENT INSURANCE OFFICE AS OF JULY 1, 1977

Question No. 1,011—**Mr. Howie:**

On July 1, 1977 how many persons were registered for work at the Fredericton, New Brunswick Unemployment Insurance Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Five hundred four. This figure represents the number of regular claims allowed, which excludes those claimants in the categories of maternity, sickness or retirement who are not presently available for work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. UNEMPLOYMENT INSURANCE OFFICE AS OF MAY 1, 1977

Question No. 1,012—**Mr. Howie:**

On May 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Unemployment Insurance Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Six hundred four. This figure represents the number of regular claims allowed, which excludes those claimants in the categories of maternity, sickness or retirement who are not presently available for work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. UNEMPLOYMENT INSURANCE OFFICE AS OF MARCH 1, 1977

Question No. 1,013—**Mr. Howie:**

On March 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Unemployment Insurance Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Six hundred fourty six. This figure represents the number of regular claims allowed, which excludes those claimants in the categories of maternity, sickness or retirement who are not presently available for work.

Order Paper Questions

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. UNEMPLOYMENT INSURANCE OFFICE AS OF JANUARY 1, 1977

Question No. 1,014—**Mr. Howie:**

On January 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Unemployment Insurance Office?

Hon. Bud Cullen (Minister of Employment and Immigration): One thousand seventy three. This figure represents the number of regular claims allowed, which excludes those claimants in the categories of maternity, sickness or retirement who are not presently available for work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. EMPLOYMENT OFFICE AS OF NOVEMBER 30, 1977

Question No. 1,015—**Mr. Howie:**

On December 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Manpower Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Statistics are only available for the last day of each month. There were 6,664 persons registered on November 30, 1977. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. EMPLOYMENT OFFICE AS OF AUGUST 31, 1977

Question No. 1,016—**Mr. Howie:**

On September 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Manpower Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Statistics are only available for the last day of each month. There were 5,114 persons registered on August 31, 1977. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. EMPLOYMENT OFFICE AS OF JUNE 30, 1977

Question No. 1,017—**Mr. Howie:**

On July 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Manpower Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Statistics are only available for the last day of each month. There were 8,206 persons registered on June 30, 1977. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. MANPOWER OFFICE, AS OF APRIL 30, 1977

Question No. 1,018—**Mr. Howie:**

On May 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Manpower Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Statistics are only available for the last day of each month. There were 8,891 persons registered on April 30, 1977. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

NUMBER OF PERSONS REGISTERED AT FREDERICTON, N.B. MANPOWER OFFICE AS OF FEBRUARY 28, 1977

Question No. 1,019—**Mr. Howie:**

On March 1, 1977, how many persons were registered for work at the Fredericton, New Brunswick Manpower Office?

Hon. Bud Cullen (Minister of Employment and Immigration): Statistics are only available for the last day of each month. There were 7,777 persons registered on February 28, 1977. The numbers registered for employment include persons who are employed but seeking other work, persons seeking part-time, temporary, or continuing full-time work, persons entering or re-entering the labour force, and persons who are unemployed and seeking work.

MULTICULTURALISM—MONEY SPENT IN CONSTITUENCY OF NICKEL BELT SINCE 1970

Question No. 1,110—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the constituency of Nickel Belt by the Ministry of State (Multiculturalism) and those agencies that report to it?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): The Multiculturalism Directorate provides grants and services to voluntary organizations whose membership and activities are usually spread over an area greater than any one electoral district, and records are not maintained on the basis of these districts. Similarly, expenditures by the federal cultural agencies on multicultural subjects are not recorded with reference to electoral districts. Accordingly, it would be extremely costly and time consuming to calculate the information requested.

BANK OF CANADA—EXPENDITURES FOR INTERIOR LANDSCAPING

Question No. 1,228—**Mr. Howie:**

Since January 1, 1977, what amount was paid by the Bank of Canada for interior landscaping and, in each case, to whom was it paid?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Of the amount referred to in the answer to question 752 (answered December 14, 1977) a little more than four-fifths was paid to Fine's Flowers Ltd., Ottawa, and the remainder to Van der Meulen and Associates Ltd., Toronto.

MONCTON, N.B.—OPENING OF PUBLIC INTEREST ADVOCACY CENTRE OFFICE

Question No. 1,289—**Mr. Jones:**

1. Are there any plans on behalf of the Public Interest Advocacy Centre, to open an office in the constituency of Moncton?

2. If so, when will this occur?

3. If not, where are these other offices to be situated and how many employees will be employed and what amount of space will be occupied?

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. At present, officials of the Public Interest Advocacy Centre have no plans to open an office in the constituency of Moncton.

2. Not applicable.

3. The officials of the Public Interest Advocacy Centre have indicated that the establishment of provincial and regional offices is dependent upon the receipt of funding from private sources and provincial governments. The size of the offices and the number of employees are similarly affected.

[*Translation*]

Mr. Speaker: The questions listed by the hon. parliamentary secretary have been answered. Shall the other questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CRIMINAL CODE

AMENDMENT TO GIVE CERTAIN RIGHTS TO POLICE

The House resumed, from Friday, March 17, consideration of the motion of Mr. Blais that Bill C-26, to amend the Criminal Code, the Crown Liability Act and the Post Office Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, on Friday I addressed myself to the House on the subject of Bill C-26, and when the debate was interrupted I had just about concluded my remarks. Today I wish to say one or two things in summary.

The bill before us is twofold in its thrust. I stated on Friday that we in this party would not object to the opening of mail as envisaged in the first part, provided it is done upon the authorization of a judge in accordance with the terms and conditions of the Privacy Act. I do not think reasonable people would object to the opening of mail under these circumstances when the intention is to restrict trafficking in hard drugs. Indeed, I believe this would be a step in the right direction. Nevertheless, I do oppose very strenuously the granting of authority to the Solicitor General (Mr. Blais), under the second aspect of the bill, enabling him to issue warrants without authorization from a judge, with regard to matters coming under the Official Secrets Act and involving questions of national security. I would refer to the section of that act, section 3 which sets out that:

Every person is guilty of an offence under this Act who, for any purpose prejudicial to the safety or interests of the State,

(a) approaches, inspects, passes over, or is in the neighbourhood of, or enters any prohibited place;

(b) makes any sketch, plan, model or note—

And so on. Then it goes on to say in subsection (2):

On a prosecution under this section, it is not necessary to show that the accused person was guilty of any particular act tending to show a purpose prejudicial to the safety or interest of the State—

In other words, this is really a matter of executive discretion rather than being a judicial matter.

Section 4(1) states that every person is guilty of an offence under the act who, having in his possession or control any secret official code word or password or any sketch, plan, model, document, and so on, communicates that information to any unauthorized person, uses the information for the benefit of a foreign power or in a manner prejudicial to the safety or interest of the state, or retains it in his possession or control when he has no right to retain it, or fails to take reasonable care of such information, or so conducts himself so as to endanger its safety. Again, the words used here are subject to wide interpretation by the courts. Take, for example, the phrase "retains a sketch". Some person, perhaps a member of parliament, might find himself involuntarily in possession of one of those 58 copies of a document which are floating around, a document which is said to be highly classified. The act might well be read as though such a person could be convicted.

The executive discretion here is twofold. Consent to lay a charge lies with the Attorney General of Canada (Mr. Basford), as we saw the other day. In the second place, it is the Solicitor General who has the authority to issue a warrant to open mail on what he considers to be reasonable grounds. Mr. Speaker, I believe that even when questions of national security are involved, authority to open mail should lay with the judiciary. I say this, having absolute confidence in the judiciary of this nation. Application should be made to the judges in camera, an ex parte application, as we call it. Judges take an oath to the Queen, thank God; they do not take an oath to the government. They are quite capable of keeping these matters confidential. Should a judge grant an order in respect to an

application of this kind made to him, the person whose mail is being opened, be it the sender or the receiver, should be notified within 90 days.

Section 3(4) of the Official Secrets Act says:

Every person is guilty of an offence under this Act who

(a) retains for any purpose prejudicial to the safety or interests of the State—

On Friday I asked what term "purpose prejudicial to the safety or interests of the state" means on any official document. Is this to be subject to executive discretion?

—any official document, whether or not completed or issued for use—

● (1532)

The danger is that a person could receive a document, if the government was negligent enough. It is alleged that there are 58 copies of a classified document floating around. Any number of government departments and agencies could have copies of this document. A copy could land on someone's desk. It could land on my desk, and someone could say that the hon. member for Calgary North has a secret official document which is classified, and therefore he is guilty under the Official Secrets Act.

The Official Secrets Act has not been amended for years. I think it was drawn up in 1919. It has not been changed, and I say it is too dangerous to allow the Solicitor General the power to issue warrants against the media, members of parliament, and the citizens of this country. The minister is absent today, but when the bill gets to the committee I hope he will see his way clear to accept, for once, a reasonable, positive amendment which would provide that mail may be opened under the Official Secrets Act only with authorization from a judge, and only if the person who is the object of the mail opening is notified within 90 days, and that period could be extended by a judge.

We have heard a lot of hullabaloo recently with regard to security. A poem was sent to me by one of my constituents. Much of it does not apply to this matter, so I will read just one verse of it, as follows:

We have the S.S.—

Meaning the security service.

—roaming over the land,
Our mail might as well be on the newsstand,
In the name of security M.P.'s are confronted
As well as the media on matters unfounded,
To secure our fair land is not their promotion,
As much as to keep the Grit Party in motion.

Here is another verse:

Tom Cossitt got hold of some documents rare
And caught the P.M. unaware,
Whose anger was such, but his reason not much,
When he called on General Dare.

This woman caught the significance of what has been going on, and in a few poetic lines put it in its proper perspective. Intimidation of the worst kind has been inflicted upon the media. Members of parliament have been intimidated for getting information, and there will be intimidation against Canadians generally because of the power provided by the Official Secrets Act. I am not prepared to give holus-bolus to the Solicitor General the power to issue warrants, the expiration of which we do not know, to open the mail of Canadian citizens. As the woman said in her poem, the mail might as well be on the newsstands.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, Bill C-26 has two objectives. The first objective is to permit more effective investigation and prosecution of organized crime in one of its most dangerous and lucrative activities, narcotics smuggling. Second, it will give us an important tool to deal with espionage and international terrorism. While the latter objective is extremely important for the security of Canada, it is the former, the control of drugs, where we can expect the interception of postal communication to be most frequently applied.

In the past three years this government has introduced a number of measures designed to enhance the protection of Canadians against crime and violence. They included stricter sentencing, prohibition of certain firearms favoured by professional criminals, tightening of bail law, tougher measures regarding electronic surveillance, and a new bill regarding fugitive offenders and extradition.

These measures are important and will have their effect, but more is needed. Bill C-26 is, of course, a temporary measure which will expire one year after the McDonald inquiry makes its report. In the interim we cannot risk increasing the vulnerability of Canada to abuse of the postal system for purposes of endangering national security or trafficking in drugs.

Let me begin my remarks by noting that at present Canada is the only major western country which does not provide for the authorized interception of mail by post. In Britain the secretary of state has had this power since 1663. In 1957 a committee of privy councillors was established to look at the interception of communications as it existed in Britain, with a view to seeing whether the practice should cease. The committee found that such interception was vital both in terms of national security and crime detection. In its report to parliament the committee stated, and I quote:

> The Security Service is part of the defence system of the country, and its supreme task is the defence of the Realm, and this necessarily involves protection from espionage, from sabotage, and indeed, from every kind of action that threatens the security of the State. It is upon the security of the State that the citizens rely for the enjoyment of their freedom . . .

That report went on somewhat later to say, and I quote again:

> If it could be shown that this method of intercepting communications, either by letter or by telegram or by telephone conversation affected the law-abiding citizen to his detriment, even though the power was being exercised to prevent and detect crime, we would have hesitated to recommend that the power of interception should continue to be exercised for this purpose. But so far from the citizen being injured by the exercise of the power in the circumstances we have set, we think the citizen benefits therefrom. The adjustment between the rights of the individual and the rights of the community must depend upon the needs and conditions which exist at any given moment and we do not think there is any real conflict between the rights of the individual citizen and the exercise of the power to intercept by the Secretary of State . . .

The committee was adamant about the need for proper safeguards in making interceptions, of course, and I believe that our bill provides better protection than any similar legislation anywhere. In the United States, for example, a peace officer who feels there are reasonable grounds to believe that mail contains contraband simply applies for a regular warrant from a federal magistrate or justice of the peace, which entitles him to intercept and seize postal communications.

Indeed, American customs officials may legally open any first class international mail without a warrant if they have reason to believe it may contain contraband. In the case of the United States versus Ramsay the court upheld the right of a postal inspector to open an airmail letter from Thailand solely because Thailand was a known source of narcotics, and the envelope appeared bulky. It was subsequently found to contain heroin. I should note that while opening mail and seizing the contents is permissible under American law without a warrant, reading of the contents of the correspondence is not.

While we do not wish to hamper unduly the difficult task of Canadian law enforcement officials to combat narcotics smuggling, we do feel it necessary to provide strict controls over the authorization of mail interception in Canada. Generally, the safeguards provided in this bill as it relates to narcotics control are similar to those passed by parliament when it enacted legislation with regard to electronic surveillance.

A warrant is valid for a maximum of only 60 days, for example. Any application for a renewal of the warrant must be accompanied by full particulars as to why the renewal is needed, including times and dates when interceptions or seizures were made under the warrant as well as the information which was obtained.

In addition, if a previous application for a renewal was made and refused or withdrawn, the date and names of judges involved must be provided. This would prevent the possibility of the police or prosecutor shopping around for a lenient judge in seeking renewals.

● (1542)

Within 90 days of the end of the period for which the warrant was issued, the person who was the object of a mail interception must be notified of the fact. If a lengthy, ongoing investigation is anticipated and a longer notification period is required, the Solicitor General (Mr. Blais) must personally sign the application to defer notification, but the deferment may be for no longer than three years. Furthermore, the judge to whom the application is made must be satisfied that such an extension will serve the best interests of justice.

Strict rules are provided to govern the admissibility in court of information gleaned from mail interceptions. For example, an illegally intercepted postal communication would be inadmissible in a court, and any evidence derived from such an interception could also be deemed to be inadmissible if, in the view of the judge, admitting such evidence would bring the administration of justice into disrepute.

Also safeguards are provided to protect the solicitor-client relationship. No warrant may be issued to intercept postal communication addressed to or originating from a solicitor's office or residence, unless the judge is satisfied that there are reasonable grounds to believe the solicitor, one of his partners, employees, or member of his household, has been or is about to become a party to an offence. If under these circumstances a warrant is issued, the issuing judge must include such terms governing the interception as he feels are advisable to protect privileged communication between solicitors and clients. This is very similar to the provisions in the Criminal Code relating to electronic surveillance.

Bill C-26 provides serious criminal penalties for persons who disclose the contents of legally intercepted communications under any but the specific circumstances outlined in the legislation. These include giving testimony at a trial where the communication is considered to be admissible evidence, in the course of a criminal investigation, or where the disclosure is made to a peace officer in the interests of the administration of justice. Should peace officers make an illegal postal interception, or illegally disclose the contents of intercepted communications, we are proposing to amend the Crown Liability Act to permit the citizen who was the object of that interception to launch a civil suit for damages, not only against the public servants involved but against the government itself. This provision to permit suits against the government was included in the electronic surveillance legislation. It is a radical departure from common law which has indicated always that citizens may not sue the Crown. However, we feel it important to give Canadians this resource, and to reinforce the principle that these powers will be used honestly and judiciously.

One very important provision which I feel sure hon. members will applaud is that which requires the Solicitor General to make an annual report to parliament on all warrants for postal interceptions issued each year, including those relating to national security. The report must detail not only the number of applications for warrants, renewals and extensions of notifications, but also the number of persons apprehended as a result of information obtained through interceptions, their offences, and a variety of other information which will allow one to judge the effectiveness of the legislation and the restraint with which it is being employed.

As far as interceptions authorized in the interests of protecting national security are concerned, the same conditions which parliament required when it enacted electronic surveillance laws apply. These include the requirement for the minister to report to parliament on all such authorizations.

I consider the new legislation to be most important. It provides our law enforcement officials with a legitimate investigative tool which other western nations have possessed for some time. We have had disquieting evidence of late of the dangers which threaten the security of Canadians. Espionage, international terrorism, and the violent activities of the underworld in Canada have all been in the news. While we must use every possible method to protect Canadians from these dangers, those methods must be consistent with our free and democratic way of life.

Thus, all the steps we take in the area of peace and security must be balanced by measures to safeguard our civil liberties.

Striking that balance is most difficult. In the case of mail interception, we have chosen the route of judicial scrutiny, authorization, and reporting to the people through parliament to protect basic rights and freedoms. I firmly believe that protection to be the most effective Canadians can have.

In summation, and for the purposes of the record, I should like to refer to a small article which appeared in a publication by the Council on Drug Abuse. I am not sure of the exact date, but the heading is: "Heroin In Our mail To Continue Or Not?" The article reads as follows:

> The current controversy raging in the federal House, among civil liberty groups, in the media and among individuals, regarding the right of the RCMP to open first class mail clouds somewhat the almost worry-free use of the mail for the importation of heroin.
>
> It was reported at a meeting of the International Narcotic Enforcement Officers Association held in Toronto in August that the use of first class mail for the importation of heroin into Canada was prevalent.
>
> One gram of heroin worth $5 at source can easily be mailed in a regular envelope. By the time this has been cut and adulterated with other substances and passed down the distrbution chain, the resulting portions sell for $16,000 on the streets.
>
> The Golden Triangle, Burma, Thailand and Laos, is the main source for heroin in Canada, being routed through Western Europe and Hong Kong.
>
> The use of the mail is an insidious means of importing with little risk of detection. This is a somewhat different proposition from what is presently being fought over.
>
> If our narcotic enforcement offices are denied the right to open suspected heroin-carrying envelopes, we safeguard our civil rights but provide safe passage and high profits for our criminal element. And then it's public health vs. civil rights!

Very pointedly that last sentence sums up the essence of this debate. If our narcotic enforcement officers are denied the right to open suspected heroin-carrying envelopes, we safeguard our civil rights but provide safe passage and high profits for our criminal element. It is public health versus human rights.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Will the hon. parliamentary secretary accept a question by the hon. member for Central Nova (Mr. MacKay)?

Mr. Young: Yes, Mr. Speaker.

Mr. MacKay: Mr. Speaker, I should like to direct a question to the hon. member now that he has finished his speech. Can he briefly indicate how it will be possible to protect the solicitor-client privilege, when it is communications originating from or addressed to the office or residence of a solicitor? As far as I am aware, the term "solicitor" is not even defined. Is it a practising solicitor or a non-practising solicitor? Could the hon. member put my mind at ease on this?

Mr. Young: Mr. Speaker, I thought I made clear in my remarks that there were some very stringent safeguards in the bill. There are rights to bring a case against an officer acting outside the terms of the act, to sue the Crown itself. If it is a question of whether the word "solicitor" has been defined or not, perhaps that can be looked at in committee. I think the hon. member and I know what solicitors are in this country. They are pretty well described as accepted members of the bar and practising members of the profession.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I regret that I was away on Friday, but I read with interest the contributions made to this debate.

I was interested in a statement made by the hon. member for Windsor-Walkerville (Mr. MacGuigan) who indicated that he had distributed a questionnaire. Approximately 74 per cent of the people who responded said that they approved of the principle of the legislation, but with adequate safeguards. Those are the magic words. I do not know the extent to which the people who responded to the questionnaire are familiar with what is in this bill. If they are familiar with it and are solid, intelligent people, I am sure they know it does not contain adequate safeguards. That is the issue that faces us.

● (1552)

I am not going to vote against the bill on second reading. I think the way things are going in parliamentary debate the matter of second reading has become almost irrelevant, but I do say that if this bill comes back from the committee without the necessary repairs having being made so that it contains adequate safeguards, I will vote against it on third reading. There is no question about that.

Some of my colleagues on this side of the House have dealt with precision and knowledge with some of the weaknesses and frailties of this measure. It is not necessary for me to retrace that ground.

Having regard to procedures taken in respect of drug trafficking, providing there are adequate safeguards, I suppose it can be said there is some reasonable ground for passing the measure. I am not aware of any information the Solicitor General (Mr. Blais) has given regarding the number of convictions that have been obtained through the opening of mail. I do not know how many case there have been initiated by the RCMP or other authorities under the narcotics act as a result of this practice. There have been cases where mail has been opened and perhaps the mail contained a drug or narcotic. Perhaps we could put it this way. Once the bill is passed, if it is passed with adequate safeguards, from then on in if anyone has been sending drugs by mail that practice will probably cease. That might be of some benefit.

The same question applies to the matter of subversion. We are talking about the enemy without, but what about the dangers from within? What about the likelihood of this country moving slowly and inexorably toward either a police state or totalitarianism? We watch the leaves floating on a stream and we know which way the current is going. If we examine what is happening in this country it should put us on guard so that we do not place in the hands of any government, not just those hon. gentlemen in the treasury benches opposite, those kinds of powers contained in this bill which, added to the other authorities they have, make me apprehensive.

If we couple these powers with those contained in the War Measures Act, the Official Secrets Act, and the Federal Courts Act, we have some idea of the power this government holds. If we consider these provisions along with the govern-

ment's refusal to provide adequate knowledge and information about what is going on in government, and to provide the people of this country with an adequate law which establishes their right to know what is going on, this becomes very apprehensive.

Liberties do not disappear with a bang, they usually rot away. That is what is happening in this country right today. If one looks at what is happening in Italy, for example the kidnapping there of a former Prime Minister, and compares that with the situation here, one will see that we are heading down the road in the same direction. I am sure somewhere in the streets and sidewalks of Italy there is probably a future dictator waiting for the chaos which is developing there to provide the impetus for the establishment of a führer or Il Duce. We went through this a number of years ago in this world and there is no reason to believe we have any immunity from it in this country.

I quite accept the fact that the public is entitled to adequate protection and a guarantee of a measure of stability and law which will allow the people of Canada the opportunity to continue to exercise the democratic process, and walk the streets in peace and security. However, when, in the name of securing that, we give the government and its bureaucrats the kinds of rights which are contained in this measure, then I think we are going much too far.

Relevant to the issue I was dealing with a little while ago, I have been handed a document by the learned hon. member for Central Nova (Mr. MacKay), which contains a provision of the Migratory Birds Convention Act, Section 11, which says in part that any game officer or peace officer may enter any place or premise where he has reason to believe migratory game exists. That kind of provision is followed in almost every statute which is passed today and I refer to that right to search and seize; and it is not just given to police or peace officers.

The proposed competition act contains the widest possible powers. Practically every piece of legislation this government brings to this House contains the demand that we give to it the kind of authority contained in this measure. I worry about that. I am worried and concerned about the mood of resentment that exists on the part of the public of Canada today, brought on largely by the actions of this government, by what I consider to be the corruption, tainted with incompetence, stupidity and arrogance of this government.

We have no assurance that the safeguards which now exist, and they are very limited, will continue. The checks and balances upon which any democratic system must flourish have long since degenerated in this parliament. The powers which the government has taken and the limitation placed upon the right of the House to challenge and scrutinize the government, together with the limitations on our opportunities to find out exactly what is going on, have brought to the minds of the public of Canada a mood of cynicism, distress, and lack of co-operation which, in my opinion, will at some time provide a climate for a complete change.

As bad as our system of government is, it is still the best system of government known to society. I want to keep it that way. When the government takes the responsibility of bringing in legislation of this kind, allowing it to do legally what it has been doing illegally in the past, I think it should hedge that legislation with the best possible safeguards obtainable. I am going to suggest a few now which I think may appeal to some members of the House, although perhaps not to the government.

Too often government ministers come in here to read departmental briefs. We often talk about ministerial responsibility. The only information the ministers come in here with is the information that their officials think they are safely capable of handling. All too often the decisions they make are the decisions made by their departments.

I hope the Solicitor General may be persuaded to take a very hard look at some of the reasonable criticism that has been made of this bill and some of its provisions. I hope the Minister will take a serious look at some of the difficulties in the bill as well as some of its dangerous clauses, and then return to the House at the committee stage in a spirit of co-operation and flexibility. I do not know whether the hon. gentleman is really aware of that word "flexibility", because he has not shown much yet. It may well be that if he survives long enough he will understand flexibility.

We should look at some of the provisions which provide for this matter of Crown liability. It is all very well for the parliamentary secretary to suggest that this constitutes a safeguard. When you look at the Crown Liability Act you will find there are very wide loopholes, yet the parliamentary secretary and the Solicitor General are attempting to convey to this House and the public that it constitutes adequate safeguards. There may be circumstances in which the provisions of this act have been abused because there are very wide discretions and exemptions. There is one section which says that if a peace officer discloses information he has for what he believes is in the best interests of the administration of justice, he is exempt. Now, I do not think that is very adequate in terms of providing a means by which the government can be held in restraint in the way it exercises the provisions and powers which are given to it under this bill.

● (1602)

I do not think that a peace officer or a servant of the government should have the right to pass on information to another person which he has received as a result of an interception made under this legislation under the guise he is advancing the interests of justice. That is giving him a discretion, almost a judicial discretion, which enables him and the government to escape the consequences of their bad judgment and their breach of the law, which would be the case but for that exemption. Mr. Speaker, I suggest that is not sound. I suggest this evidence, obtained improperly and illegally, may well be used both in civil and criminal cases. This is a very dangerous precedent, and I would hope the committee will have a good hard look at it.

The word wilfully which appears in proposed section 178.32 is a very dangerous word. I think that word should be taken

out, but these are aspects which relate to the bill itself. I think we should go beyond that. The Solicitor General is asking for powers for an indefinite period. We do not know how long the McDonald royal commission will sit. It may be two years, plus a year after that, plus such time as the government of the day may want in order to prepare the kind of legislation necessary to replace this. Mr. Speaker, we are looking at three to four years before the legislation will be on the statute books.

What else is the government prepared to do to give us some assurance of its good intentions? What about the War Measures Act? It is related. You cannot look at this particular bill without looking at what happened in 1970 and subsequently. The right hon. Prime Minister (Mr. Trudeau) assured this House and the nation that legislation would be introduced to replace the War Measures Act, legislation of a more moderate nature. Certainly, the name War Measures Act would be supplanted. Is the Solicitor General prepared to carry that assurance on and tell us, on behalf of the government, that that will be done, that the public of this country will have some guarantee that the provisions of the War Measures Act will not be imposed upon us as they were in 1970?

Is the hon. gentleman prepared to tell us that the government will look at reasonable amendents to the Official Secrets Act? The Official Secrets Act today is an obscene statute. It was originally conceived to cover the issues of espionage and subversion, but has now been extended to cover all aspects of the disclosure of information, unless done by an authorized person. The Solicitor General and apologists for the government said, "Of course, we know that we have that power but we do not exercise it." That is a pretty shabby excuse for keeping on the statute books an act as explosive as the Official Secrets Act.

The act was originally passed in the United Kingdom to deal exclusively with questions of espionage, but was later extended to cover domestic matters because somebody in a very high position in the United Kingdom found that information which had been intended for him had been given to other members of the public and to the press. Thus, the bill was amended to cover these domestic aspects of the disclosure of information. It was debated in the House of Commons at Westminster for about ten minutes.

In 1938 the same bill, almost verbatim but with some changes in the positions of the sections, was bought to Canada and was passed in a mood of alarm and hysteria which prevailed at that time. It was passed with about ten minutes' debate. Surely the Solicitor General must agree with the reasonable proposition that if that legislation were cut down to cover only cases of espionage, subversion and true security, he would have a great deal more capacity. He would have a great deal more co-operation from this House and from the public because the bill would then be a reasonable bill.

To have the amendments go forth in their present form, Mr. Speaker, in a bill of that kind, is far more than I am prepared to allow this government or any government. I particularly would not allow such a thing in the control of this government, with its characteristic arrogance and secrecy and its tendency to ignore the public and equate the interests of the state with the interests of the Liberal party. I suggest, under those circumstances, this bill would pass a lot more smoothly and be received throughout the country with far more assurance if the government would give us an undertaking that it is prepared to make that recommendation. I do not expect the government to bring the bill in right away. After all it has taken 40 years of illegally opening mail before we brought in a bill legalizing it and retroactively sanctifying it.

Is the hon. gentleman prepared to give us an assurance that Section 41 of the Federal Courts Act will be reviewed, and that the right of the people of this country to be informed will be restored? With assurance of that kind, we in this House and the public will feel a little more satisfied because the slow, subtle, insidious derogation of the rights and privileges of the people of this country will have been stopped. When we have a government whose legislative proposals contain provisions of this kind—where a bill brought in contains the right of the government without warrant to seize and take, where a government which has said it was going to provide for the discontinuance of the practice of writs of assistance, has gone back on that promise—what assurance do we have that its ministers will administer with safety and reason the powers which they are asking us to give them?

In my hands have been placed the provisions of Section 41(2) of the Federal Courts Act. I know it by heart. It has been embedded in my heart. It is a very bad piece of legislation. It is legislation passed by this government in haste after it had found out that provisions of the Conway and Rimmer trial in England would have made this government compellable to produce documents at the discretion of the courts. The government does not trust the courts. The government is not prepared to give to the courts the right to make that decision.

I suggest to my hon. friends—not with too much hope—and directing my question to the hon. gentleman opposite, that while I agree with him that without adequate safeguards the right may well be given to the authorities to open mail for the two reasons set out in the bill; surely better safeguards could be provided. I suggest that a parliamentary committee be set up to look at the whole question of security. I am not suggesting for one moment that such a committee should have the right to examine the day-to-day detailed operations of the policy or security. That is not a job for this parliament.

There is at the present time an arrangement proposed by law and by practice whereby the RCMP and security forces report to the Solicitor General and the Prime Minister. Those security forces have control over the disposal of several hundreds of million of dollars a year. Nobody knows how much or for what purposes it is used. The money, to a large extent, is probably well spent. Mr. Speaker, those kinds of rights must not be left without some form of challenge in this House. If we were made aware of those powers we should have some right to ask the Prime Minister or the Solicitor General in committee about the existing relationship between the government, the RCMP, and the security forces. If the security forces know they have to answer to the Prime Minister and the Solicitor

General, and know that those officials will have to go before a parliamentary committee, in my opinion that would constitute a very salutary and wholesome restraint. Police forces would not then engage in the kind of tactics which, in my opinion, derogate from the safety of the state.

● (1612)

I practised law for many years in a small community, Mr. Speaker. The RCMP had the respect of the people in such small communities. They covered great territories, patrolled large areas, and there was reciprocal good will and understanding between the police force and the public. That does not exist to the same extent today because of the size and the powers of the force, but perhaps it could if society were stable and the public were assured of their safety. That condition has to be restored.

The public has a great deal of respect, and properly so, for the RCMP as an institution, but something has to be done to bring back a spirit of co-operation, understanding, and reason. That can only be achieved through a parliamentary committee with the right to call witnesses. I dislike sittings in camera, but from time to time on issues of this kind it might be necessary to hold in camera sittings in order to examine the Solicitor General and/or the Prime Minister.

Many people I have spoken to agree with me that parliament should have some final opportunity to challenge what the security forces are doing and what the RCMP forces are doing, not by direct examination but by using the mechanism of cabinet officials to whom they report. Perhaps the Solicitor General would be prepared to give assurances along those lines at the conclusion of this debate or even in committee, at report stage or on third reading. If so, I would be prepared to support the bill. I think this bill, with the proper assurances, needs to be supported, but it has to be changed. Some radical changes should be made to it.

Mr. Blais: Do you agree with the principle?

Mr. Baldwin: I agree with the principle, given adequate safeguards. It is the lack of adequate safeguards given by any government—but particularly the government of which the minister is such a shining ornament—that bothers me. To give those powers without any opportunity to challenge, without some of the safeguards I have mentioned, I believe goes far beyond the principle of the bill.

I say to the Solicitor General: think something of this country. Think of the problems we have had in the past, and that other countries have had. Think of the future. This bill, by itself, will bring us more trouble than it will solve problems.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I hope the Chair will permit me, at the second reading of Bill C-26, to make a few remarks about mail opening and seizure of narcotics by the RCMP. For the definition of narcotics, controlled drugs or restricted drugs, let us refer to the Food and Drugs Act. What is more surprising, however, is that at a time when we are studying a bill aiming at tightening control over drug traffic the right hon. prime minister (Mr. Trudeau) himself is talking about legalizing the use of marijuana. Certainly, the people of Canada have reasons for concern.

It has been said that this measure will provide adequate safeguards, and I think it is very important. The point which I want to emphasize this afternoon is clause 178, dealing with search and mail interception warrants. I think it is the most important aspect of Bill C-26. In its present form, the clause is unacceptable because it condones the actions of such people who are responsible for the disaster over the last years and the resulting consequences. In fact, if we remove all the needless literature and retain only the essential elements of Bill C-26 we come to the conclusion that this piece of legislation does nothing more than sanction all the illegal acts committed by the RCMP over 40 years, and that was revealed to us before the McDonald commission when the RCMP admitted that it had been opening mail without authorization.

That is indeed the way of proceeding in British common law—repeated illegalities can often become legislation. That could lead us quite far! Hence, the Solicitor General of Canada uses that old principle to exonerate the members of the Royal Canadian Mounted Police who openly recognized having committed crimes in Quebec against our Criminal Code for which they have not been convicted, with the exception of course of Mr. Samson because he had the misfortune of almost losing his life in executing orders from his superiors. In short, the Solicitor General tells us: Those criminal illegalities are over, we are asking you to make them legal by approving this legislation. That is how you can make an orange out of a mushroom! Do Canadians and Quebeckers particularly not have the right to question seriously such doubful procedure from the federal government? Many times members of the RCMP have recognized their being guilty of criminal arson, dynamite theft and illegal raids into the premises of L'Agence de Presse Libre du Québec, and into those of recognized political opposition parties. They have even gone as far as writing communiques which were supposedly signed by the FLQ. And all that, on Quebec territory!

● (1622)

Since the fall of 1970, all Quebeckers have been at a loss to find out who is mainly responsible for everything that happened in Quebec. The Quebec government itself, aware of the dangers faced by the province and intent on discharging its responsibility to administer justice has been making tremendous efforts to shed light on all those events. This work has been extremely complicated by the federal government's hidden presence, its devious efforts to hinder progress. Indeed, every time Quebec takes an initiative Ottawa resorts to every trick in the bag to block the way. This has become plain cat-and-mouse play.

As one illustration among hundreds I have been accumulating since that feud started between the provincial premier and the federal Prime Minister, I shall refer to the Keable inquiry. After everything that was revealed by RCMP members themselves who pleaded guilty to crimes committed in the province of Quebec, the Quebec government as was its duty established the Keable inquiry to make light on those somber events. But the federal government was irked by Quebec using its right, creating its own enquiry on facts that happened in the province. With the unavowed aim of making the issue still more confused, of jamming the message to draw the people's attention away from the real issues, the government spared no effort to prevent the Keable inquiry from doing its work. It even declared it unconstitutional, even though it had said in this House that justice was a purely provincial matter. The aim probably was to take out of the way some annoying witnesses, or at least delay that inquiry's report until after the coming elections. Even though the Solicitor General was rebuked on a number of occasions, he still continued to hassle the inquiry. And there is something more preposterous still. The government did not even wait for its own inquiry, the McDonald inquiry, tabling its report. It put forward Bill C-26, that normally should have evolved from that report. How is it possible to inform our citizens?

Not even in this House, Mr. Speaker, could we know the truth about the RCMP, because as soon as we tried to know more about the relationship between the Solicitor General and the force, as soon as we tried to get into some detail, the Solicitor General would withdraw from the map as we say in Quebec. He would resign, and everyone kept wondering how come so many solicitors general had resigned in succession. Of course the people do not know that, once out of office after resigning, the Solicitor General is no longer accountable for his administration to opposition members. He does not have to give answers in this House anymore. Those are the facts. This is where this one-way kind of policy has led the RCMP. Is the RCMP the only one to blame for this, Mr. Speaker?

Maybe some members of the RCMP should have complied with the principle that an inferior is not required to obey an immoral order and maybe also his superiors should not have given in to certain political pressures? All this still has to be spelled out, so long as the mute will not speak out, but in the future, the RCMP must not be used as a political tool of a party in power.

Mr. Speaker, this leads me to say why I cannot support this bill in its present wording. On page 2, paragraph 178.25 (1) which deals with the issuance of warrants for the opening of mail provides, and I quote:

> On *ex parte* application made in writing signed by the Solicitor General of Canada or an agent specially designated by him in writing for the purposes of this section, a judge of a superior court of criminal jurisdiction or a judge as defined in section 482 may issue a warrant in relation to the investigation of an offence authorizing the incerception of any communication and the seizure of any controlled drug, restricted drug or narcotic that is in the course of post if he is satisfied by evidence on oath
>
> (a) that it would be in the best interests of the administration of justice to do so; and
>
> (b) that other investigative procedures have been tried and have failed,

In short, it is again a political authority, namely the Solicitor General, a highly political figure, or someone else specifically designated by him, who will sign the application to have a warrant issued by a judge. Now, everybody knows quite well that judges are appointed by the party in power. It therefore seems normal in politics to expect that the party in power will get the co-operation of those it was kind enough to appoint to high positions. But beware. The danger is always present. Yesterday it was the Royal Canadian Mounted Police whose image was tarnished in Quebec, but tomorrow if we do not remove the roots of that evil, it will be some other authority.

If the people in Quebec has lost confidence in the Royal Canadian Mounted Police, it is not only due to that police force, Mr. Speaker. This government must make up its mind and stop burying its head in the sand, even putting away those who interfere. The RCMP authorities have enough character to take up the challenge and regain the reputation that police corps has always had with Quebeckers. Obviously there will always be a great temptation when confronted with a government enjoying an absolute majority. This is why it is necessary to pass legislation to free the RCMP from any political intervention. Whatever may be the amendment considered, it should allow the RCMP to be immune from politics.

● (1632)

That is the reason why I urge this House to add a clause to Bill C-26 to guarantee the absolute independence of the RCMP, particularly in Quebec. The role of the RCMP must definitely be redefined. Indeed, that is a recommendation of the Saulnier task force in its report on police organization and duties in Quebec.

I would like to quote from an article by Bertrand Descôteaux, in *Le Devoir* of January 27. It reads in part:

> The role of the RCMP in Quebec must be redefined so that police department will only have to deal with the enforcement of federal legislation of a fiscal nature and such parts of the Criminal Code with international ramifications.
>
> The Quebec Provincial Police and municipal police departments should enforce all other legislations in effect in Quebec, including federal laws.
>
> The Saulnier report notes that although criminal law and procedure are under federal jurisdiction, the administration of justice, general police responsibilities, the enforcement of the Criminal Code and the elimination of crime are under provincial jurisdiction.
>
> It also points out that the duties of the RCMP and the QPP often overlap in Quebec as both police departments may be called upon to perform the same duties. There seems to be no reason for not clearly setting apart the role and responsibilities of each, according to this report which concludes that the RCMP should only deal with the implementation of federal legislations of a fiscal nature such as the Income Tax Act, the Customs Act, the Excise Act—

In concluding, I would have another proposal to make to the House, Mr. Speaker. This proposal should be considered. This is a suggestion that I want to make to the standing committee of the House of Commons. In the future, the new legislation should include an amendment to the effect that the RCMP is authorized to open the mail only in the presence of the addressee. It is not good enough that the addressee be warned within 90 days after the opening, as the hon. member who spoke before me suggested, the RCMP should be allowed to seize that mail, keep the parcel, call in the addressee and have him open his parcel in front of the RCMP. I think that would be a very democratic way to act, our police would be protected and we would have a legislation which would protect our police and the people in general.

So we hope that our suggestions will be considered seriously at the committee stage, otherwise, Mr. Speaker, we will not be able to support this bill.

Mr. Louis Duclos (Montmorency): Mr. Speaker, I wanted to speak in this debate because it gives me the opportunity to deal briefly with matters which are of the essence of the democratic life in Canada which is so valuable that its citizens must be alert at all times in order to protect it against those who only pay lip service to the genuine democratic values. Mr. Speaker, after the disclosures of the past months about the irresponsible and undemocratic conduct of some elements of the RCMP security service, and after the ensuing discussions on the nature of the authority which should be granted to our police forces, Bill C-26 plunges us into the thick of a debate which is as old as democracy itself, a debate which, I think, never resolved.

The fundamental question to which no satisfactory answer could be given up to now could be enunciated as follows: To what extent may a democratic society, in certain circumstances, set aside some fundamental liberties in order to protect itself against those who would like precisely to avail themselves of the freedom of action it allows to build a society in which everyone would be completely deprived of freedom?

Mr. Speaker, of course, it would be a mistake not to give our police forces the authority they need to fight crime, subversion and terrorism effectively, although legally. That is why they must have the right to intercept and open the mail, provided they comply with a number of conditions provided under the legislation. On the other hand, Mr. Speaker, it should be kept in mind that Canada must participate in the worldwide fight against drug trafficking and international terrorism. Canada must live up to its reputation on the international scene, and it should not be allowed to become the weakest link in the chain of the nations engaged in this fight and its territory to become the preferred theater of operations for drug traffickers and terrorists. It must be realized also that every liberal democracy in the western world allows some sort of mail interception and opening.

Having said this, Mr. Speaker, we must nevertheless ask ourselves whether Bill C-26 will succeed in striking the delicate balance, which is such an essential part of democracy, between the need to protect our national security and the need to protect civil rights and freedoms, more specifically the right of every individual to privacy. In other words, Mr. Speaker, such a piece of legislation must leave the hands of our law enforcers free to perform their duties, but it must also contain provisions to counterbalance the arbitrariness of their decisions.

In that respect, Mr. Speaker, this legislation is disconcerting to the extent that it helps perpetuate and give credit to this despicable habit of systematically excluding the judiciary whenever national security is concerned. I cannot help but endorse before the House, Mr. Speaker, the very pertinent comments of Jean-Claude Leclerc, in his editorial in *Le Devoir* of February 10 last, and I quote:

> The government persists in supporting the notion that democracy and judicial authority cease to be of any value when counter-espionage and anti-subversive activities start casting their dark shadows.

By amending section 43 of the Post Office Act, clause 4 of Bill C-26 allows interception and opening of mails under a warrant issued pursuant to section 16 of the Official Secrets Act, which allows the Solicitor General of Canada (Mr. Blais) to issue, and I quote from section 16(2):

> . . . a warrant authorizing the interception or seizure of any communication if he is satisfied by evidence on oath that such interception or seizure is necessary for the prevention or detection of subversive activity directed against Canada or detrimental to the security of Canada.

Moreover, Mr. Speaker, clause 1 of the bill would add to the Criminal Code a provision dispensing the Solicitor General with the obligation to advise within 90 days following the period for which the warrant was issued every person whose communications were intercepted under a warrant issued under the same section 16(2) of the Official Secrets Act. It would undoubtedly be very difficult to argue that such provisions are in line with the spirit of the Universal Declaration of Human Rights which was adopted exactly 30 years ago and of which section 12 reads as follows:

> No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.

Mr. Speaker, what protection does the proposed legislation offer the citizen who is suspected—I am not saying the citizen who is guilty but who is suspected—of having broken the Official Secrets Act? None whatsoever because not only are the courts totally excluded as far as the issuance of warrants allowing the police to intercept mail is concerned, but the Solicitor General is not even required to inform the person named in the warrant that his or her mail has been intercepted and opened, whether or not there were grounds to lay charges against that person.

Mr. Speaker, I cannot agree with those who claim that the control exercised by the Solicitor General over the issuance of

warrants provides all the safeguards required and adequately protects the people against the misuse of authority to which all security services are prone. I think that what we have learned in recent months in this regard is quite eloquent and that I need not dwell on the illegal acts committed by some irresponsible elements of the RCMP. Although I do not doubt that the present Solicitor General is deeply committed to the civil liberties, I can hardly imagine that he or any of his successors could stand in the way of a police force that will resort to every means to embarrass a politician, and I would be surprised if he often dared refuse to issue the warrants that are asked for. That is why it seems essential to me that intercepting and opening the mail of anyone suspected of having broken the Official Secrets Act should be authorized by a warrant issued by a judge of the superior court of criminal jurisdiction. Besides, offences under the Narcotics Control Act and the Food and Drugs Act are dealt with in that way.

Mr. Speaker, I cannot accept that one should hide behind the notion of national security to escape the judgment of the judicial authority whose objectivity, competence and equity are almost unanimously recognized throughout the country. I am still waiting for a clear demonstration that the security of the state would be endangered if our courts were entrusted with the responsibility of issuing warrants when the Official Secrets Act has been violated. Had it been able to, the RCMP—which has been opening the mail of Canadians illegally for 40 years—would doubtless have already shown us why applying to judges would have prevented them from getting their man.

I also hope this bill will be amended so that any citizen whose mail has been intercepted or seized under the authority of a warrant issued under the Official Secrets Act is eventually advised of it if no formal charge was laid against him. If the past is any guarantee for the future, it strikes me that the time is ill-chosen to extend the authority of the RCMP without, at the same time, subjecting them in every case, including those in which national security is involved, to the control of the judiciary.

● (1642)

[*English*]

Mr. Erik Nielsen (Yukon): Mr. Speaker, I am frightened of the bill before us. I am frightened because checks and balances should be present in it but are not. It seems to me that while the power to open mail in certain circumstances is a legitimate, investigatory tool for our law enforcement agencies to have, it is one whose use should be kept under rigid control and strict safeguards.

Similar legislation exists in the United States, but the reporting requirements in that country are far more stringent than they are here. There is no real requirement in this bill to report other than bare statistics to the Solicitor General (Mr. Blais). We have an example of the extent of the reporting process in the annual report which is required under Section 16(5) of the Official Secrets Act. This report, under date of February 1, 1978, is entirely contained on one page. I might indicate in passing that pursuant to this section, 471 warrants were issued—this is in a country of 23 million people. In the same annual report in relation to the provisions of the privacy act we find that in 1974, 140 authorizations were granted; in 1975, 563; in 1976, 613; and in 1977, 615.

Compare those statistics with the figures from England where this kind of power, based upon the prerogative of the Crown rather than upon statute, has been in existence since the earliest times. In 1956, for example, there were 159 telephone interceptions, and in 1955, 231. And this is in a country of 55 million people. The whole question of interceptions in Britain, whether of telephone conversations or interceptions of mail, was reviewed by a special committee of the Privy Council. The figures speak for themselves. Here, in a country of 22 million people we are intruding upon the privacy of the lives of our citizens three or four times as much as is the case in England.

I have here a recent report from the United States. It was made by the judiciary committee of the Senate and House down there. In 1974 there were 216 mail openings for reasons of national security. So we carry out three times as many telephone intrusions as they do in the United States, a country of 280 million people. In 1973 and 1974, there were 323 mail openings carried out directly at the request of the postal inspection service during those two years. Of those openings, 72 were related to illegal lotteries, and the largest number, 240, involved the illegal mailing of narcotics. Fraud, firearms and burglaries were included in the total figure, but the two big ones were narcotics cases and lotteries.

● (1652)

What kind of control mechanism exists in the United States to see that that kind of authority is not abused? I am referring now to an amendment to the legislation which permits mail opening in the United States. With regard to reporting requirements in the case of warrants issued authorizing the opening of mail, hon. members will note that this kind of procedure goes beyond the bare reporting of statistics to the Solicitor General. First, within 30 days after the date of issuance of a warrant to open any mail or the denial of such a warrant, the person seeking such warrant shall report to the administrative offices of the United States courts and to the committee on the judiciary of the Senate and House of Representatives. This was a point which was made by the hon. member for Peace River (Mr. Baldwin).

The first thing that must be reported is the fact that the warrant was applied for; second, the fact that the warrant was issued as applied for, was modified or was denied; third, the offence specified in the warrant; fourth, the identity of the investigative or law enforcement officer and the agency making the application, and the person authorizing the application to be made.

The fifth thing which must be reported is the names of the sender and the addressee of all mail opened pursuant to such

warrant; sixth, a copy of the approved warrant; seventh, the nature of the facilities from which or the place where any such mail was opened; and eighth, the disposition of all such records including any log, copy or summary, of any such mail or the contents of such mail and the identity of and action taken by all individuals who had access to any such mail. This must be done in addition to the following: Within 60 days after the date of any warrant authorizing the opening of any mail, or the denial of any such warrant, the judge hearing the application for such warrant shall transmit to the committee on the judiciary of the Senate and House of Representatives a complete transcript of the proceedings.

That seems to me to be the kind of free and open society we should be attempting to achieve here. The government takes the position that if it goes this far with the whole process of interception, whether it be by electronic means or by opening mail, and if it takes the route of full disclosure, that will somehow imperil the ability of law enforcement agencies to do a proper job, and imperil the security of the country. The answer to that is that a similar control process has been set up in England where the practice has been extant since, I believe, 1561 and based, as I have pointed out, on a prerogative.

I commend to hon. members the report of the committee of privy councillors not only for their interest with respect to the manner in which the people of England deal with this question of mail opening and electronic surveillance but also with respect to the history mail opening. A committee of privy councillors was appointed to inquire into the interception of communications. The report was presented to parliament by the prime minister of that day, Mr. MacMillan, by command of Her Majesty, in October of 1957. The report is fairly lengthy, but I think it would be useful to read some portions of it into the record. The committee came to the conclusion that the state of the law in England at the time might fairly be expressed in the following fashion:

(a) The power to intercept letters has been exercised from the earliest times, and has been recognized in successive Acts of Parliament.

(b) This power extends to telegrams.

(c) It is difficult to resist the view that if there is a lawful power to intercept communications in the form of letters and telegrams, then it is wide enough to cover telephone communications

That is from page 139 of the report. The next stage of the report of that committee of privy councillors deals with the purpose for these intrusions into what would normally be the privacy of citizens. It deals with the use and extent of the power of interception. The committee found that the warrant of the secretary of state set out the name and address or telephone number of the persons whose communications were to be intercepted and, on occasion, a single warrant had been issued containing a number of names. That practice was discontinued after the submission of this report, so that each warrant now specifies only one name.

The report went on to say that the secretary of state—here it would be the Solicitor General—had to satisfy himself on the facts of each particular case that it was proper to issue his warrant. In practice the principle upon which the secretary of state acted was that the purposes for which communications may be intercepted must be either for the detection of serious crimes or for the safeguarding of the security of the state. Since this House passed legislation authorizing electronic eavesdropping, the government has made much of the fact that there have been a number of convictions either under the Narcotic Control Act or the Criminal Code which would not have been possible had it not been for the use of electronic surveillance methods.

In England they regard it as such a deep invasion into the privacy of the rights of the individual that they go to great lengths to spell out that it is only in serious criminal activities that this power of surveillance or of mail opening is used. I note that the legislation before us is limited, I believe, to criminal matters which would bring sentences of up to five years. I am not certain of that. It certainly is in the surveillance legislation.

Mr. Blais: The Food and Drugs Act.

Mr. Nielsen: I am grateful for that intervention by the Solicitor General. I submit that the power to issue a warrant under privacy legislation and under this legislation should not be used for the purposes of obtaining a conviction for mere possession. For traffickers in narcotics, and particularly for traffickers in heroin, I think it is an essential tool for law enforcement officers to have in this country. The issue of warrants in England for the interception of letters in connection with offences under the Dangerous Drugs Acts began as far back as 1922, and after the war the number of warrants sharply declined. No warrants have been issued since early 1956. Perhaps that is partially the result of the fact that heroin addiction is treated somewhat differently in that country than it is here.

The fact that no warrants have been issued since 1956, the latest year for which I have statistics, is undoubtedly associated with the sharp decline in the drug traffic in that country because of what is generally referred to as the legalization of medical treatments of heroin addicts in that country and the medical use of heroin. It is the Home Office in England which has the authority to act in the case of the issuance of warrants. The principles upon which the Home Office acts in deciding whether to grant an application for a warrant to intercept communications—

* * *

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Norfolk-Haldimand (Mr. Knowles)—Manpower—Application forms for farmers seeking offshore workers; the hon. member for Hillsborough (Mr. Macquarrie)—External Affairs—Israel—Possible change of

position on right to occupied territory; the hon. member for Madawaska-Victoria (Mr. Corbin)—Agriculture—Price of potatoes less than cost of production—Action to alleviate.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

● (1702)

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): Notice of motion No. 4, in the name of the hon. member for Ottawa West (Mr. Francis).

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): The motion stands at the request of the government.

Motion No. 11, in the name of the hon. member for Don Valley (Mr. Gillies).

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): The motion stands at the request of the government.

* * *

[*Translation*]

INCOME TAX

SUGGESTED DEDUCTIONS FOR VOLUNTARY FIREMEN

Mr. Armand Caouette (Villeneuve) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act in order to exclude from taxable income all indemnities received by a voluntary fireman in the exercise of his duties, as well as to allow such firemen to deduct from their income all expenses incurred in the exercise of their duties.

He said: Mr. Speaker, the motion before the House this afternoon is of great importance to me and I am sure to all the hon. members, and it is of particular significance to a group of people who show a great deal of courage when protecting the Canadian people against fire, one of their worst enemies.

Mr. Speaker, it is not enough to be Canadian, one also has to have a great deal of courage and determination because fire is one of the greatest enemies anyone may be confronted with nowadays. A few years ago, at my house a fire broke out where eleven people lost their lives. Even though it was 5:30 in the morning and the temperature was 30 to 40 degrees below zero, many people rushed to my place to fight the fire. These people, Mr. Speaker, deserve the support of parliament to carry on this kind of work.

I have received many letters and briefs from volunteer firefighters and also from local governments. That is why, Mr. Speaker, I say that this motion is extremely important at this time. I know that many hon. members will have the opportunity to speak in this debate, but I would like them to refrain from doing what they do in many cases when other motions are before the House of Commons. I know, as the Canadian people do, that some members will rise to support my motion. However in order for my motion to pass and to be referred to a committee, the debate on it would have to be limited because once the one hour period is expired, the motion will be talked out in which case the people I just mentioned, the volunteer firefighters, will be greatly disappointed because, for them, firefighting does not take only courage nowadays, but also a lot of money. They need quite a lot of money to save human lives! As I said earlier, if it were not for them, many people would die in fires. The reason I moved such a motion, Mr. Speaker, is that nowadays many municipalities have enormous difficulty in recruiting volunteer firefighters, as I will prove later by quoting from letters that I have received. It is very difficult for municipalities to recruit volunteer firefighters to help the victims of fires. For instance, I have here a letter from the Amos volunteer firefighters department, which reads as follows:

Following a decision made at our last general assembly—

—on September 22 last—

—it was unanimously decided to send you a request concerning tax exemptions on the wages of volunteer firefighters.

The reason for that request is that we have a total budget of $28,000 for the 30 firefighters who cover fires in our town, whatever the number of fires that we may have to fight and of practices that we may hold, and including preventive measures.

You probably know that the majority of our firefighters are low wage-earners. Moreover, we use our cars to go to the scene of the fire and we often lose personal belongings (watches, glasses, etc.) and damage our shoes and clothing.

They have to send their clothes to the cleaners after just about every fire. The letter goes on:

Another thing is that as concerns our family, each firefighter in turn must be on call during the weekends in the summer.

We must give this service to the people but more than often we do it at the expense of our own families.

Furthermore since you have changed the tax concessions to our members, several of them have resigned.

For all those reasons, we are asking you to give a complete tax exemption to all voluntary firemen or to allow them a minimum of $1,000 before deductions.

In view of the fact that a Canadian citizen with less than $1,000 bank interest is not taxed, we believe this is a reasonable request.

We hope that our representatives will find a solution to this issue.

Thank you in advance for your co-operation.

Mr. Speaker, this confirms what I said earlier, namely that our municipalities have many problems today, specially municipalities with a small population which cannot afford to hire full-time firemen and for which the only recourse is to hire volunteers. Mr. Speaker, perhaps those associations should be told to ask local authorities for an increase in their budget.

● (1712)

Similar associations and particularly volunteer firemen associations are aware of the dilemma now facing already overtaxed municipalities. But those people are benevolent enough to continue going to the scene of fires without always begging their municipality for an increase that would cover part of their expenses, like the cleaning and replacement cost of clothes. We know that when the alarm bell rings the fireman forgets about his clothes and has no time to worry about the expensive suit he is wearing, a suit that might cost up to $200. I think that when the Income Tax Act was applied to volunteer firemen in 1951, a suit cost about $30. Today it costs $200.

This reason would justify a supplementary exemption as mentioned in the letter from the Amos volunteer firemen asking that the present exemption be raised from $300 to $1,000.

I received a letter from the Fire Department of the city of Val-d'Or dated February 24 last and I quote:

We, the volunteer firemen of the Fire Department of the city of Val-d'Or, are making the following request:

The Department of Revenue allows volunteer firemen a $300 exemption on income received during a year and all revenues in excess of that amount are taxable. We want that amount to be substantially increased or that the revenue not be taxable or that we be entitled to the actual expenses incurred in the performance of our duties.

The legislation providing for the $300 exemption was passed in 1951, 27 years ago. Since then all expenses have doubled or even tripled and indexation provisions have not been extended to us.

The work of the volunteer fireman is a part-time occupation and almost a vocation. We must use our own cars to answer urgent calls and our expenses are not paid. You probably know how much it costs to operate a car, and besides, there is a danger involved when we have to drive where to the fire scene. A fireman involved in an accident while driving to a fire has no priority and is held responsible for minor accidents and legal actions resulting from them. Also, the clothes we wear for our regular job are often torn or burned while fighting a fire and we must pay ourselves for these losses.

Let us be realistic! This $300 exemption was reasonable in the 50's, but today this same amount takes us back to the age of the caveman.

We want the Minister of Revenue to study this question and find a positive solution as soon as possible. The work we do is more or less a service we provide to our fellow citizen momentarily in trouble. We receive a small salary which is trivial compared to the services provided and . . .

—by both the federal government and the provincial government—

—we are being taxed.

Our employers co-operate by allowing the fireman to leave his permanent occupation for fighting a fire.

And the next point, Mr. Speaker, is very important.

We want the minister of Revenue to cooperate in his own way by amending the 1951 act.

Which one of you would be willing to battle a fire for just a few dollars an hour on a bitterly cold night and resume his regular work the following morning?

And at this point he emphasized what I mentioned earlier in my remarks:

Let us remember the fire which on January 22nd, 1974 destroyed a house at 5:35 a.m. and took the lives of 13 persons.

—I said 11 but there were actually 13 persons.

There are many other occasions when we endanger our own lives in order to save the lives of others.

Mr. Speaker, many other persons, or associations like the volunteer firefighters association of the city of Noranda made the same recommendations as the two townships which I mentioned.

Mr. Speaker, all these people are giving good services to their communities, is it not only fair that we, as members of this House, reciprocate by complying with their request. Where are more than one or two communities making such a request.

I have received a telegram from the Federation of voluntary fire fighters, Quebec province, which reads, and I quote:

The Quebec Federation of Professional Fire Fighters strongly supports the resolution of the Quebec voluntary Fire Fighters in asking for a tax exemption for the wages earned while engaged in fire fighting. Alfred Morin, president of the Quebec Federation of Professional Fire Fighters.

I have also received from the Canadian Association of Fire Chiefs Inc. the report of its 67 annual conference which was held from the 24th to the 28th of August 1975 at Mississauga. That report contains a resolution drafted as follows: Presented by the section of the voluntary firefighters of British-Columbia fire chiefs association. Topic: Increase in income tax exemption for all voluntary firefighters. In view of the fact that voluntary firefighters must face an increase in their responsibilities and their functions as a result of the rapid increase in population, number of dwellings, and the cost of this essential service to the community that the income tax act which provides an exemption of $300.00 for expenses incurred in performing the functions of volunteer firefighters, has not been updated since its introduction some 27 years ago, it is thereby resolved that the Canadian Association of Fire Chiefs is asking the appropriate ministers of the federal and provincial governments to bring up the exemption to $1,000.00. Recommendations of the committee on resolutions to approve this resolution. Decision of the conference: Approved.

Mr. Speaker, I think that the time has come for this parliament to give some attention to this motion and at least give these people a chance of having their motion referred to the committee.

In conclusion, Mr. Speaker, I would like to quote from a letter I have here, under the letterhead City of Rouyn, Volunteer Firefighters, Fire Department, and I quote:

Dear Sir:

Rouyn's Volunteer Firefighters would like to register their strong support for your representations on income tax exemptions for volunteer firefighters.

As you are aware, the current $300 exemption has been in force for a good many years, and it would be fair that the amount be adjusted to current conditions. Some adequate revision would be a big encouragement to volunteer

firefighters without whom fire protection could not be made available in a host of communities . . .

For all those reasons, Mr. Speaker, it is important that a member of this House make representations to the government for a solution to a double problem, firstly the recruiting and secondly the retaining of volunteers, since communities are faced with a constant flow of resignations. This must be appraised not only in the light of the few illustrations I have just given, but across the crountry. In the province of Quebec alone there are nearly 4,000 people acting as volunteer firefighters. It is easy to imagine how many people across the land would like to see their services adequately recognized. Because, as they themselves suggest, this is a service to the community, and the federal government is imposing a penalty with an astronomically high tax rate.

As I said earlier, I would not like to see that motion talked out, I would very much like that it be referred to committee. I therefore conclude by asking all hon. members to support the motion, and indeed to refer it to committee.

● (1722)

[*English*]

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, first of all may I congratulate the hon. member for Villeneuve (Mr. Caouette) for bringing forward this motion for debate at this time. It is with great pleasure that I rise to take part in this private members' hour and give support to the motion put forth dealing with tax concessions for members of our volunteer fire departments.

The motion asks the government to consider the advisability of amending the Income Tax Act in order to exclude from taxable incomes all indemnities received by volunteer firemen in the exercise of their duties as well as to allow such firemen deduct from their income all expenses incurred in the exercise of their duties.

I have had recent and considerable conversation and correspondence with volunteer firefighters in my particular area. The hon. member for Villeneuve mentioned that many of the fire departments and firefighting associations in his area express a desire that $1,000 be the deductible amount from income tax. While I agree in principle with the resolution, I have to differ with the motion in substance and to this end, at the conclusion of my remarks, I will propose an amendment to the resolution which I hope will find favour not only with the members of this House but with the government as well. I hope it will be accepted for sincere and serious consideration by the government prior to the completion of this debate.

This subject, Mr. Speaker, was recently driven home to me in a serious way when volunteer firefighters in my area began contacting me about a reassessment problem that they were having with Revenue Canada following an audit of municipal books by the tax department. It appears that certain sums of money were unaccounted for, and it was realized that these sums had been given in the form of honorariums to volunteer fire departments. As you can guess, Mr. Speaker, the individual firefighters shortly thereafter began receiving reassessment notices from Revenue Canada. This caused a considerable stir in my section of the country and in many of the small communities served by volunteer firefighting groups.

As a whole I would like to express my sincere thanks to the Minister of National Revenue (Mr. Guay) and his officials for the consideration they have given to the reassessments and the commitment given to me in writing to limit their reassessments of the tax to the one year period of 1976 from a previous assessment of up to four and five years back in income tax returns. The minister's action was certainly appreciated by myself and by the volunteer firefighters of the county. I do not know how many other hon. members had the same thing happen to them in the last year or so, but I can guarantee to each and every one of them that if and when it occurs they are going to be confronted by a deluge of angry volunteer firefighters at their doors wanting to know what is going to happen about that reassessment.

The firefighters realize, of course, that in many instances they were at fault in not reporting the revenue they had received as volunteer firefighters. They realize, as do the hon. members in this chamber, that all income must be and should be reported as income in their income tax returns. I must add that they honestly and sincerely looked upon those payments, not as an income but as a true honorarium for the services that they unselfishly bestowed upon their communities.

As you know, Mr. Speaker, the basic principle of our income tax law is that generally no deductions are allowed in respect to personal and living expenses. However, exceptions are made where the expense incurred personally by a taxpayer or a group of taxpayers resulted in a social or economic benefit to the community or to taxpayers at large. I must say that no other segment of our population fits into that example as do our volunteer or part time firefighters. They fitted into that example when it was introduced in 1951. They continue to do so today, and will do so with ever-increasing importance in the years to come.

The Royal Commission on Taxation, which undertook an extensive study of the Canadian income tax system some years ago, strongly recommended at that time that this principle be maintained. Therefore, the tax exemption in respect to volunteer firemen was granted as an exception to the rule. The rule was that all income must be taken into account. I strongly believe that our volunteer firefighters across the nation continue to contribute personally to their community with respect to social and economic benefits now more than ever before.

I was surprised and appalled to receive in some of my correspondance with Revenue Canada and the finance department, in answer to one of my letters, this statement which reads as follows:

The tax exemption was introduced at a time when the services of volunteer firemen were very necessary to communities and, in some area, were the only such services provided. Today, these services are generally provided by provincial, municipal or other local governments and the services of volunteer firemen are not as widespread throughout Canada as before.

Now, I ask you, Mr. Speaker, and I ask this House, have you ever heard such utter nonsense? Never before has the volunteer fire service been more important to this country than it is today.

Some hon. Members: Hear, hear!

Mr. Douglas (Bruce-Grey): Take for example, my own county. There is not one full time fire department available to the residents of that county. However, there are some 314 volunteer firemen or part-time firemen, and I must say that they prefer being called part-time firemen rather than volunteer firemen. They have expressed that to me at meetings and individually, and I agree with them. They are part-time firemen as well as being volunteer firemen. They do not see themselves as volunteers. They are part-time professionally trained and professionally competent firefighters. I agree with them in that respect 100 per cent.

These 314 firefighters are divided among 18 departments. They have 30 modern and up-to-date pumpers, and two full time chiefs. Now, in the hands of these 314 men, whether you want to call them volunteers or part-time firemen, rests the protection from fire of property worth $617 million. That is what these 314 part-ime firemen are protecting in my area. They also protect the lives of some 56,000 people. If this is diminishing in importance, I fail to see it.

The county of Bruce is no exception. It is the rule throughout rural Ontario, and I am sure that the member from Huron-Middlesex (Mr. McKinley), who is here, will back me up because his county, as well as the county of Grey, are also primarily protected through the services of volunteer or part-time firemen, with the exception perhaps of Owen Sound. They are also protected mainly by volunteer fire brigades.

• (1732)

All across this land of ours volunteer fire fighters protect the majority of communities. For someone in the department to say this is of diminishing importance makes me wonder why he does not get out and get the feel of this nation from coast to coast. The volunteer fire departments are the backbone of this nation's fire protection. Volunteers are becoming more difficult to recruit and to retain after training. The hon. member for Villeneuve brought this fact to our attention.

In many conversations and letters Mr. Irwin Lobsinger, the Bruce county fire co-ordinator, has pointed out to me that the additional recreation time in our daily lives is depleting the ranks of volunteer fire fighters on weekends and holidays. Also, many people find it necessary to travel away from their community to work in other localities and this means they are only available at night or weekends. People are required who are willing to give their time and talent to protect the community during the day. He also points out that continued red tape and tax harassment will lead to the disappearance of this vital and economical service. If this should happen the increased cost to provincial and federal treasuries, as well as to local communities, would be disastrous. Somewhere, somebody has to pay for this service which is being provided now by part-time volunteers.

Recently I received a resolution from the town of Port Elgin regarding this matter, one which has been endorsed unequivocally by every municipality in the county of Bruce and, I understand, by other municipalities in Ontario. I am in total agreement with the resolution and I should like to read it into the record. It begins as follows:

Whereas allowances given to volunteer firemen are, under existing law, liable for Income Tax, subject to an allowable expense deduction of $300.00 per annum; and

Whereas the services performed by volunteer firemen are in smaller municipalities given at a very economical rate for the benefit of the citizens generally; and

Whereas such allowances will never be in any considerable amount because municipalities paying the same will create permanent fire forces if the expense of a volunteer force renders the same economically feasible; and

Whereas the volunteer firemen are put to considerable expenses and personal sacrifice in the public interest for the following reasons among others:

(a) they are required to report to fires at a moment's notice in whatever clothes they may be wearing at the time—

Anyone who has seen a volunteer fire service at work realizes that firemen show up in what they are wearing when the bell rings, no matter what time of day or night. I have seen volunteer firemen leave a wedding in the clothes they were wearing at the church in order to answer the bell. During one church service in our community the church was emptied because everybody there belonged to the volunteer fire service. The resolution continues:

(b) they are required to use their own vehicles to report to fires

(c) they are not eligible for fringe benefits available to other public employees.

I think that is important. They work diligently and hard, yet they are not allowed any of the fringe benefits that full-time employees of the municipality enjoy. The resolution continues:

(d) they are frequently subjected to deductions from their regular pay.

These are volunteers, most of whom work full-time in the community. A fire has no thought for time, Mr. Speaker. These firemen go when the bell rings and may be away from their jobs up to 24 hours. Deductions are made by the employer for the time they have been off work, in some instances. It goes on:

(e) their usual activities may be interrupted at any time—

Many of the volunteer part-time firemen are small businessmen. In resort areas in the summer they have to close up business if the bell rings and report to the fire station and so lose income at a time when they are liable to get the best returns on their investment. They sometimes lose income for one or two days in order to serve as volunteer firemen. These are the type of people we are talking about—people who give up their own income in order to protect the incomes and lives of others.

The resolution goes on:

(f) they are required to assume the personal risks attendant upon this high risk activity;

In the same way as full-time firemen, they risk smoke inhalation, death from falling timbers, everything that a full-time firemen is asked to risk, including his own life, but they

are not given the recognition they deserve. The resolution continues:

Whereas the expense allowance of $300.00 above referred to is grossly inadequate in the circumstance;

I believe that, Mr. Speaker; it is grossly inadequate in the circumstances. Then it goes on:

Therefore be it resolved that recommendations be made to the federal minister of revenue:

(1) that the foregoing expense deduction be increased to $1,000.00

(2) that income tax assessments already made on volunteer firemen's allowances under $1,000.00 per annum during the last four years be waived

(3) that this resolution be circulated to the organization of small urban municipalities, the Ontario Association of Fire Chiefs, all Bruce county municipalities,—

Some other people are mentioned there. What are these part-time firemen asking for, Mr. Speaker? Here I differ with the motion proposed by the hon. member for Villeneuve. They are not asking for unlimited deductibility but that the present $300 deduction be brought in line with the times and increased to $1,000. I therefore move, seconded by the hon. member for Middlesex-London-Lambton (Mr. Condon):

That the motion be amended by striking out all words after "amending the Income Tax Act" and inserting the following:

"in order to exclude from taxable income indemnities received by part-time firemen in the exercise of their duties of up to one thousand dollars, where such expenses and incomes are substantiated by proper T-4 slips issued by duly constituted municipal councils for the purpose of the filing of individual income tax returns by each such part-time fireman.

I believe this amendment would bring the deductions allowed to this very special and indispensable segment of our population into line with today's cost of living. It would encourage Canadians to participate in this honourable and unselfish service so necessary to communities and this nation.

Some hon. Members: Hear, hear!

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, having heard the proposer of this motion and the hon. Parliamentary Secretary to the Minister of Communications (Mr. Douglas) speak with such determination in the interests of this resolution, I want to indicate on behalf of my party that we support the motion and are prepared to support the amendment in order to get it through private members' hour. Let me put this in perspective. It is fine to have speeches in support of this very commendable motion, but I do not want to witness these speeches past six o'clock. On behalf of members of this party I can guarantee that we will not speak to prevent this matter from coming to a vote. We will vote in support of the amended version as proposed by the parliamentary secretary in order to ensure that this matter does receive the sanction of parliament.

● (1742)

The hon. member for Villeneuve (Mr. Caouette) who proposed this motion indicated during his speech that he wanted to have this matter referred to committee. I think it is in the form of a notice of motion and if we do give our approval in parliament it will be a very strong inducement to the government to act upon it, whether it is the government before this election or after the election. I can tell the House that after the next election I can almost guarantee that we will give sympathetic consideration to this matter.

This motion is very narrow in its application. It deals with one segment of the population in communities across Canada who perform valued services. I will not do anything except second the statements by the mover of the motion, the hon. member for Villeneuve, and the statements made by the parliamentary secretary concerning the value of part-time or volunteer firemen. These people perform outstanding service on little notice and it is fair to say at some considerable expense to themselves. It is one of those motions that has its genesis in the fact that we are facing a period of substantial inflation, one in which it is essential for us as parliamentarians to make sure that our taxation law is as sensitive and responsive as it can be to the various segments of our society. There are certain ways in which the Income Tax Act can be adjusted and amended to have a responsiveness to certain realities in our community.

I am in support of this particular motion because it applies to a very large part of our country which sometimes does not get the attention that it ought to in so far as government and taxation policy is concerned. I am referring to that substantial part of our country outside the large urban areas—rural Canada, if you will. In those areas it is still not considered to be heretical to do volunteer work in the community, to feel a sense of community, or to participate in a variety of ways without adequate compensation and very often without any compensation. It seems to me that we as parliamentarians can try to make the Income Tax Act, by way of example, a little more responsive to improve the fabric of living in rural society. In rural Canada there are some unique problems due to lack of population and lack of funds.

I want to give my unqualified support to the principle contained in the motion as well as to the amendment put forward by the Parliamentary Secretary to Minister of Communications because it refers to a particular segment of the population from communities who give far and above the value of the dollar that they are paid. They provide in parts of our country a service which might not otherwise be available.

I know my colleague, the hon. member for Hastings (Mr. Ellis), has a few remarks he wishes to add so I will conclude. I want to ask members of this House who are present today not to allow this bill to be talked out at six o'clock but to resume their seats so the Speaker may put the motion to us for acceptance.

Mr. J. Larry Condon (Middlesex-London-Lambton): Mr. Speaker, I would also like to compliment the member for Villeneuve (Mr. Caouette) regarding this motion. It certainly shows the concern which he has for the firefighters of that particular area, not just those of Quebec but firefighters all across Canada.

Representation from the fire fighters has been sporadic; it has not been a ten-province type of lobby which I am sure

would be much more effective. I have a letter from the chief of the Strathroy fire department, which is the town where I live, which says that at the annual fire chiefs' convention held at Oshawa this year the enclosed resolution was passed by the members. The chief stated that he had in turn had his fire fighters' association endorse it as well as the council of the town of Strathroy in that they accepted and approved the minutes of the fire, light and hall meeting where this resolution was introduced. This is the same resolution that was presented by the member for Bruce-Grey (Mr. Douglas), asking that the money deductible should be increased from $300 to $1,000. That is why I fully support and second his amendment.

People in the bigger cities do not realize what the fire department in a rural area does. I am not just talking about rural areas in the farming community, I am talking about small and medium-sized cities. The same problem exists in the area where the hon. member for Laprairie (Mr. Watson) comes from. All the firefighters there are volunteers. This problem arises not only in small areas but I think can be found all over Canada. These people have certainly been forgotten.

It was mentioned that these men who are volunteers or part-time firemen do lay their lives on the line every time they answer a fire call. I would like to bring to the attention of this House the fact that during a fire in downtown Strathroy less than three months ago two of our firemen came very close to death. As a matter of fact, there were two deaths in that particular fire. These firemen have only dedication in their hearts for the fire department and great concern for people other than themselves. They put themselves in positions of mortal danger every time there is a fire. It is not only the fire that is dangerous to them; with the harsh winters we have experienced recently, getting on a fire truck in icy weather is laying one's life on the line.

I would also like to mention the dedication that is found in the town of Strathroy. In each snowstorm that Strathroy has had in the last two years these firefighters have come to the fire hall and sat all night waiting for a possible fire. They have done this because of the accumulation of snow in the rural area which may make it impossible for them to reach their objective. They are not just waiting for the fire bell but are prepared to put themselves out on weekends, during the week and overnight, when they are working on day shift, to make sure a sufficient number of them are present for the protection of the towns and small villages.

I know that there are two or three more members who wish to speak on this matter but I want to comment briefly on what the member for Bruce-Grey mentioned about correspondence with the revenue department. This was a letter which he received when requesting tax exemption for his own area and I quote:

> The tax exemption was introduced at a time when the services of volunteer firemen were very necessary to communities and, in some areas, were the only such services provided. Today, these services are generally provided by provincial, municipal or other local governments and the services of volunteer firemen are not as widespread throughout Canada as before.

I would like to reiterate what the hon. member for Bruce-Grey has said. Obviously this bureaucrat has never been outside Toronto, Montreal or Vancouver. He has no idea of the situation in rural areas and the smaller towns. This is one of the frustrations we get when we see these bureaucrats sitting in their ivory towers, writing letters like this to people who know better. I was very upset when the hon. member for Bruce-Grey raised that matter.

● (1752)

With regard to the difference between $300 and $1,000, the average amount of fires last year in rural areas and surrounding rural areas was about 60. That includes barn fires and town fires. As was mentioned previously, when the bell rings these people leave work or their houses in any type of weather. They do not take time to change their clothes before they go.

The Strathroy fire department, if I may brag a bit about them, has proven that when the firebell goes, it takes one minute from the time the bell rings to the time they get to the fire. Although it is only a small town of 8,500 that would be an enviable record not just for Strathroy but all of Canada.

In conclusion, I fully support the amendment of the hon. member for Bruce-Grey. I have more comments I could make, but I will close because there are others who wish to speak on this subject.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we give our support to the hon. member for Villeneuve (Mr. Caouette) and the proposal he has presented to the House today. It is my view that the amendment proposed by the hon. member for Bruce-Grey (Mr. Douglas) is simply a refinement that we can all accept. Spokesmen for three parties have stated they favour the proposition. I make it four. That makes it unanimous. Let us pass it.

Mr. J. R. Ellis (Hastings): Mr. Speaker, I enter this debate very briefly. Volunteer fire departments have been a part of my live since I was a small child in the town of Campbellford. When I was mayor of Belleville, I was privileged to work in the Hastings and Prince Edward Fire Mutual Aid, with the township of Hastings and township of Prince Edward working with the city of Belleville. Unfortunately, after that the city of Belleville discontinued its service to the rural areas. As a consequence, more rural fire departments sprang up.

The townships have been very generous with their time and their funds to the extent they can with the very limited budgets they have. For example, in the township of Thurlow, under the guidance of Bob Pearce, we have the "jaws of life", huge hydraulic jaws which is part of their equipment. This is used when there are accidents on the very busy 401 and in other parts of the township. The work these men do is exemplary. It has been spoken of many times in the House this afternoon.

This subject was first brought to my attention by the president of Fire Mutual Aid who at that time was Cecil Neal of the village of Marmora. He asked that this be brought up. I wrote, as others have done. I was not aware of these other letters. I wrote to the department to see whether we could get

some relief and received the same answer that others have obviously received. The hon. member suggested that if all fire departments get together, we might get some satisfaction. It might be worth while.

The fire departments in the Hastings and Prince Edward area not only spend their time waiting and servicing fires, but also train and keep their equipment in order. In the totally volunteer fire department in the township of Wollaston, they sometimes have to scrounge for material. The township of Wollaston is very small and has a very small budget. They use a second-hand truck they were able to get from a richer municipality. They use a second-hand generator and a second-hand pump. They have worked on that equipment and they keep it polished and in working order.

As the hon. member for Winnipeg North Centre (Mr. Knowles) said, with all parties having shown their support for this motion it should at least go to committee where we can perhaps convince the appropriate minister that this action is necessary. These men are not asking for a great deal. They are asking only that some of their expenses and a portion of their honorarium, which at best amounts to only a few cents for the work they put in, be taken into consideration when they pay their income tax.

With only four minutes remaining on the clock, I hope hon. members will let this come to a vote.

[*Translation*]

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, I am glad to rise on such an important matter. As my colleagues have demonstrated, enforcement of the Income Tax Act represents a huge challenge for the government which must collect tax contributions equitably and adapt the fiscal system to this country's changing economic needs. As regards personal income tax, the government tries to establish a fair share of the burden according to each taxpayer's contributive ability and the eligibility of expenses incurred by individuals for deductions geared to earned income. While a deduction lightens the tax burden for individuals directly affected, it increases the burden for taxpayers who will not benefit from it but will have to foot the bill.

I readily understand that some of my colleagues in this House want that $1,000 of the volunteer firemen's income to be deductible. I readily understand their intentions, but I would believe that would be unfair for municipalities which have to pay high salaries to their firemen because municipalities which do pay their firemen have to pay some income tax and the salaries must therefore be very high. I think that if we are to do justice on even basis throughout the country, we might be treating unfairly the taxpayers in larger municipalities who have to pay their firefighters. I have perhaps a suggestion so that both situations would be consistent. The municipalities which have volunteer firemen might increase these indemnities, even if they would become taxable. Then, all Canadian municipalities would be on the same footing.

There is another principle which should be safeguarded, Mr. Speaker. Volunteer firemen are not the only ones who do voluntary work in this country; many Canadians do so either to help senior citizens or hospital patients who need visitors, and there are also all the other Canadians who do some voluntary work in various sectors of our society. I think those people should be granted the same privilege which is now being asked, because they also play a very important part in our society. The reason why I am mentioning these facts is to draw the attention of the House and to suggest that tax measures are extremely complex and we must consider all the other Canadian taxpayers and the impact the proposed measures may have on them. I also want to say that the government has made a sustained effort in that direction, even before the tax reform.

The Acting Speaker (Mr. Turner): Order, please. The hour allotted to private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CRIMINAL CODE

AMENDMENTS TO GIVE CERTAIN RIGHTS TO POLICE

The House resumed consideration of the motion of Mr. Blais that Bill C-26, to amend the Criminal Code, the Crown Liability Act and the Post Office Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Turner): Order. At five o'clock the hon. member for Yukon (Mr. Nielsen) had the floor and he has 25 minutes remaining.

Mr. Erik Nielsen (Yukon): Mr. Speaker, before five o'clock I was elucidating the principles upon which the British issued warrants for the interception of communications. The criteria which they emphasized were, first, that the offence must be a really serious one—a lower limit of three years' imprisonment was set for offences which would warrant the interception of communications. In the second place, normal methods of investigation must have been tried and failed or must, in the nature of things, be unlikely to succeed. Third, there must be

good reason to believe that interception would result in conviction.

The arrangements concerning the issuance of warrants to security services are similar to those relating to the criminal end of things but the objectives of the security services are quite different. In England the principles governing the issuing of warrants to the security services can be cited in the following terms: there must be a major subversive or espionage activity which is likely to injure the national interest and, further, the material likely to be obtained by interception must be of direct use in compiling the information necessary to the security services in carrying out the tasks laid upon it by the state.

The committee of the Privy Council to which I have referred made two very important recommendations which should commend themselves to the Solicitor General (Mr. Blais) in the absence of any provisions in the bill before us similar to those in the British legislation and apparently to those in the United States legislation as well. The recommendation of the Council is found in paragraph 74 of the report and is as follows:

● (2012)

We feel that the outstanding warrants should be reviewed more frequently. We therefore recommend that there should be a regular review not less than once a month both by the Home Office—

In this case that would be the office of the Solicitor General.

—and by every authority that is granted a warrant to intercept. This review should be not only of the numbers of warrants outstanding, but of each particular warrant.

This is the kind of safeguard which the hon. member for Peace River (Mr. Baldwin), myself and other members on this side are very sensitive about. They also recommended in paragraph 75 of their report that warrants should no longer be valid until they are cancelled but that their validity should be for a defined period that appears on their face. Normally this should be for a period of no longer than a month and in no case should it be for a period of longer than two months. If an extension of the validity of a warrant is desired, the reason for this should be sent to the home office for its consideration before any extension is approved.

I draw the attention of the Solicitor General to the fact that this kind of review process is well entrenched in the United States legislation which requires submission of every judicial submission to the joint committee of the Senate and House of Representatives.

The report of the special committee of Privy Councillors dealt with two other rather important features of interception legislation. One concerned itself with the use of intercepted information in the civil courts, and I notice a provision in the bill which is before us, section 178.31, where intercepted communications are admissible as evidence in any criminal proceeding which may be taken against any person. That, as I understand the bulk of United States judicial decisions, is not possible there, and that is specifically provided for in the British legislation. In paragraph 101 of their report the privy councillors who formed a special committee decided, and I quote:

We therefore conclude by recommending that there should be no disclosure of the information obtained on public grounds by the exercise of this great power, to private individuals or private bodies or domestic tribunals of any kind whatsoever.

They went on in paragraph 113 to say:

As we have pointed out in paragraphs 105 and 106, the obtaining of arrests and convictions is not necessarily a major objective of the Security Service. It is therefore not possible to measure the effectiveness of interception as used by the Security Service by reference to arrests and convictions.

That has a direct bearing on the report of the Solicitor General to parliament with respect to the Protection of Privacy Act.

It is therefore not possible to measure the effectiveness of interception as used by the Security Service by reference to arrests and convictions.

So statistics do not necessarily shore up the position of the government with respect to the unobstructed facility of interception by any means. The committee went on:

The evidence we heard overwhelmingly established the following facts:—

1. There are continuous organised and dangerous efforts to spy out secrets of the State.

2. Similar organized and continuous efforts are made to spread subversion and to penetrate the apparatus of the Government and work of high security.

3. The weakest link in this highly skilled and trained chain of espionage and subversion is communication between the agents and persons concerned.

4. Methods of interception are highly effective; they are often the only effective method of countering espionage and subversion and of safeguarding the vital secrets of the State. We received a great deal of direct evidence of the success achieved solely by the interception of communications.

That committee visited a centre where telephone tapping was operated, and the committee members themselves held a telephone conversation which was tapped and recorded by a machine in their presence. There was a very small number of persons supervising that purely mechanical operation, which I do not think is the case here in our system. In paragraph 116 we find the following words:

. . . whether it is relevant to the inquiry in hand or not, whether or not it contains private and personal or even privileged conversations.

This brings us to the whole thrust of the question of the hon. member for Central Nova (Mr. MacKay) when he inquired as to the difficulties inherent in the provision for the opening of the mail of solicitors. In England, it is at the point when the recording is passed to the authorities concerned with the use of interception that the whole content of the interceptions becomes known to officials, whether or not it is relevant to the inquiry in hand, whether or not it contains private and personal or even privileged communications. I will come back to that in a moment when I speak about a matter which the Chair, I think, should be taking under consideration with respect to the matter of privilege to which I referred concerning the rights and immunities of members, and in particular the effect of this bill in so far as the opening of mails in the post offices on these premises, which are not under the jurisdiction of Mr. Speaker but of the Postmaster General (Mr. Lamontagne).

In England, the number of officials who have access to this information is small, "small" compared with the recent disclo-

sure that some 58 copies of a highly sensitive document are being circulated to God knows whom, including file clerks, secretaries and so forth.

In England, in no particular case of interception is the number in excess of three or four carefully chosen officers. They have the duty to select and transcribe only those parts of the material that are relevant to the inquiry in hand. The quantity of relevant material that is thus transcribed varies from case to case. It can be extensive, but in the great majority of cases it bears a small proportion to the total material recorded by the machines. The material that is not selected and transcribed is destroyed. Of particular importance in a nation of 55 million people, with regard to interceptions with respect to security services there are only two officers who have access to that kind of intercepted material. I commend that as a policy which the Solicitor General should adopt.

The final point I have to make is of great concern to all hon. members, and it has to do with how far the provisions of this bill and, for that matter, the provisions of the Criminal Code of Canada with respect to the Protection of Privacy Act should apply to members of parliament. The committee to which I have referred dealt with that specific question, and in paragraph 124 it reported the following:

> Questions have recently been asked in the House of Commons about the propriety of intercepting the communications of members of parliament. We have therefore taken advice upon this matter and considered it. The essential point is whether the interception of a Member of Parliament's letters or telephone would constitute a breach of privilege. This is of course for the House itself to determine.

That is something which is under consideration now by the Special Committee on Rights and Immunities of Members of Parliament under the chairmanship of Mr. Speaker. The report goes on to say the following:

> So far as we have been able to discover, a Member of Parliament is not to be distinguished from an ordinary member of the public, so far as the interception of communications is concerned, unless the communications were held to be in connection with a Parliamentary proceeding.

This is an important phrase which should be considered by the special committee.

● (2022)

Dealing with the question of the interception of members' letters, the British House of Commons expressed itself clearly in a resolution in 1735. This was contained in a report of the secret committee of the House of Commons in 1844. I will not bore the House with the quotation of those words; simply I commend the quotation from the report of the privy councillors who examined this question in 1957 in England. They concluded that this seemed to be a clear recognition by the House of the right of the secretary of state to intercept members' postal packages by the use of an express warrant. So far as we know, this recognition has never been subsequently rescinded or modified.

Then the committee went on to consider how the power to intercept communications should be used in the future. At page 154 of their report, the objections were laid out with respect to civil liberties questions which have been raised. The objections can be summarized as follows: First, the powers of interception are in the hands of state officials. They are exercised in secret, and the extent of the exercise and the purposes for which the powers are exercised are not publicly known. Second, there is some apprehension that the powers may be used to invade private rights and to interfere with the liberty of the subject unnecessarily. Third, the circumstances in which the powers may be exercised do not give to the subject any reasonable opportunities for protest or objection. These are all very valid points.

Paragraph 137 of the report of the privy councillors reads as follows:

> We have examined the exact circumstances in which the powers of the secretary of state have been exercised, in order to see what is the extent of the interference with the privacy of the individual or his liberty, and whether such interference ought to be prohibited for the future, or whether it is necessary or justifiable in the interests of the citizens as a whole that the procedure in force at the present time should continue. The freedom of the individual is quite valueless if he can be made the victim of the law breaker. Every civilized society must have power to protect itself from wrongdoers. It must have powers to arrest, search and imprison those who break the laws. If these powers are properly and wisely exercised, it may be thought that they are in themselves aids to the maintenance of the true freedom of the individual.
>
> It is therefore most important to observe that from the evidence tendered to us, it is plain that the exercise of the power to intercept communications by the secretary of state has never been regarded as a general power, but as a power, carefully restricted to special and well-defined circumstances and purposes, and hedged about with clearly formulated rules and subject to very special safeguards.

That point was made by the hon. member for Peace River.

I should like to deal with the report of the committee of privy councillors, appointed to inquire into the interception of communications in England, by placing on the record one or two of their summary of conclusions and recommendations. One of the most important was that they recommended that in no circumstances should material obtained by interception be made available to any body or person whatever outside the public service. That safeguard is not in the bill before the House. I urge the Solicitor General to cause the government to introduce that safeguard into the bill.

In its deliberations the committee considered a particular case respecting the interception of communications to a solicitor in England, where the results of that communication were transmitted to the bar council. I am sure the Solicitor General should limit the dissemination of information gathered by the interceptive processes, such as that suggested in this bill, to the public service and the public service only. That is where it should stop.

Another rather important recommendation of this report was that the committee was satisfied that interception should be highly selective and that it should be used only where there is good reason to believe that a serious criminal offence has been or is being committed, or that security interest is involved. Also that committee concluded that only a minimum number of people should have access to intercepted material, either in its original or in its selected form, and that this number is very small. Again I point out to the Solicitor General that the practice in England restricts that kind of information to two officials. I ask him to compare that with

the alleged reports indicating that some 58 copies of a security document were disseminated among government services. In a nation of 55 million people, only two officials see the information.

Also I draw the Solicitor General's attention to the diversity of the statistics between a nation that size and one the size of the United States with respect to the number of interceptions as reported by his predecessors in the two previous reports tabled under the Official Secrets Act and the Protection of Privacy Act. The committee in England was satisfied that it was a useful tool for protecting national security. In general principle we agree with that. Also we agree that it is a very useful investigative tool in order to assist law enforcement officers of this country in performing their duties. An hon. member opposite cited the example of a gram of heroin being worth $5 at source and being finally transmitted in this country at a value of approximately $16,000. If the passage of this bill can eliminate that kind of thing, then there cannot possibly be any reasonable resistance to placing that tool in the hands of Canadian law enforcement officers. We feel it will at least curtail that type of thing.

My personal recommendation, which is not made on behalf of my party, is that a review process should be set up along the lines of the recommendations that the privy councillors included in their report. That report indicates there should be a regular review of outstanding warrants, not less than once a month, by the office of the solicitor general and by every authority that is granted a warrant to intercept. That is an essential follow up as a safeguard against abuse.

The committee also recommended that warrants should no longer be valid until they are cancelled, but their validity should be for a defined period that appears on their face. I think this bill covers that, but the period is far too long. They recommended that the cancellation of a warrant by the authority to whom it was issued should be forthwith reported to the home office. In other words, that will be reported to the office of the Solicitor General in Canada. Also it recommended that in future each warrant issued by the secretary of state, which in this case would be the Solicitor General, should specify the particulars set out by the committee of privy councillors.

Another recommendation was that full records showing the details set out by the committee of privy councillors should be kept in the home office in the case of each interception. The reports now filed by the Solicitor General with respect to criminal matters should include far more information than is included now. I understand it may well be against the interests of national security even to publish the numbers which the committee report concluded. Perhaps even the numbers mentioned by the Solicitor General, with respect to security matters in his report under the Protection of Privacy Act or under this bill, should not be mentioned. There is a valid argument for that, but only if the annual monthly reporting goes to him as part of his ministerial responsibility to review the particulars of these warrants issued in respect of national security matters.

● (2032)

A further recommendation is, as I have just stated, that:

> It would be against the public interest for the Secretary of State to give figures of the extent of the interception in communications, for the reasons set out.

That has reference to national security cases.

In respect of a member of parliament, the committee concluded that he is in exactly the same position as any private citizen in regard to the interception of his communications unless those communications were held to be connected with a proceeding in parliament. That is a very important phrase, and the subject matter of the question of privilege I raised some time ago, of which the Special Committee on Rights and Immunities of Members is now seized.

I should like to be able to inform members of parliament of my familiarity with this subject. I have discussed the matter with the Solicitor General in an off-hand way and he is aware that my background is such that I am bound by the Official Secrets Act in respect of any such disclosure. In any event, even if I took advantage of the immunities offered by parliament it would be against my better judgment to familiarize members with my knowledge of those matters. However, the Solicitor General knows whereof I speak. He knows what is going on in this country, and he knows also of the need for giving very serious consideration to the suggestions I have made here and which apparently have found favour in the mother of parliaments.

The interception of communications of a private citizen, whether by opening his mail, by intercepting a telephone communication or by electronic surveillance, which is very highly sophisticated these days, is a deep intrusion into the civil liberties and the private affairs of any citizen. The safeguards are absent from the bill is respect of a review of that process. All that is required of the minister is to produce a raft of numerical statistics, but that is not good enough. In my submission, the review should go at least to the extent it goes in England and in the United States. They go even further in the United States.

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

Some hon. Members: Agreed.

Mr. Nielsen: I have just two sentences, Mr. Speaker. They go even further in the United States. They have provided that these matters be referred on a regular basis to what in effect would amount to our Standing Committee on Justice and Legal Affairs. Perhaps that is not necessary and the suggestion of the hon. member for Peace River is more in accord with what our practice should be. However, that kind of practice should be set up, to be held in camera if necessary, so as not to jeopardize the interests of national security.

The other matter is this. At least in England they have gone to the extent of requiring a review beyond a mere statistical

report. There must be a periodic, regular review of the exercise of these extraordinary powers; and they are extraordinary, interfering as they do with the rights and liberties of the subject. There is an obligation by the government of the day to look at the details of the issuance of these warrants in a special committee, in order to establish that they have been validly exercised and that no abuses have occurred. There must not only be no abuse of these powers, but by adopting the English principle, and even the United States principle, there must appear to be no abuse of the exercise of these powers.

[*Translation*]

Mr. Pierre De Bané (Matane): Mr. Speaker, with this bill that seems rather innocuous, I think we are dealing with one of the most basic questions that we were called upon to consider during this session. Indeed, we are studying a bill concerning one of the most basic rights of the citizen, that is his right to privacy.

Of course, we recognize that community life entails some constraints, but I think that before the government introduces a bill designed to infringe upon the basic rights of the citizens, strong and watertight evidence is needed.

Now, what is the situation? The Solicitor General stated, when he opened the debate, as recorded on page 3768 of *Hansard:*

No one would suggest that the proposed measures themselves are an absolute requirement for the protection of our sovereignty, not any more than those measures relating to drugs are going to solve the whole drug problem in Canada.

Mr. Speaker, the best proof that this legislation is not urgent is that no government in the last 40 years has deemed advisable to violate the secrecy of the mail. Why then such a hurry to introduce this bill when a royal commission is precisely looking into this matter and when the government itself is not sure of its position. And on this point I quote the Prime Minister himself who stated at a press conference on February 10 last:

[*English*]

If the commission says it is not necessary then it will no longer be authorized. The law will cease existing.

● (2042)

[*Translation*]

So I wonder why would the government take the liberty of violating one of the fundamental rights of the citizens before obtaining the recommendations of its own commission? It could have asked the commission to produce an interim report but preferred to disregard altogether the commission which was established by the government itself to study this matter. This is, Mr. Speaker, the first reason why I am not prepared to vote for this bill. I think that when we want to infringe on the fundamental rights of the citizens, we should have an overwhelming proof rather than prejudging the reports of a commission saying that the legislation will be revoked if the commission thinks the power which is to be given to the police is dangerous.

The second reason, Mr. Speaker, for which I am against this bill is that for several months we have seen a sad sight, namely different ministers who had to admit that they were unaware of the irregularities committed by the RCMP and, worse still, that this illegal practice had been going on for 40 years. Mr. Speaker, this is an extremely serious matter and as long as hon. members and the population are not convinced that mechanisms have been put in place like in other countries to control the operations of the police, to ensure that everyone is subject to the law, I am not prepared to vote for this bill.

Mr. Speaker, this matter of the fundamental rights of citizens outweighs by far all other considerations. The question to be debated in fact is whether the citizen or the individual comes before the state or not. This is in fact the most important question. Once again, I think that the right to privacy is one of the fundamental rights which is closely related to the freedom of expression, and as stated by the commission formed by some hon. members in England in 1957:

[*English*]

The report of the committee of privy councillors appointed to inquire into the interception of communications, whether practised by unauthorized individuals or by officials purporting to act under authority, stated that the feeling still persists that such interceptions offend against the usual and proper standards of behaviour as being an invasion of privacy.

[*Translation*]

But I should like to quote a few interesting excerpts from the official report of the proceedings of the Select Committee of the American Senate which deals with the same subject. For instance, on page 93, Chairman Frank Church is reported as saying to Mr. Helms, Director General of the CIA:

[*English*]

We are talking about a plan that went on for 20 years that everybody recognized was against the law . . . I am trying to find out why a program like this went on for 20 years, was against the law of the country by every indication we have . . . and all I am trying to find out from you is whether you believe that the CIA does not have to abide by these laws . . .

[*Translation*]

And the Chairman added:

[*English*]

In fact, the Inspectors General of your own Agency who looked into the program said that in their estimation it produced very little worth-while intelligence. They were concerned about its illegality, and at one point recommended that it be discontinued.

[*Translation*]

Again the Chairman is speaking, on page 41:

[*English*]

Yesterday, we heard from the members of the Inspector General's office of the CIA, an office that conducted periodic reviews of this program and an office which concluded that it was of marginal value, in terms of the intelligence collecting, so much so that it was recommended to the Agency, finally, that the program either be discontinued or turned over to the FBI.

[*Translation*]

Then, on page 33, Senator Huddleston asked Mr. Osborn, one of the directors general, the following question, quote:

[*English*]

Do you know of any instances that were cited where it had been helpful to them in carrying out their responsibility?

[*Translation*]

And Mr. Osborn replied, on page 33:

[*English*]

Not specific instances, Senator, no.

[*Translation*]

On page 168, Senator Schwartz asked the following question, I quote:

[*English*]

Over the course of the 15 years that you received information from the CIA program, the record shows you received some 50,000 copies of letters. Did it lead to the identification of a single illegal agent?

Mr. Branigan, the chief inspector of the CIA, said:

To my knowledge, no.

[*Translation*]

And to give you an idea of the extent of this program in the United States, I should like to quote from one of Senator Church's statements. I am referring to page 131:

[*English*]

Beginning in 1953 and ending finally in 1973, the figures show that there was a total volume of letters coming through the New York Post Office that was subject to culling and opening and photographing by the CIA, in this particular program, a total of 28,322,796. Of that number, based as we have heard now on certain watch lists that were established, but in the main, on random selection accounting for two thirds of the inspections, there was a total of 2,705,726 envelopes that were photographed plus 389,324 envelopes that were copied. And the number of those letters that were illegally opened and whose contents were photographed came to 215,820,—

[*Translation*]

And then he quoted a series of figures.

[*English*]

I think those figures speak for themselves, that it was a program that not only extended for a great number of years but was also very sizeable.

[*Translation*)

So, Mr. Speaker, besides it is significant that, as far as Canada is concerned, the only case relating to security that has been mentioned is still the one concerning that Japanese terrorist. In the past several months, we have not heard of any other case. Furthermore, according to the testimony given to the McDonald commission, I think that the opening of that letter was not absolutely essential to the arrest of that terrorist. I might be asked why do I take such an interest in civil liberties, in the liberties enjoyed by each of us, but I do think that basically this is the main concern of all the members in this House.

I will quote a passage from a book published by the government a few year ago, on the type of constitution we would like Canadians to enjoy and which says, and I quote:

The first and foremost objective of the Canadian Federation, according to the government of Canada, is to protect the rights of the individuals. That means first guaranteeing the individual rights of all Canadians. That is a fundamental element of the state: take away those rights and few Canadians will think their country is worth preserving.

That is why, Mr. Speaker, I believe that question to be fundamental and that we do not have the right to say: If the McDonald commission suggests that that power is not necessary, then we will drop the law. I think this is a very ill advised way of doing things.

And in the same vein I must say that it has become obvious that the Keable commission in Quebec that was supposed to look into that question of the protection of individual rights and police compliance with the law, Mr. Speaker, was intended to be used mainly to foster another federal-provincial quarrel. When we consider that 95 per cent of the hearings of that commission dealt with the activities of the federal police and barely 5 per cent with those of police departments coming under the jurisdiction of the Quebec government and when we see how the commissioner was appointed, a young lawyer of 30 who was a member of the party in power. Let us compare with the appointment by the previous government in Quebec of the Cliche commission where a permanent judge was selected to preside over a commission with two other commissioners who were opposed to the government. Now as far as the federal government is concerned, an experienced, independent and permanent judge was selected, a judge who was not afraid to put adds in the newspapers asking the people of this country to inform him of illegalities they could be aware of relating to the federal police. Nothing like that was done with the Keable commission.

So, Mr. Speaker, I am under the impression that when we are dealing with matters of basic rights such as the one which is now before the House and we do not have the right to to use it to foster federal-provincial quarrels. Fundamental rights are essentially rights that no government can touch. And I would like to conclude by quoting the following comment by Ramsey Clark, the former attorney general of the United States:

● (2052)

[*English*]

Privacy is the basis of individuality. To be alone and be let alone, to be with chosen company, to say what you think, or don't think, but to say what you will, is to be yourself. Solitude is imperative, even in a high rise apartment. Personality develops from within. To reflect is to know yourself. Character is formed through years of self examination. Without this opportunity, character will be formed largely by uncontrolled external social stimulations . . . Few conversations would be what they are if the speakers thought others were listening. Silly, secret, thoughtless and thoughtful statements would all be affected.

[*Translation*]

So, Mr. Speaker, I think we would be very ill-advised to put a stop to any new infringement upon that fundamental right

pending the report of the McDonald commission, and I think we would be well advised to consider what the United States government recently did through the executive order that was made by the President of the United States in the month of January. Concerning that executive order, let me quote an article published in the newspaper *Le Figaro* of January 29: What is true is that for the first time in the history of the greatest and oldest trade in the world, members of the United States CIA will come from now on under the jurisdiction of the courts. Even when ordered by the President, any surveillance against an individual suspected of spying shall be authorized first under a warrant signed by seven federal judges.

Mr. Speaker, I think that our system happens to be based on the independence of the judiciary which must control law enforcement by the executive, and I think that our tendency to entrust both powers with the government is quite dangerous. Let us not forget what happened last year before the parliamentary committee dealing with the immigration bill, when the deputy minister refused to let cases of rejected applicants be referred to the Supreme Court, under the pretext that Supreme Court judges might be national security risks.

So, Mr. Speaker, for all those reasons, and after due consideration and given the fact that we do not have yet our police forces under proper control, I have decided to oppose this legislation.

[*English*]

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I should like to commend the hon. member for Matane (Mr. De Bané) for the very sincere way in which he has expressed the civil liberties concerns felt by many members in this House with respect to this bill.

At this time it is not necessary to review all the aspects of the bill. I only want to focus in this brief contribution on the one aspect that provides, for me, the most serious problem, and that is the lack of a judicial warrant for mail opening investigations of national security cases. I am going to be asking the government when this bill gets to the committee either to amend it appropriately or to drop the clause that provides for the legality of mail opening in national security cases. Unless they are willing to do for national security cases what they are willing to do for drug cases, namely, to secure an order of a court and ensure that before anyone's civil liberties are interfered with the court is going to be the ultimate protector of that individual, not a politician or minister or government.

I am going to leave aside the politics of the bill. I am not even going to discuss the motive or why this bill has come before us now. I have several suspicions. I am not going to bother with the question that we are legalizing ex post facto, or with what has been going on and the prematurity of the bill, or discuss the legislation before the McDonald commission makes its report. I am going to accept without argument the rationale advanced by the Solicitor General (Mr. Blais) and seconded by the Postmaster General (Mr. Lamontagne) that we need this legislation to catch drug offenders.

I am rather with the hon. member for New Westminster (Mr. Leggatt) who expressed some doubt that this new law—if it gets that far—will be an important element in catching drug offenders but I am willing to give the government the benefit of the doubt.

I think all of us want to do whatever we can to end the horrifying spectacle of drug abuse, the trafficking, the ultimate violation of one's human rights by making one a drug addict. Let us go along with that. We remember that the bill provides, for one who is suspected of trafficking in drugs and using the mails to further this process, that when a police investigator wants to have access to that person's mail he makes application, gets an affidavit, secures the information, puts it before a court which is concerned about the authenticity, then it goes to the Solicitor General for his approval. Finally, when the Solicitor General approves it, it is presented to a judge or a superior court in the relative area.

• (2102)

That meets the criteria established by my colleague the hon. member for Perth-Wilmot (Mr. Jarvis) in offering support by our party for this bill. He said that it met the criteria of the specific circumstances of mail opening with adequate safeguards. That is to say, it would be put beyond politics. As far as our institutional system allows, a court will take the responsibility upon a recommendation by the Solicitor General. My colleague for Perth-Wilmot said this will give the adequate safeguards we want.

When we turn to the question of national security and the police seeking a warrant for the acquiring of evidence in such cases, we see that the application started by the director general of the security service becomes then a sworn statement. This sworn statement is presented to the Solicitor General who, once satisfied, issues a warrant for the opening of the mail. We know this follows in the case of the Official Secrets Act. We know that it follows the same precedent set by the wiretapping legislation that drew the distinction between wiretapping to obtain evidence for criminal offences in which a court order would have to be acquired; but in wiretapping for national security cases the Solicitor General's warrant by itself is enough.

Here I come to the reason for this brief contribution. I bring to the subject a non-legal mind and I would like to speak for the laymen of our country who find it hard to understand why in cases of drugs and the suspicion of one trafficking in drugs, in order to open that person's mail a court order is required. Whereas in the case of a person suspected of undermining the national security of our country, which is a far graver offence, the opening of mail belonging to a person in this category can be done solely on the approval of the Solicitor General. That is something which I do not understand.

The Solicitor General asked us to consider the authority he will be given to examine under Section 16(2) of the Official Secrets Act. I read Section 16(2)(c) of the Official Secrets Act:

—activities directed toward accomplishing governmental change within Canada or elsewhere by force or violence or any criminal means;

I want to offer to the House my conviction that that section is a very grave part of the Official Secrets Act. If we are to proceed in our modern society with more and more intrusions of privacy, more and more suspensions of civil rights, then I think it behooves us to amend the Official Secrets Act to take the necessary legislative steps to ensure that it is a court and not a politician who will give the final approval by law for the opening of mail. Unless we do such things, we will not have the adequate safeguards that many members of the House have been calling for.

I come now to the comments made by the hon. member for Windsor-Walkerville (Mr. MacGuigan). He is a distinguished member of parliament and he is also chairman of the justice and legal affairs committee. His contribution to the debate which was made a few days ago I would take quite seriously. He approached this very question as to whether there ought to be a provision in this bill for a court order in cases involving national security as distinct from the approval of the Solicitor General himself. He said that argument could be advanced on both sides. He said it is a narrow decision. We must consider, on the one hand, that the courts are the traditional protectors of our liberty; on the other hand, allowing the Solicitor General to have the final say on mail opening in national security cases would bring us more ministerial responsibility. The hon. member said it is better to put the onus squarely on the government.

In my view, the member for Windsor-Walkerville missed the point when he presented the equation in such terms. He argued that because this is sunset legislation it will expire a year after the McDonald commission report comes in, and we all know that is a long way down the track. It may be 1985 or even much later than that. in any event for a considerable period of time we will have a law allowing the Solicitor General to express final approval concerning national security cases. I submit to you, Mr. Speaker, this arrangement is opening the door even wider to political control in individual security cases.

I would not say the member for Windsor-Walkerville was very strong on the side of the bill. He seemed to be ambivalent, but he finally went over to the side of supporting the bill, giving the Solicitor General the final authority. He asked us in so doing to express our confidence in ministerial responsibility. It is that very question that I am unable to answer satisfactorily to my friend the hon. member for Windsor-Walkerville. I cannot give my confidence to this government. I think I would be reluctant to give it to any government, but certainly to this government after witnessing the conduct of the various solicitors general, including the present one who has been stonewalling the House on answers to legitimate questions.

The government has been blaming the RCMP for the government's own mistakes. Innumerable copies of documents have been leaked. Now we find the hon. gentleman for Matane (Mr. De Bané) saying he is opposing the bill, offering his conviction tonight that the public is not at all convinced that there are adequate institutional mechanisms for the protection of privacy in this country. I submit to you, Mr. Speaker, that the hon. member for Matane, in expressing that opinion tonight, is absolutely right.

The very least that should be done is to amend this bill in committee. We should do away with the section on national security entirely. After all, what evidence has been brought before the House that it is absolutely needed now? The weight of the Solicitor General's speech and the entirety of the Postmaster General's speech was on the subject of drugs. Nobody on this side of the House is advancing a counter-argument that we do not need it. We are willing to give him the benefit of the doubt. The hon. member for New Westminster was not very convinced.

I think most of us are ready to give the government the benefit of the doubt on drug cases, to accept that legislation is needed and will probably do some good. No one has satisfactorily explained why we should need it for national security cases. Therefore, in the absence of a strong argument I think all the more opposition ought to be exerted against giving the Solicitor General this monopoly of power. I say that we ought to go after the drug pushers and we ought to do everything we can do fight crime. But in so doing we must answer what has now become for me the classic parliamentary question that we face in this debate. Genuine steps must be taken against terrorism, against crime, against all those factors of modern society that are making our world a dangerous place.

● (2112)

We want to do the right thing to protect society. At the same time, we want to protect civil liberties. We have to find a way to do both. We want to do this job that we as parliamentarians have the very serious responsibility to do. We want to do it in a way that can secure the safety in society which the citizens of Canada expect us to legislate without opening the door to political control in the violation of privacy. That, then, is the question that is involved as we discuss the principle of this bill.

We want to fight crime and protect civil liberties at the same time. Only a court can ensure that we will do this, not politicans. It is imperative that before this bill comes back for third reading this most objectionable feature of the bill be removed. If it comes back without having been removed, I and many members of this House will have a great deal of difficulty giving it any further approval.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to speak for just a few minutes to confirm the position of this party which was indicated some days ago by the hon. member for New Westminster (Mr. Leggatt).

It is our feeling that we must vote against this bill at second reading. I can state our position briefly and clearly. Indeed, some of the arguments that I might have liked to have made were presented very effectively tonight by the hon. member for Matane (Mr. De Bané). I congratulate him on that excellent speech.

Almost everyone who has spoken in this debate has declared that, although there are times when the state ought to have the right to intercept or open mail, it should be done only under appropriate safeguards. Those who have taken the trouble to define appropriate safeguards have made it clear that what they meant was a warrant from a judge.

Most of those who have defended this bill have emphasized the fact that, with respect to requests for opening mail, where the senders or the receivers are suspected of being involved in drug traffic, a warrant has to be obtained from a judge. But in the case of security the situation is quite different. The person who issues the warrant in that case is the Solicitor General (Mr. Blais). It can come about in two ways. On the one hand, the Royal Canadian Mounted Police can request of the Solicitor General that he issue a warrant, or the Solicitor General on his own initiative can issue a warrant. That disturbs and concerns us deeply.

I could take time, but I will not, to recount some of the things we have been through in recent weeks and months. Surely the experiences that we have had underline the necessity for the objectivity of a judge rather than for a decision being made by a member of the executive. It is that fatal flaw in the bill that makes us feel we should not vote for it in its present form.

It is true that the bill is going to committee. It is true that it is theoretically possible for the committee to amend the bill. However, a number of those who have spoken, especially members of the Progressive Conservative party, have said that although they are prepared to vote for second reading of the bill, they will oppose it on third reading unless a change is made so that warrants for opening mail in respect of security have to be obtained from a judge.

We think this matter is serious. We are alarmed about what has been happening recently. As I say, it is too serious to give an affirmative vote at this point. Now is the time to take our stand against the element in the bill that to us is not only a denial of civil liberties, but is a case of putting too much power into the hands of the executive.

That is the reason that we in the New Democratic Party have taken our stand against this bill. We are not against the portion of the bill that deals with drug traffic. We are not against totally the idea that there can be instances in which the state should have the right to open mail. However, Mr. Speaker, we insist that in no case should it be done without a warrant obtained from a judge. Because of that flaw, we feel, as we did at the beginning of this debate, that we must vote against the second reading of this bill.

The Acting Speaker (Mr. Turner): Order, please. I must inform hon. members that if the minister speaks now, he will close the debate.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I will be very brief. It has been my pleasure to have heard the large number of participants in this debate. I feel the debate has been constructive. I look forward to a very serious, fruitful and worthwhile discussion in committee.

[Mr. Knowles (Winnipeg North Centre).]

There has been a strong expression of approval for the principle of this bill. I appreciate that approval. There has also been some indication of a fear relating to the safeguards. I want to indicate to hon. members that I am reviewing all the suggestions that have been made and I will consider whether there might be some grounds for presenting some amendments.

Some hon. Members: Hear, hear!

Mr. Blais: I encourage all members to look at the debates and the arguments that have been presented. We are dealing with a very serious matter. It is one I have not taken lightly and one that I will not take lightly.

I understand, Mr. Speaker, there is agreement that there be a recorded vote at a quarter to ten. That is agreeable to the government. I understand it is also agreeable to the opposition parties. Upon this recorded vote being called, I understand there is an item of business standing in the name of the Minister of Agriculture (Mr. Whelan) that is ready to proceed. That matter will be proceeded with until a quarter to ten, at which time the division bells will ring and the vote will be taken at ten o'clock.

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

Mr. Nielsen: Mr. Speaker, I think the Solicitor General (Mr. Blais) meant that we should proceed with the item under the aegis of the Minister of Agriculture (Mr. Whelan) now, to be interrupted at a quarter to ten for the taking of the vote. Therefore, we are not ready for the taking of the question until a quarter to ten.

Mr. Blais: Mr. Speaker, I would like the question to be put now. I have concluded the debate. As I understand it, there will be a requirement for a recorded vote and that recorded vote will be put over until a quarter to ten.

Mr. Paproski: Mr. Speaker, there is not agreement between House leaders that there be a recorded vote at 9:45 unless five members stand to ask for a vote. I want to bring that to the attention of the House.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion, the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): According to the agreement made a few seconds ago, the vote will be taken at 9:45.

* * *

● (2122)

FARM CREDIT ACT

MEASURE TO AMEND

Hon. E. F. Whelan (Minister of Agriculture) moved that Bill C-29, to amend the Farm Credit Act, be read the second time and referred to the Standing Committee on Agriculture.

He said: Mr. Speaker, the Farm Credit Corporation has been administering the Farm Credit Act for close to 20 years. In that time, it has approved over 192,000 loans totalling more than $3.1 billion.

A further indication of the importance of this agency is that it extends approximately 60 to 70 per cent of all the long-term farm credit in Canada. In recent years, private lenders, the chartered banks in particular, have become more active in the general field of farm credit, and more particularly in the area of long-term credit.

I noticed the other day that the Royal Bank has announced a new farm mortgage program. This is in line with something which I, in common with other members of the House, have been advocating for a long time—that the private sector enter the mortgage field. They will be making loans to farmers of up to $300,000 over a period of 15 to 20 years. I want to take this opportunity to compliment the Royal Bank on this project. If more of the private lending institutions would do the same, my job and that of the Farm Credit Corporation would be a lot easier.

I sincerely welcome this increased participation. The Farm Credit Corporation is a long way from meeting the total demand, and unless steps are taken to meet it, the gap will continue to widen. Projections are that it will soon take close to $1 billion per year to meet the long-term credit needs of Canadian farmers.

This bill brings forth a number of amendments designed to update the Farm Credit Act so that Canadian farmers can maintain their position of leadership in the world and increase their productivity level through the wise use of credit.

The major amendments are as follows. First, that the F.C.C.'s capital be increased from $100 million to $150 million, thus increasing the corporation's borrowing capacity to $3.75 billion from $2.5 billion. There is real urgency for this amendment because the corporation's capital will be used up by May 1978. Second, that most age restrictions on lending be removed except for loans to persons phasing into farming. This special advantage would continue to be offered to persons under 35 years of age. Third, that the maximum loan for a single farming enterprise be increased to $200,000 for one qualifying applicant and $400,000 for two or more qualifying applicants.

Before going on to discuss the lesser amendments, let me give the reasons for these three proposals. The present authorized capital of $100 million and the corporation's borrowing capacity of 25 times that, or $2.5 billion, will be exhausted early in 1978-79. The corporation's capital was last increased in 1975 by about 50 percent from $66 million. Between 1971 and 1976, the total value of farm capital in Canada increased from $23.7 billion to $57.0 billion representing an increase of close to 140 per cent. The number of farms with annual sales of $5,000 or more has increased by 18 per cent. The number whose sales exceed $10,000 increased by more then 63 per cent. The corporation therefore needs a significant increase in borrowing power to be able to keep pace with the increase in total farm capital. But it should be noted that the F.C.C. will continue to be restrictive in its lending guidelines in order to stay in line with the government's restraint program. This means that applications will continue to be assessed according to the applicant's need for funds from the Farm Credit Corporation.

Thus, we shall be staying within the guidelines and the intent of the farm credit legislation when it was first brought in; that is, to be a lending organisation which would lend money only to farmers who really needed such assistance and who could not find any other organisation which would lend them the money they required. Sometimes I think that farm credit has departed from that policy.

The second amendment removes age as a qualifying factor for lending limits. Hon. members will recall that when I proposed the 1975 amendments to the Farm Credit Act, the main thrust of that bill was to help young people to get started in farming. Since then, the F.C.C.'s total lending to young farmers has steadily increased. This year almost three quarters of all loans went to persons under 35 years of age. This represents some $410 million.

A great number of farmers, farm organizations and the F.C.C. advisory committee as well as members of parliament have written to me and made recommendations in the past few years. One of the points that constantly comes up is that need does not magically stop at 35. The present amendments extend these advantages to all farmers. Nothing is taken away from the young farmers by these amendments. They simply acknowledge that basic credit requirements do not change on a specific birth date. Experience indicates that the imposition of the 35-year age limit encourages borrowers to rearrange business structures to qualify a spouse or child. This amendment will give more flexibility in meeting real credit needs.

The 35-year age limit would remain on what we now call Part IV or beginning farmer loans, which allow the borrower

to retain an off-farm job for up to five years before becoming principally engaged in farming.

We must recognize that capitalization under all its forms is increasing in agriculture. With the farm labour problems of the past and the future, increased mechanization will continue. Many of the costs of technological change cannot be paid for immediately out of current incomes. Time is required.

I wish to remind hon. members that in recent years the farmer has very often been faced with the cost-price squeeze. This cost-price squeeze has forced him to pay for most capital requirements over a substantial period of time. The third amendment therefore deals with increases in lending limits. Under its present legislation, the Farm Credit Corporation can lend up to $100,000 for standard farm loans and up to $150,000 for loans for young farmers. The $150,000 limit for young farmers was set in 1975 and the $100,000 limit for the standard loans was set in 1972. According to Statistics Canada, land values have increased 25 per cent since 1975 and 130 per cent since 1972. Furthermore, a farm today is nearly 10 per cent larger than it was in 1975.

The present loan limit applies to farm units as well as to applicants. Thus, the maximum loan for a farm operated by father and child or by partners is presently $100,000, or $150,000 depending on age. If this bill is approved, the Farm Credit Act would provide a new loan limit of $200,000 per qualifying operator up to a maximum of $400,000 for a farm unit where there are two or more qualifying operators. We feel this will facilitate joint operations, encourage greater efficiency and a smoother phasing-in of the young operator into the family farm business.

This increase in lending limits is presently necessary so that the Farm Credit Corporation can meet the credit needs of Canadian farmers. There are a number of sectors which have become increasingly difficult to finance. For example, a grain-livestock operation of some 1,100 acres in Alberta presently costs about $400,000. In Saskatchewan—let us say on the Regina plains—if one wishes to purchase two sections of wheatland, it would likely cost over $500,000. In Ontario, a 75-cow dairy farm would cost more than $300,000. Cash cropping land of about 200 acres in size in southwestern Ontario would probably cost nearly $300,000 today. These are but a few examples of some typical capitalization requirements on family farms in Canada.

● (2132)

In looking at these proposed amendments some critics will say that raising loan limits, removing the age limits and adding capital for the corporation will have an inflationary effect on land values. There may be a small element of truth to this statement, since the provision of more adequate credit will at all times favour the buying and selling of land. However, farmland gets its value because of its capacity to produce income. It is really economic conditions—that is, the level of income produced—which is the main determinant of land prices, not credit. An increase in the lending limits and removal of age limits only mean that the farmer with the greatest need can more easily compete for the land available.

A small number of other amendments are included in this bill which are designed to streamline the administrative operations of the act. One of these is the use of market value to assess all loans. That is a change. The Farm Credit Corporation presently uses two values in assessing the security it takes, market value and appraised value. Generally, market values are used for young borrowers and the appraised value for older borrowers. Market value is based on recent sales of similar properties, while appraised or productive value is based mainly on the capitalized value of net income. Appraised value is calculated and therefore is a theoretical value which is bound to be confusing.

The use of these different values has been confusing to borrowers and to other agencies as well as to the F.C.C. staff. In recommending the use of market values and repayment ability it is understood that loan limits would be based on the lower of the two. This point should be stressed. No matter how high or low the market value, all loans are determined on the repayment ability of the proposed operation.

We are also going to remove the supervision fee. Under the original act passed in 1969 a supervision fee of $25 was set for supervised loans, those which exceed 75 per cent of the appraised value. The fee is now more of a nuisance than anything else and sometimes gets in the way of establishing good relationships between the borrower and staff of F.C.C. Under the proposed legislation advisory services would be provided only where and when needed and when requested.

With regard to the provision for losses on these loans, the present act has established a reserve where actual losses have been charged. This amendment would allow the corporation to make provision for these losses according to accepted accounting principles. We see no difficulty in this at all. We think that the costs for administering these losses will nearly offset just writing them off.

The last amendment proposes that penalty interest be dropped. It is believed that removal of penalty interest would make the Farm Credit Act more compatible with the spirit of the Interest Act, which prohibits penalty interest except in those acts which specifically provide for it.

Even a higher penalty interest would probably not have the desired deterrent effect because farmers traditionally pay off loans as fast as they can, even when the interest rate is well below the market rate. That is history. In some instances, instead of taking capital and investing it in a trust company or in some long term investment at perhaps 9 per cent, they pay their old mortgages off in full. Some of those mortgages have interest rates of 5 per cent and 6 per cent. They just do not want to be in debt.

In 1978 farmers will face further increases in costs of farm inputs, and the present outlook is for slightly decreased net income. When one considers that these farmers represent a mere 6 per cent of our population yet produce most of the food which all 24 million Canadians consume, as well as food for

many millions of people in the rest of the world, and earn about $4 billion in foreign exchange from exports, one can understand the importance of these amendments. One of the tools of our modern economy, credit, must be available to the Canadian provider of food, the farmer.

I also want to mention that loans under the Farm Credit Act are not grants or gifts. Borrowers do enjoy a slightly lower than market rate. The F.C.C. interest rate is presently 9¼ per cent. On a $200,000 loan amortized over 29 years this represents an average of $13,000 in interest payments alone per year. The Farm Credit Act is a tool which gives operators of family farms a chance to make a success of their operations. One need only look at F.C.C. statistics to realize that this opportunity is not taken lightly. Farmers have by far the best repayment record in Canadian society.

I have faith in the ability of Canadian farmers to continue to produce high quality food in an efficient manner. I urge hon. members to show their support for these efforts by giving farmers this needed legislation. I look forward to speedy second reading of this bill and its going to the committee as soon as possible, where we will try to answer all the questions of the members of the committee.

Mr. Jack Murta (Lisgar): Mr. Speaker, because of the limited time we have, I would like to reserve my right to make further comments when the bill is debated at some other time. At the outset, however, I would like to congratulate the new chairman of the Farm Credit Corporation, Rollard Poirier. We are looking foreward to working with him in the days ahead.

From an outsider's point of view, the recent administration of the F.C.C. has been troublesome. It will have to contend with the political move of its head office to Alberta. There has been a very critical internal audit of its operations which has caused some consternation within the corporation and within the farming community. The F.C.C. has gone through some changes in recent months, and the bill we are presently debating will give us a chance to question the minister's officials on these changes. Under the past chairman, Mr. Owen, who was the original chairman of the F.C.C., the corporation ran like clockwork. The corporation has not done so recently, and I contend that that is because there has been political manipulation and meddling which has caused the problems.

In relation to the head office move which I mentioned earlier my party would not feel there was anything wrong with the proposed move to Camrose if it were the result of some formula. The reason for the move is a political one, and in the opinion of my party it should not take place without the establishment of guidelines for the move. Above all, politics should not be one of the criteria followed when making a major decision such as this.

The internal management audit which I mentioned earlier has raised many questions. When this bill is before us in committee we will want to question the minister and his officials on some of the matters which were raised by the audit. We will want to know what recommendations have been made.

• (2142)

There were questions raised concerning poor morale and poor corporation leadership. In the eyes of the staff in the corporation, and also in the eyes of farmers, there was a lack of credibility in management. There was a lack of confidence concerning the leadership in the branches and head office. The management audit made approximately 75 recommendations. Certainly the members of my party want to know what recommendations have been implemented, how the recommendations are working, and what recommendations the government intends to discard. Also it would be interesting to know why the Minister of Agriculture (Mr. Whelan) kept the audit a secret for such a long time, until in effect it was leaked to an opposition member of parliament.

Basically we agree with the increases set out in the Farm Credit Corporation amendments. At the present time credit is needed desperately with respect to farming. Banks have been important lenders to the farming industry. For the most part, the banks have done a credible job. Chartered banks have been the leading institutions in terms of lending money to farmers over the past few years. Approximately 57 per cent of the total agricultural credit in 1975 was being lent by banks, compared to 43 per cent in 1967. Farmers are suffering from a severe cost-price squeeze. As the hon. minister well knows, and as hon. members of the House who represent rural ridings well know, the index of farm product prices rose by 50 percentage points between March, 1973 and March, 1977. The input costs were up approximately 80 percentage points in the same period.

In order to provide the House with an indication of the increase in costs, hired farm labour has increased by 160 percentage points in the past four years; building replacement costs have risen 92 percentage points in the past four years. Cash receipts from January to July of 1976 were $6 billion. For the same period in 1977, these were down to $5.6 billion. Statistics Canada indicated that in the past three years, 1976, 1977 and 1978, farm incomes dropped approximately 42 per cent. I do not know of any other group in our society that would put up with those figures, other than Canadian agricultural producers.

As we all know, farmers are eternal optimists. One of the reasons the recent agricultural strike in western Canada was so very successful was the deep underlying feeling that agricultural prices certainly must increase. In conclusion, I want to point out that my party is in agreement with most of the amendments outlined by the hon. minister and his colleagues.

Criminal Code

CRIMINAL CODE

AMENDMENTS TO GIVE CERTAIN RIGHTS TO POLICE

The House resumed consideration of the motion of Mr. Blais that Bill C-26, to amend the Criminal Code, the Crown Liability Act and the Post Office Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Turner): Order, please. It being 9.45 o'clock, pursuant to order made earlier this day, it is my duty to interrupt the proceedings now before the House. The House will proceed now to the recorded division on second reading and reference of Bill C-26.

Call in the members.

The House divided on the motion, (Mr. Blais) which was agreed to on the following division:

(*Division No. 31*)

YEAS

Messrs.

Abbott	Foster	McKinnon
Alexander	Francis	McRae
Andras	Fraser	Munro
(Port Arthur)	Friesen	(Hamilton East)
Andre	Gauthier	Murta
(Calgary Centre)	(Roberval)	Neil
Appolloni (Mrs.)	Gauthier	Nielsen
Baker	(Ottawa-Vanier)	Oberle
(Gander-Twillingate)	Gillespie	Olivier
Baker	Goodale	Paproski
(Grenville-Carleton)	Goyer	Patterson
Basford	Guilbault	Pearsall
Bawden	Halliday	Penner
Beatty	Hamilton	Philbrook
Blais	(Qu'Appelle-Moose	Pigott (Mrs.)
Blaker	Mountain)	Poulin
Blouin	Hargrave	Prud'homme
Bussières	Harquail	Railton
Campbell (Miss)	Herbert	Raines
(South Western Nova)	Hopkins	Reid
Caouette	Huntington	Ritchie
(Villeneuve)	Isabelle	Robinson
Clark	Jamieson	Roche
(Rocky Mountain)	Jarvis	Rooney
Coates	Kempling	Schellenberger
Condon	Knowles	Scott
Corbin	(Norfolk-Haldimand)	Sharp
Cyr	Lachance	Smith
Danson	Lalonde	(Churchill)
Daudlin	Lang	Smith
Dawson	Lapointe	(Saint-Jean)
Demers	MacDonald	Stewart
Dionne	(Cardigan)	(Marquette)
(Northumberland-	MacGuigan	Stollery
Miramichi)	Macquarrie	Towers
Douglas	Maine	Trudel
(Bruce-Grey)	Malone	Turner
Dupont	Marshall	Watson
Duquet	Mazankowski	Whelan
Ellis	McCain	Whittaker
Elzinga	McIsaac	Woolliams
Faulkner	McKenzie	Yanakis—108.
Fleming	McKinley	

NAYS

Messrs.

Blackburn	Gilbert	La Salle
Broadbent	Knowles	Nystrom
De Bané	(Winnipeg	Symes—8.
	North Centre)	

[Mr. Murta.]

● (2207)

Mr. Speaker: I declare the motion carried.

Bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Baker (Grenville-Carleton): Mr. Speaker, on a point of order, there was an indication given to the House that we would be dealing with report stage of pipeline legislation tomorrow. Is there someone who can confirm that?

Mr. Munro (Hamilton East): Mr. Speaker, I am advised that is correct.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

MANPOWER—APPLICATION FORMS FOR FARMERS SEEKING OFFSHORE WORKERS

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I rise tonight to expand on a question that I asked the Minister of Employment and Immigration (Mr. Cullen) on March 15 relating to offshore labour to assist farmers in my area, fruit and vegetable farmers in particular, and later on tobacco farmers. The question I asked the minister was why the Manpower centres and farm labour pools across Ontario require farmers who apply for offshore labour to sign blank application forms which give Manpower the right to write in wages at a later date without consulting the farmer. The minister said, among other things, one sentence that meant something to me at the time, and it is as follows:

I do not think it is appropriate that they should be signing blank application forms. I will check it out. I thank the hon. member for his representation.

Since then the minister has written me a letter at some length trying to explain exactly what the officials in the Manpower centres have been trying to do. To set the record straight, I should like to read the blank form the farmers were asked to sign. It begins as follows:

THIS IS TO CONFIRM that I understand and agree that the workers I have requested on ORDER NO.....

FOR.....employment

(crop/occupation)

WILL BE PAID at the prevailing wage levels now being determined by the Canada Employment and Immigration Commission . . .

The farmer is asked to sign that without any wage being stated. Surely the farmer has a right to know what wages he is expected to pay before he signs a document such as that.

Farmers are upset about it. Representations have been made to me on many occasions personally, by telephone and in writing. Surely it is not right.

In addition to the principle of the thing, it puts farmers in a very bad situation because in the case of the fruit and vegetable farmers they have already negotiated the price at which the product will be sold. Now they find they do not know what it will cost to produce because the wages have not been set.

In expanding on the question I asked about the way in which applications for offshore labour are circumscribed by certain conditions that the minister and his officials laid down. This brings up the whole question of offshore workers versus Canadian workers. I realize the minister is on the spot with high unemployment all across Canada, and when we ask for offshore labour it looks bad. Let me put the thing in proper perspective, however. Let us understand that less than 2 per cent of the farm labour force for seasonal farm labour is supplied from offshore. That means 98 per cent of the work is already being done by Canadians.

● (2212)

We would not be asking for any help if we could depend on the type of people provided by Manpower from among Canadians who profess to be interested in working on farms. The farm labour pools in co-operation with Canada Manpower Centres are now supposedly screening Canadians who suggest they want to be transported across Canada to work on farms. The directors of the Canadian Federation of Agriculture sent a resolution to the department saying the screening system was totally inadequate. If it were adequate we would not be getting the type of man who comes to work on a farm, works for a day or two and says "I don't like it", then quits and gets transportation back home. That is the reason the farmer is so interested in getting the type of worker he knows will stay, as is the case with offshore workers from the Caribbean Islands, from Mexico, and foreign students.

One thing that has caused farmers to be completely frustrated over this whole matter is the announcement made by the minister in March, I believe, that offshore labour will be admitted into Canada in the same numbers as last year. Every farmer expected to get the help he had last year. Now, when he goes to put in his order he finds the application circumscribed with so many conditions that he just cannot met them. He is totally frustrated.

I suggested to the minister in my second question the other day that for the present, until he gets things ironed out, the same number of offshore workers be allowed in and be allowed to work on the same farms as they did last year. Then the hon. gentleman might sit down with the farmers, or the organizations which represent them, and find out whether some satisfactory method could be worked out for both the farmer who employs offshore labour and the Manpower centres which administer the program.

The government's attitude toward the offshore supplementary labour I have been talking about is really weighted against the farmer. The government and the ministry are looking only at the statistics. Since a great number of Canadians are unemployed, they are bringing in only a small number of offshore workers. After all, there is the human side. On one hand we have a Department of Agriculture which is supposed to assist the farmer; on the other we have another department throwing roadblocks in the farmer's way. The farmer is trying to get his crop off in the most efficient manner so that he may reap a return and maintain a decent standard of living. That is perhaps the root of the problem. I am almost certain, that there is not a single person advising the minister on his manpower program who has ever operated a farm or had to meet a payroll for employees working on a farm. If they did that they would have a totally different viewpoint.

I ask the minister again to take another look at the way this offshore labour program is being implemented. Do not get me wrong, Mr. Speaker. I appreciate the type of work that is done by 98 per cent of the labour force who are Canadians, and especially by those who come from the locality in which the work is done. They know what it means to do farm work. They do an excellent job for the farmer. It is those people upon whom we cannot depend who cause the problem.

● (2217)

[*Translation*]

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I am grateful to the hon. member for having given me notice of the question as to whether farmers have to sign a blank application form for foreign labourers allowing the salary to be filled in at a later date.

In the first place, with regard to the workers recruited under the programs for seasonal farm labourers from Mexico and the Caribbean, wage criteria are detailed in an agreement signed by the employer, the worker and a representative of the foreign government involved. According to the criteria which apply to the 1978 programs, the employer must pay foreign workers the same salary as that paid Canadian workers for the same work, provided that salary is not less than the minimum wage set for that occupation or less than the average wage paid last year for the crop concerned in the province in question.

Employers sign an offer of employment giving details on the work to be performed, and the salary. Because of the delay in establishing pay rates in effect last year in Ontario, employers are now asked, although temporary, to sign offers of employment specifying, under the salary, clause, that they agree to conform to the salary criteria outlined in the agreement between employer and worker. This temporary provision allows people from the Caribbean Islands and Mexico to come to Canada, if their services are immediately required, and simplifies the review of applications submitted by employers to recruit offshore workers who must come into Canada within a short time.

As the hon. member no doubt knows, in recent years some Ontario employers have expressed concern over the way the

commission sets the salary rates in effect. I must mention that these rates are based on the market situation. However, they are an essential element of the program and the agreements with foreign countries, which stipulate that workers are not to receive a salary lower than that of other workers, and more so, not lower that the average salary given for that particular harvest. To make sure that information on salary rates is as precise as possible, the commission is this year conducting a general survey in Ontario, so as to find out the real salary received by workers in 1977.

This survey is organized under the federal labour-intensive program and will make it possible to set up a detailed list of actual salaries paid according to the crop and the kind of employment. The survey is directed to both employers and workers; the latter being disseminated throughout Canada, the survey will be completed a little later than expected. The final results will be known in early April, that is well before most applications from offshore workers will be considered. Of course, the employees who already know what are minimum wages in effect in Ontario should have a good idea of the average wages generally paid last year for each crop.

[*English*]

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

EXTERNAL AFFAIRS—ISRAEL—POSSIBLE CHANGE OF POSITION ON RIGHT TO OCCUPIED TERRITORY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, it is now some time since I asked the Secretary of State for External Affairs (Mr. Jamieson) why Canada found it necessary to vote with the United States, Israel, El Salvador and no one else against a motion condemning continued Israeli occupation of the territory of other sovereign states. The minister's reply, while lucid, was something less than precise. He referred to the English text as referring to "occupied territory", as distinct, I presume, from "territories". Doubtless he had in mind UN resolution No. 242, so often referred to by Canadian secretaries of state for external affairs as the very cornerstone and inner shrine of Canadian policy. But rarely does this minister, nor did his predecessors, refer to an integral part of resolution 242 which begins by emphasizing "the inadmissibility of the acquisition of territory by war".

It is all very well for the minister to refer to his growing irritation about "rather senseless UN resolutions." I think he must contain his impatience and remember that the UN is a reflection of a vast and variegated world community and that not all members are great powers or western states. Yet the principle of one-state-one-vote must prevail else we are faithless to the great declarations of equality and brotherhood on which the UN charter is based.

What is much more sad than any interpretations of resolution 242 or evaluation of the UN charter is the grave realization that what I discussed so many weeks ago has done such a major disservice to efforts to bring about peace in the tragically troubled Middle East. The dramatic, genuine and indeed heroic peace mission of President Sadat may have foundered. It did not fail because Mr. Sadat lost heart. It did not collapse because he forgot the most severely harassed victims of the UN creation of Israel, the Palestinians. It failed long before the regrettable, reprehensible, indeed deplorable destruction of the lives of Israeli bus riders by PLO operatives. The grand design for peace conceived and executed by the President of Egypt foundered on Israeli intransigence respecting the withdrawal from settlements in the Sinai and other areas of land which were never turned over to Israeli sovereignty by the United Nations.

• (2222)

In addition, while President Sadat suffered the slings and arrows of some of his Arab brethren, the government of Israel decided and declared that they would establish new settlements, under their control in the Sinai and other areas which were never placed under their jurisdiction.

In the last few days upon the Ossa of sorrow has been placed the Pelion of anguish. The sovereign state of Lebanon has been invaded and hundreds, possibly thousands, of innocent women and children put to the sword or forced to flee in fear and trembling in the face of the mighty Israeli arsenal of naked power.

I hope Canadian peacekeepers will be able to be helpful. I hope that Israel, so often heedless of the resolutions of the UN which created it, will this time listen to the world community. One notes that there is an apparent willingness on the part of the Canadian government to contribute to a peace-keeping force. I fully agree with the concerns expressed by my hon. friend from Victoria (Mr. McKinnon) and re-echoed by the minister this afternoon. But I think it quite unfair and presumptuous to suggest, before the fact, that only those in the north might be non co-operative with the peace force.

There is something familiar in the minister's statement when he says that we have not been asked to make a contribution. In the post-1973 situation it sometimes seemed we were preaching for a call which did not come through all that quickly. Possibly the Arab states question our objectivity on the Middle East situation. On the evidence of our actions and utterances I would not be surprised if they made this reading, despite the fact that the Arabs do not always seem too alert in knowing their friends from their enemies.

I close with an appeal for greater objectivity and a deeper commitment to the real victims in the Middle East. I hope Canada will be able to make a tangible contribution to a Middle East peace. I also hope that neither Israel nor the PLO will refuse co-operation with the UN peace force. They will render both themselves and mankind a disservice if they fail to heed the call for compliance.

[*Translation*]

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, as indicat-

ed by the Secretary of State for External Affairs (Mr. Jamieson) in the answer he gave on Tuesday, November 29 to the question of the hon. member for Hillsborough (Mr. Macquarrie), the government has not modified its position regarding the Middle East.

On October 28, 1977, Canada supported a resolution condemning the Israeli policy of colonization of occupied territories. During the general debate of the General Assembly in the fall, the Secretary of State for External Affairs once again restated the concern of Canada over the colonization policy of Israel and its incidence on a resumption of constructive negotiations toward achieving peace. We continue to be opposed to the creation of colonies in the occupied territories for the main reason that in our opinion, it is detrimental to the conclusion of a negotiated solution suited to the framework of resolution 242 of the Security Council.

On November 25, 1977, Canada voted against the resolution regarding the situation in the Middle East because it contained elements which went beyond the negotiation pattern provided under resolutions 242 and 338 of the Security Council and which prejudged the outcome of discussion under way and negotiations which will eventually take place in Geneva. It is therefore illogical to condemn Israel because it is still occupying territories captured in 1967 because the occupation is simply a result of the absence of a peace agreement. Obviously, one cannot sincerely expect Israel to evacuate territories before negotiations are held. It also goes without saying that the subject of its withdrawal will be an important issue during these negotiations. Furthermore, this resolution called for the participation of the Palestine Liberation Organization. Canada does not recognize the PLO even if it believes that Palestinians have the right to defend their point of view and participate in the negotiations dealing with their own future.

It therefore follows that our votes on these two resolutions are quite compatible and in agreement with the principles we had stated regarding the Middle East. In effect, the first one, under certain aspects, went further than the framework of resolution 242 and was not compatible with the negotiation process mentioned in that resolution. As to the second one, it dealt with an element of the Israeli policy in the occupied territories which, in our opinion, diminished the prospects of a quick resumption of the negotiations and the achievement of peace.

Just some time ago, Canada voted in favour of a resolution of the Security Council calling for Israel to withdraw from southern Lebanon in order to be replaced by a United Nations force set up for peacekeeping purposes in that very territory.

● (2232)

AGRICULTURE—PRICE OF POTATOES LESS THAN COST OF PRODUCTION—ACTION TO ALLEVIATE

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, on Tuesday March 7, I asked the Minister of Agriculture (Mr. Whelan) to take some action to alleviate the unfavourable effect of low potato prices in eastern Canada this year. This is the fifth time since December of last year that I have raised this serious problem in the House of Commons. Many family farms risk going under if the producers cannot obtain new financing for their operations or if they cannot pay back to the finance companies the sums borrowed last spring for their sowing operations.

I will only mention in passing the payments due to federal and provincial farm credit corporations which are also asking for their money. This spring will therefore be even more difficult for those who want to stay on the farm, but who must now decide whether or not to plant this year, or else to rent or sell their land, which would be a very extreme and difficult solution. With thousands of barrels of potatoes still in storage, with bankers who want to be repaid and not knowing the precise intentions of the government, how can the farmers make decisions which are so important for their operation and their family? The potato producers do not doubt for one moment that the federal government wants to help them, especially the present Minister of Agriculture (Mr. Whelan) who has often shown not only a good understanding of the problems of potato production, but who has also reacted favourably and positively in the past to the needs of farmers.

As I stated during the proceedings on adjournment on February 20, the farmers are more than ever aware of the need to establish an organization truly capable of providing a certain stability for markets, and especially for prices. And whatever we might hear from the defenders of consumer interests who complain of all sorts of abuses, sometimes and even often justifiably, we cannot accuse the primary producers of unduly benefitting from our free enterprise system. The potato producer, and I should say rather some potato producers have admittedly obtained relatively high prices for their product in the past, but this has happened only rarely, and mostly because of exceptional circumstances and for limited if not insignificant quantities. On the contrary, in the last 10 years most producers have generally obtained rather low prices, barely sufficient to cover production costs.

I know very few people in this House, if any, who would invest every year $25,000, $30,000, $35,000 or even more in high-quality planting potatoes, fertilizers, fungicides, insecticides, defoliants. I know very few who would invest $60,000, $80,000 or more, according to acreage, in tractors, cultivating machines, croppers, warehouses, without even knowing what nature and the markets hold in store for them. But there are hundreds of them, in my province of New Brunswick, who take that risk. They did so last spring. The result is they got much less on the domestic market for their products than it cost them to produce.

Of course the benefit went to the consumer, who last summer could buy high quality potatoes at a ridiculous price. It is therefore fair, in a federal system such as ours, that the

federal government, through the Agricultural Stabilization Board, come in and soon so that potato growers can take difficult decisions for the next crop year so that these decisions become easier, so that those farmers can decide in a sound and sensible way and not lose their shirts. The government, through the Minister of Agriculture (Mr. Whelan), made a commitment. They must act now, before it is too late for a large number of family farms. Mr. Speaker, time is of the essence.

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I would like to commend the hon. member from Madawaska-Victoria (Mr. Corbin) for his concern for potato growers in his area.

Mr. Speaker, the problems faced this year by the eastern Canada potato industry are shared by the industry throughout North America. Because of a small increase in the acreage planted and favourable weather conditions, the 1977 crop has been bigger than normal. The shortage in Europe resulted in very good exports last year but that situation did not reoccur this year, hence the producers found themselves in a predicament. A few export outlets in the United States were developed but none of these proved to be of valuable interest for New Brunswick producers. Returns to producers remained between $1.60 and $2 a hundredweight. That level at this point of the marketing season was not enough to cover the producers' production costs. The matter was referred to the Agricultural Stabilization Board and preliminary meetings were held with producers' representatives and provincial government authorities with a view to providing assistance programs.

A few options were considered to offer producers financial assistance in view of the difficult circumstances. Markets in eastern Canada are closely related because of the competitive factors. The volume of potatoes in storage is constantly decreasing. However, the industry will have to make extensive marketing efforts to sell the rest of the crop. The usual method when a crop is being stabilized is to analyze returns to producers after the crop has been marketed. If the provisions of the Agricultural Stabilization Act call for a payment to producers at that time, then the crop is designated under the act and steps are taken for stabilization. The minister has been closely involved with the concerns of the potato industry and indicated in the House that the need for a stabilization program will be considered at the end of the season.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until 2 p.m. tomorrow.

Motion agreed to and the House adjourned at 10.36 p.m.

HOUSE OF COMMONS

Tuesday, March 21, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

GOVERNMENT OF PAKISTAN URGED TO COMMUTE DEATH SENTENCE PASSED ON FORMER PRIME MINISTER BHUTTO AND ASSOCIATES—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, having enjoyed the friendship of the state of Pakistan during my period as prime minister, and having formed tremendous admiration for that country, I rise under the provisions of Standing Order 43 to move, seconded by the hon. member for Okanagan-Kootenay (Mr. Johnston):

This parliament, having learned of the sentence of death passed on former Prime Minister Bhutto and his associates, is moved by humanitarian concern to urge most strongly that the government of Pakistan choose the option of mercy and commute the death sentence.

Mr. Speaker: The unanimous consent of the House is required for the presentation of such a motion. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion.

Some hon. Members: Agreed.

Motion agreed to.

* * *

CANADIAN NATIONAL RAILWAYS

MINISTER TO DIRECT CNR TO DEFER CHANGES IN SERVICE UNTIL CONSIDERATION OF SULLIVAN REPORT—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to move a motion under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Decisions by Canadian National Railways in Newfoundland to remove ferry service, removal of refrigerator freight cars and changes in coastal service are contradictory and presumptuous to the objectives of the Sullivan commission looking into all aspects of transportation in the province of Newfoundland. I therefore move, seconded by the hon. member for Victoria (Mr. McKinnon):

That this House orders that the Minister of Transport direct CNR to defer the announced changes and any further changes of CN rail and coastal service until consideration is given to the Sullivan commission report.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GOVERNMENT EXPENDITURES

MAILING OF LIBERAL PARTY PAMPHLET WITH FAMILY ALLOWANCE AND PENSION CHEQUES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that six million family allowance recipients and old age pensioners will receive with this month's cheque an unsolicited Liberal party pamphlet paid for by the Government of Canada, considering that this pamphlet provides a one-sided, partisan description of the economic policies of the Government of Canada, providing no information about either family allowances or old age pensions, and considering it will cost $100,000 to produce and mail the pre-election pamphlet—money that is being taken out of the tax revenues by the Liberal government—I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the government to refer this matter to the Auditor General and the Chief Electoral Officer to ensure that this pre-election expense is paid for by the Liberal Party of Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

GOVERNMENT ADMINISTRATION

SHERBROOKE, QUEBEC—SUGGESTED DECENTRALIZATION OF DEPARTMENT OF ENERGY, MINES AND RESOURCES

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Considering the special situation in Quebec as regards the administration of Bill 101; considering that the federal government intends to decentralize the Department of Energy, Mines and Resources and set up a centre in Sherbrooke; considering that only residents from the vicinity of Sherbrooke or at least from Quebec might work at that centre, thus removing the conditions governing amendments to Bill 101 required by the federal government to encourage families from outside Quebec to move to Sherbrooke, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the government carry out the decentralization of the Department of Energy, Mines and Resources in Sherbrooke, without any prerequisite.

Mr. Speaker: Order. Under Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

CULTURAL AFFAIRS

OPPOSITION TO FILM "THE THREE FACES OF JESUS" BEING SHOWN IN CANADA—MOTION UNDER S.O. 43

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my motion is presented as a matter of urgent and pressing necessity and national concern under Standing Order 43. Quite frankly, I believe it is deserving of unanimous support by all members of this House. Whereas steps have been made to import or introduce into Canada the film "The Three Faces of Jesus"; whereas this is Holy Week and all Christian Canadians and good, decent-thinking Canadians of various other religious faiths are concerned with the import, introduction and showing of such a distorted and ill-conceived film in Canada; and whereas there has been a general lowering of the appreciation of the fundamental principles and ideals of Christianity and this film will result in greater depreciation of these basic principles and ideals and the general morals of society in Canada under the guise of freedom, liberty, and permissiveness; and whereas various other nations have already taken steps not to allow the said film in their country; therefore, I would move, seconded by the hon. member for Champlain (Mr. Matte):

(1) That this House go on record as strongly opposing the importation and/or introduction into Canada and showing of the film "The Three Faces of Jesus";

(2) That the Prime Minister, Secretary of State, Minister of Justice, Solicitor General and the Minister of National Revenue use their good offices, in conjunction with the appropriate provincial officials, to cause this film not to be imported, introduced or shown in Canada;

(3) That such other steps as it may deem necessary be taken by the governor general in council—that is, the cabinet—or any of its members to carry out the purport of this motion;

(4) That this motion be acted upon immediately during this Holy Week period prior to Good Friday and Easter Sunday, the saddest and most joyous days in the Christian year.

Mr. Speaker: The unanimous consent of the House would be required, pursuant to Standing Order 43, for the presentation of such a motion for discussion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL DEFENCE

THEFT OF PUBLIC FUNDS AT CFB OTTAWA NORTH—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under Standing Order 43 concerning a matter I revealed in the House some months ago on the subject of theft or conversion of public funds at Canada Forces Base Ottawa North in the amount of approximately a quarter of a million dollars. Having learned that the RCMP has recently completed their investigation and handed in their report a while ago to the Department of National Defence, I therefore move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the Minister of National Defence make a statement giving full details on this matter, including the amount of funds stolen, the amount of funds recovered, the nature of charges that have been or are being laid against certain parties in and outside the armed forces including the identity thereof; that he assure the House that all such charges will be heard in a civil court wherever military personnel are involved, and not in a secret court martial; and, finally, that he explain why audits that would have uncovered this matter sooner were not held for some years.

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

Some hon. Members: Agreed.

Some hon. Members: No.

TRADE

GATT NEGOTIATIONS ON TARIFFS ON FRUIT, VEGETABLES AND HORTICULTURAL PRODUCTS—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, as is usual on this first day of spring, I rise in my place under the provisions of Standing Order 43 to seek unanimous consent on an urgent and pressing matter, nothing being more urgent and pressing on a day like this than the evidence of spring symbolized by the daffodils from the riding of Esquimalt-Saanich that are being made available to all members in the lobbies today; evidence, further, if we look outside today, that there is a vast range of vegetational maturity in this country of ours, earlier in the west than in central Canada. In view of these circumstances, and because of the current GATT discussions in Geneva, I move, seconded by the hon. member for Victoria (Mr. McKinnon):

That this House commend to the current government, and in particular the Minister of Industry, Trade and Commerce, in close consultation with the Horticultural Council, an urgent re-examination of the GATT proposals to ensure that a seasonally and regionally adjusted tariff concept be put forward at the GATT discussions to ensure that Canadian fruit, vegetable and horticultural production, on a regional basis, shall not suffer, thereby protecting the incomes of Canadians whose livelihoods depend on these products.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT ACTION TO REDUCE NUMBER OF BANKRUPTCIES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I wish to direct a question to the Minister of Finance, the "stand pat" minister who seems to be running around the country saying that everything is all right while the country is going down the drain. We note that in the year 1977 we had some 4,000 bankruptcies, an all-time record. In the month of January, 1978, we had 503 bankruptcies, twice that of January 1977. My question is simply this: What is the minister going to do? What special steps is he prepared to take in order to reduce this very alarming trend of increasing bankruptcies?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am very amazed that the hon. member should have put that question. For the last three years he has been advocating a return to the marketplace so that the marketplace could decide who should survive and who should not. I want to remind him that we have established economic policies and guidelines. I am informed that in January there was a big increase in retail sales, as compared with last year. We are hoping that the tax incentives provided in Bill C-11, which was passed by the House last December, will produce the results expected from them.

Mr. Alexander: Judging from that answer, I gather the minister's attitude seems to be "Wait, wait, wait", while the country is going down the drain. I would point out that we are facing an all-time level of bankruptcies and that unemployment is at an all-time high. When will the hon. gentleman have any evidence that the ineffective stimulus he has provided with respect to the economy is working so that the House and the country may know whether or not a budget is needed?

Mr. Chrétien: Again, I am very amazed by the hon. member's question. Most of his hon. friends are telling the public that we are running too big a deficit, but today he is suggesting we should incur an even larger deficit. I wish hon. members on the other side would make up their minds and produce a coherent policy.

Mr. Alexander: All I know is that the Canadian people are getting tired of the minister's complacency, hesitancy, foot-dragging and ineffectiveness.

Some hon. Members: Hear, hear!

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LABOUR CONDITIONS

DEPARTMENTAL STATEMENT ON UNEMPLOYMENT FIGURES—REQUEST ACCURATE STATISTICS BE GIVEN

Mr. Lincoln M. Alexander (Hamilton West): I should like to pose a question to the Minister of Industry, Trade and Commerce—who I hope will be more responsible than the Minister of Finance—regarding unemployment. Mrs. Dagum, who is the economist responsible for seasonally adjusting the unemployment figures, has stated:

There is need for a new definition of unemployment if we don't want to mislead people. I don't think the figures we now have really represent unemployment.

Now that we know the figures concerning unemployment are misleading to a certain extent, will the minister take such steps as are required to ensure that the House and the country get the proper figures? Further, will he discuss this matter with Mrs. Dagum to see that the House is not misled in future?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I would agree we do need a more realistic set of figures by which to gauge unemployment. If the opposition would allow the government to devise a new set of statistics and would not complain about the new system, we might well go ahead.

Some hon. Members: Oh, oh!

Oral Questions

THE CANADIAN ECONOMY

STEPS TO REDUCE PRESSURE ON BUSINESS CAUSED BY LARGE NUMBER OF BANKRUPTCIES

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is for the Minister of Finance. Following the release on bankruptcies by Statistics Canada, Dunn and Bradstreet reports that the loss to the Canadian economy is in the order of $800 million, which is twice as much as the figure for 1976. Now that the minister has added to the problem by increasing interest rates, can he tell us whether his department is doing anything to reduce the pressure on business, particularly on the small business sector which is dramatically affected by these bankruptcies?

Hon. Jean Chrétien (Minister of Finance): The hon. member has not mentioned the fact that interest rates today are .5 per cent lower than they were about 18 months ago, so I do not think he can complain that interest rates have been a significant factor in this situation. As he knows, we were forced to raise the interest rate by half a point some ten days ago, after the spread had been reduced from four points to less than a point with the U.S.A., in order to maintain a situation in which some funds flow into the Canadian economy from outside. To do this we had to enlarge the spread to one point, but we are still far from the four-point spread we were dealing with a few months ago.

● (1422)

Mr. Kempling: Mr. Speaker, there was a first ministers' conference in Ottawa a few weeks ago, and today ten premiers, ten provincial legislatures, more than one million unemployed Canadians and this House are all waiting for the federal response. I want to know when the minister is going to call a finance ministers' conference—I hope not later than next month—to prepare specific proposals for ratification at the next first ministers' conference. When is that conference going to be held?

Mr. Chrétien: Mr. Speaker, since the first ministers' conference, I am disappointed to see that the governments of Newfoundland and Ontario have decided to increase taxes. At least I am not doing that at this time.

Mr. Kempling: It is rather obvious that the government has nothing to offer. Nearly half the bankruptcies recorded in the Statistics Canada report were in Ontario. Will the minister tell the House why, at the GATT negotiations, he has allowed the Canadian negotiators to go in with nearly everything up for grabs, while the American negotiators went in with a list of industries which are to be excluded from the negotiations? Why has the minister not followed through with his promise made at the first ministers' conference to inform the premiers of the provinces of this list Canada is taking into those negotiations?

Mr. Chrétien: Mr. Speaker, there is constant consultation between the federal government and the provincial governments with regard to the GATT negotiations. I am surprised that the hon. member is not taking that into account. We are in a position at this time to make some offers, and we will see what other offers there will be. We will make a final decision when we see what we can gain from those negotiations.

Canada is a trading nation. In relation to its population, it probably trades more than any other country. I think we have to be very careful before we begin too much protectionism, because it is very difficult to sell if we are not in a position to open our markets. That is a position with which the government of Ontario agrees.

* * *

GOVERNMENT EXPENDITURES

MAILING OF LIBERAL PARTY PAMPHLET WITH FAMILY ALLOWANCE AND PENSION CHEQUES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in the absence of both the Prime Minister and the Deputy Prime Minister, I have a question for the Acting Prime Minister. The Treasury Board office confirmed this morning that a piece of blatant Liberal propaganda, a copy of which I have in my hand, is being mailed out to all recipients of family allowance cheques and old age pension cheques. The leaflet contains no information either about family allowances or pensions, but it does contain blatant propaganda about the government's economic performance. Is the Acting Prime Minister aware of this leaflet, and is he aware that Treasury Board confirms it will cost $100,000 to mail? Does he not think this constitutes a clear violation of the Election Expenses Act?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, if the leaflet tries to convey the impression the leader of the New Democratic Party suggests, the people who prepared the leaflet would have been well advised to colour it red rather than green.

Mr. Clark: Everything is in the red over there.

Mr. Chrétien: I am not sure that the cost of the leaflet is the cost indicated by the hon. member. I am amazed, because hon. members opposite always claim that we do not make enough information available. When we do, the information is called propaganda. I think the policy of the government is that we should inform the public. I remember that when Mr. Dave Barrett was premier of British Columbia, coloured pictures and propaganda were sent all around the province.

Some hon. Members: Order!

Mr. Broadbent: Mr. Speaker, I have the distinct impression that this government would not recognize a bucketful of slime if it fell into it.

Some hon. Members: Hear, hear!

● (1427)

Mr. Broadbent: No member on either side of the House could object if the government sent a leaflet to pensioners

which contained information about pensions, or if it sent leaflets about family allowances to people receiving family allowances. I should like to ask the Acting Prime Minister, in all seriousness, if he thinks it is appropriate to mail general propaganda about the government's economic performance at public expense of $100,000. The cost was confirmed this morning. Is that appropriate?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I feel it is the government's duty to inform the public. I have not read the document the hon. member has in his possession. I find it strange, however, that the hon. member should object to our providing information to people at the same time we are sending them their cheques. This is a procedure which the government has been following for a very long time whenever it wants to explain its policies.

I have not read this leaflet, but knowing the President of Privy Council, I am sure that the information is meant to illustrate the policy of the Canadian government, not those of a political party.

[*English*]

Mr. Broadbent: Mr. Speaker, I have a final supplementary. I will quote very briefly from the pamphlet. This pamphlet is going to pensioners and recipients of family allowance. It reads in part:

In coming months, you may go to your doctor or to a provincial hospital, visit a national park or a provincial museum. You will surely watch television or mail a few letters. Remember that federal funds help finance these public services—including those provided by provincial governments.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Broadbent: Does the minister think it is appropriate to spend $100,000 mailing this pamphlet to pensioners and recipients of family allowance? If he thinks it is appropriate to use public funds in that manner to propagandize his government's economic performance, why does the government not provide equal funds to opposition parties to state their side of the story?

Mr. Chrétien: Mr. Speaker, I have listened very carefully, and there is nothing but the truth in what is written there. I think Canadians are entitled to know, when they receive a pension, that it is the people of Canada who pay for it and that those laws have been voted by the parliament of Canada. I think the hon. member would have a point if we were saying that this was provided by the Liberal party, but we have said that it has been provided by the government of Canada. Most of the things mentioned there have been voted for unanimously by this House. No one has ever voted against pension increases or national parks. All hon. members of parliament have voted for those in the past, and I am sure they will do so in the future.

Some hon. Members: Hear, hear!

[*Translation*]

FINANCE

REASON MINISTER HAS NOT INTRODUCED A BUDGET

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question was intended for the right hon. Prime Minister, or in his absence for the Deputy Prime Minister; but in view of the latter's absence, I shall have to put it to the Acting Deputy Prime Minister.

In a statement made during his tour yesterday of the Eastern Townships, the Minister of State for Urban Affairs admitted candidly that that gathering of ministers and Liberal members in Quebec had been organized to increase the Liberal representation in that area. Now, as far as we know, the House has not been prorogued yet and the minister took the liberty of denigrating the parliamentary opposition by claiming that we have been keeping the government from acting. Now, as that is a shameless lie, would the minister tell the House what is keeping the government from getting legislation passed and, in addition, from bringing in its annual budget? Is it because most of the ministers are out politicking in Quebec?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the first part of the question is somewhat unfair to the Prime Minister who left Ottawa today to meet the Secretary General of the United Nations, and even more unfair to the Deputy Prime Minister who, unfortunately, had to stay home because of illness. I have been asked several times before to take over during their absence.

Mr. Speaker, if I were to make observations every time the hon. member for Témiscamingue is not in the House of Commons, I would be standing up all the time. Now, Mr. Speaker, ministers and hon. members of the government have acquired the very good habit of visiting all parts of Canada to meet the people and hear their points of view, to explain our policies and try to establish better communications with the people.

Of course, in the Eastern Townships, there are two ridings which do not belong to us yet but I understand that the hon. leader of the Social Credit Party of Canada is very concerned; he is afraid of losing them—with reason, I think.

Mr. Caouette (Témiscamingue): Mr. Speaker, I have a supplementary.

As you can see, when a question is asked, they take pleasure in beating about the bush without answering it. Considering that the ministers are complaining in the province of Quebec that the opposition prevents them from legislating, and that when we want to ask them a question in the House, these ministers are not here, I repeat my first question: What prevents the Minister of Finance from introducing his budget now while the opposition is prepared to discuss the budget in the House, however ridiculous it may be?

Mr. Chrétien: Mr. Speaker, I think perhaps the hon. member is right. The minister should not have complained about filibustering by the Social Crediters because they are generally absent.

As far as a budget is concerned, I declared several times that I am reviewing the situation and that I shall have a budget when we think the moment is appropriate. I think it would be important to receive the information on the first quarter of 1978 before changing the economic policies announced by the government. It is indeed very surprising that the Conservatives have acquired a new critic for economic matters who said on TV last weekend that I was perfectly right to expect a 5 per cent growth for 1978, while the Leader of the Opposition himself said in Toronto the previous day that nobody would believe my predictions, except for his new recruits.

Mr. Caouette (Témiscamingue): Mr. Speaker, I can understand why the Liberals should feel the need to dispatch a vanguard three months in advance to try and win two ridings, given the rate of inflation and unemployment that prevail in Canada, but the fact remains that a minister accuses the opposition of being absent from the House and upsetting the parliamentary schedule. So I would ask the minister what he intends to do in the field of finance to rectify now our economic situation, so that we can discuss the question right away. Why does he keep deferring the presentation of his budget?

* * *

● (1432)

[*English*]

EXTERNAL AFFAIRS

MIDDLE EAST—CANADIAN PEACEKEEPING FORCE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. Yesterday he said he expected that within 24 hours things in Lebanon concerning the interim peacekeeping force would be much clearer. Could he tell the House what the situation is today? Have we been asked for troops and, if so, what kind of troops? Have we offered troops and, if so, what kind of troops?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I hope that with your indulgence I can give a brief answer on all those points.

Mr. Hnatyshyn: So do we.

Mr. Jamieson: If the hon. member will give me sufficient time, I will be glad to answer as fully as possible. The proposed operation is in two phases. The first is an advance force which would consist of some Swedish and some Austrian troops. In that connection, there has now been a specific request to Canada for some logistic support for that brief operation which is likely to take from two weeks to a month. We are examining the proposal in a positive way. The Minister of National Defence, Admiral Falls and I met this morning along with the under-secretary of the department, and we hope we can do something in connection with that particular request.

In terms of phase two of the operation, namely, the establishment of the special force as agreed to by the Security Council, the Secretary General is working on it at the present time. There has not been a request to Canada, and in sor far as we have been able to determine it is unlikely that we will be asked to participate in that activity because of the large number of Canadian forces already in the Middle East region. There are approximately 1,100. There is a general feeling that perhaps the burden might be more equitably shared among various countries.

I am glad to say that we learned shortly before lunch today that Norway, for example, has agreed, I believe in principle and perhaps, indeed, has actually committed itself, to the special force. There is some prospect that France may also be prepared to make a contribution. All of this is very welcome to us as it helps to spread the burden of peacekeeping in that troubled area.

Mr. McKinnon: Mr. Speaker, I thank the Secretary of State for External Affairs for that full answer. On reading *Hansard*, I noticed that he omitted to answer one of my questions yesterday which concerned parliamentary approval for moving troops to new peacekeeping tasks. Would the minister state now that as a matter of principle he agrees with Mr. Pearson's principle that no new commitment of peacekeeping should be taken on without parliamentary approval?

Mr. Jamieson: Mr. Speaker, in principle I do not see that there is any particular difficulty with consulting parliament. I have tried in this particular case to put all the facts before the House. I would think it would have to be examined on an individual basis. If, as in the case with phase one as I outlined it, we are simply agreeing to provide some interim logistical support, I would think it is entirely proper to move on the basis of established policy.

I think I have demonstrated that there is no reluctance on my part to consult with the House through committees, in committee of the whole, or in some other way. As to this particular case, I think it is hypothetical at the moment because, I repeat, there is no request before the government.

* * *

TRANSPORT

GOVERNMENT ACTION TO FACILITATE MOVEMENT OF GRAIN

Mr. Craig Stewart (Marquette): Mr. Speaker, I should like to direct my question to the minister responsible for the Wheat Board, and not only in that capacity but also in his capacity as Minister of Transport. As grain shipments are very slow off the prairies this year, which means that farmers not only face exceptionally low grain prices but also low quotas, and as most

grain elevators on the prairies are plugged, plus the fact that the Canadian Wheat Board is 32 million bushels behind in export clearance—I might add that many farmers have grain stored outside, on the ground—can the minister tell the House and the farmers what immediate steps the government is taking to correct this serious situation and get the grain moving?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the statement that we are a certain number of bushels behind is only accurate in relation to some very high targets of exports which we have set. Indeed, our targets are for record exports. The right hon. member for Prince Albert laughs, but that is twice as much as was ever exported in any one year during the time of his government.

We and the Wheat Board are examining every method to improve turn-around, and such matters as possible use of a bulk handling facility at Vancouver in addition to the regular terminals are being looked at. I am confident that as the months go by and the snow difficulties on the prairies are behind us, we will move toward our target and end the year with a record export figure.

Mr. Stewart (Marquette): Mr. Speaker, the figures I used and which the minister questioned are from the president of the Manitoba pool elevators. My supplementary question is as follows: As it is an unfortunate fact that Manitoba granaries are the last to be emptied each year, and as Manitoba farmer's grain deliveries are 9.2 million bushels behind last year, will special attention be paid to this situation particularly before the farmers face the spring thaw and road restrictions?

● (1442)

Mr. Lang: Mr. Speaker, I was not questioning the hon. member's figures at all, but just putting them in perspective. When we said last month that we had had a difficult January, we had a January in which we exported a record volume of grain, so the difficulty was somewhat relative. I assure the hon. member that the Canadian Wheat Board and I are extremely sympathetic to the particular difficulties of the Manitoba producers who have had to wait this year for delivery opportunities, because in reaching a record volume of exports the Wheat Board has to try to make use of cars and railway equipment in the most sensible fashion. This means, during the winter season, taking the grain from the farther distant points into Thunder Bay and the east, knowing that when the record movement will have to take place during May, June, July and August, the closer points in Manitoba can be served more efficiently and effectively, with a faster turn-around. It is a difficulty.

I am glad the cash advance programs are available to help farmers. They are very significant. I can assure producers in Manitoba that quotas will be opened very rapidly, not necessarily before the spring break-up but certainly during May, June, July and August.

An hon. Member: Around election time!

Mr. Lang: Before, during and after an election, as we have shown, we have set records every year without regard to that question.

An hon. Member: Same old story.

An hon. Member: Nobody believes you.

* * *

IMMIGRATION

STEPS TO ASSIST LEBANESE IN JOINING RELATIVES IN CANADA

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, may I direct a question to the Minister of Employment and Immigration? In light of the very serious and, to say the least, sad situation now existing in Lebanon, can the minister tell the House what action his department is taking to assist Lebanese affected by the conflict to join their anxious relatives in Canada, and if special consideration will be extended to those actually in Canada?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I thank the hon. member for giving me notice of this particular question.

An hon. Member: I think it was the other way around.

Mr. Cullen: I might say that the initiative came from the hon. member, not from my department, for this question.

An hon. Member: You are smiling.

Mr. Cullen: Mr. Speaker, cases arising out of the situation in Lebanon will be treated on a priority basis. Those Lebanese presently in Canada, of course, will be looked at sympathetically and no one will be asked to return to that particular region. In addition to that, we will look very sympathetically at other cases of people who want to apply for immigrant status here, and we will consider those who seek employment. We will deal as sympathetically as we can and in an understanding way, given the problem.

* * *

FEDERAL-PROVINCIAL RELATIONS

ESTABLISHMENT OF FORESTRY POLICY

Mr. F. Oberle (Prince George-Peace River): My question is for the Minister of State for Federal-Provincial Relations. I would like to refer him to the approach made to the federal government during the recent first ministers' conference in support of the establishment of a federal forestry policy, in particular the five-point terms of reference that were enumerated.

Could the minister tell the House whether it is the intention of the federal government to reinstitute a national forestry policy again, a policy which could address itself to the very

serious problems that one sector of the forest industry is facing at the present time, namely, the pulp and paper sector?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the minister responsible for forestry is unfortunately detained outside of the House. He might be able to expand further in this respect at a later time. I would like to bring to the attention of the hon. member that under the jurisdiction of the Department of Industry, Trade and Commerce, a sectorial study of the forest industry is being carried on by officials of the forestry department. This sectorial study of the pulp and paper industry is very advanced. If the hon. member wishes to ask further questions of the Minister of Industry, Trade and Commerce, he will be able to provide him with more information.

The pulp and paper industry has been identified as an important area in terms of our industrial strategy and there is federal, provincial and private sector consultation at the present time with regard to this whole matter.

Mr. Oberle: Mr. Speaker, it is clearly the intention of all the provinces to require the federal government to re-initiate a federal forestry policy. It is true there are 27 different departments meddling in this very important segment, not only of our economy, but of our lives, our environment and all ecological questions that arise. Can the minister assure the House, today, that the minister of forestry and the environment will assume jurisdiction over the 27 departments and address himself to this very serious matter?

Mr. Lalonde: I would like to say to the hon. member that there is at least a slight exaggeration in the number he has mentioned. As far as the forestry policy of the federal government is concerned, it is at the present time under the direction and control of the minister responsible for forestry. He is also actively involved in consultations, as I have said, with the Minister of Industry, Trade and Commerce respecting the situation in the pulp and paper industry. I would hope that those consultations, which involve the provinces and the private sector, will prove extremely fruitful with regard to this very important industry.

* * *

GRAIN

REASON FOR DELAY IN MAKING STABILIZATION PAYMENTS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the minister responsible for the Canadian Wheat Board. What is holding up the calculation and payments under the Western Grain Stabilization Act? The minister will know that with skyrocketing prices for farm items, and the fact that the farmer requires his money right now in order to get into production, it is a very important time for him. What is holding up the minister's statement on this particular payment?

[Mr. Oberle.]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, essentially, the calculations take some time. The figures are somewhat complex. I indicated several weeks ago that I expected, perhaps by the end of March, to be able to indicate the nature of the payment and also the timing of the payment. That is still a distinct possibility. There was a significant delay in the reporting of grain receipts by the grain companies. These came in much later than they should, including throughout February and into early March. In order to get all the reports in, we had to impose a March 15 deadline. That has obviously delayed completion of the calculation. But, as I say, I hope within the next ten days to be able to make an announcement.

Mr. Hnatyshyn: Mr. Speaker, I know that the minister would not want to be accused of making these announcements and payments just before a federal election; I will not even suggest it on the floor of the House.

An hon. Member: Not Otto.

Mr. Hnatyshyn: Listening to him and looking at him, he appears to have been burned again for some reason. I would ask him, in the interest of making this plan more responsive to the realities of western Canada, whether he would give serious consideration to the suggestions made on our side of the House for a more regional approach to the payments, or indeed on an individual basis, so that farmers would get payments on a regular basis and not on a basis dictated by events like national elections every few years.

Mr. Lang: Mr. Speaker, the hon. member may have forgotten that I indicated quite clearly that I would be prepared to work toward a regionally-based plan—indeed, that is written into the bill—but we have not yet come up with a satisfactory system for doing that. The advisory committee, composed of producers has from time to time looked at the question. We do not have a solution to the regional issue. As far as timing is concerned, I indicated at the time the bill was going through the House, and I have indicated year after year since, that the month of April is the right time for a payment when one is due. It is now apparent that this year one will be due for the 1977 year. I am as anxious as anyone to get the amount determined and the payment into farmers' hands.

An hon. Member: Just before the election.

Mr. Lang: I am certainly aware of how badly farmers need cash, particularly at seeding time. I heard the hon. member's suggestion that this payment is related to an election, and it may well be close—

An hon. Member: No!

Mr. Lang: —but for years we have said that the payment should be made in April. I think that is a statement he really should not make, in all conscience—certainly not among friends.

Some hon. Members: Oh, oh!

An hon. Member: Who do you think you are kidding?

Mr. Lang: I say to him particularly that in this case an election gain is from having the stabilization plan which this government fought for, and got through, to the great benefit of Canadian farmers.

Some hon. Members: Hear, hear!

An hon. Member: You are something else.

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EXTERNAL AFFAIRS

SUGGESTION GOVERNMENT AGENCIES BE PROHIBITED FROM TRADING WITH SOUTH AFRICA

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Secretary of State for External Affairs. In view of the fact that the government of Canada recently announced measures aimed at cutting back trade and support for the government of South Africa, and in view of the fact that the government's present campaign against the South African government has shown no appreciable effect so far, can the minister tell this House if his government is prepared to go further by stopping all interaction between any government agencies involved in commerce and trade with the government of South Africa?

● (1452)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, when I made the initial announcement with regard to various measures undertaken by the government, which I believe was in December last, I also mentioned—and I refer the hon. member to the statement—that there were a number of other matters being considered which fall generally within the definitions he has just outlined, such as the matter of credit, the matter of preference under the Commonwealth preference scheme, and a number of others. Work is continuing on them. I hope to be in a position shortly to indicate whether these measures will be taken, or not, on the basis of what the studies reveal.

If I can have just another moment, I should say that the question of Namibia is one which I have discussed with other western countries. Given the prospect, however slim at the moment, but still a prospect, that we can get a resolution of the basic problems this year, there is a feeling that perhaps we ought not to move in terms of any further sanctions relating to Namibia until the outcome of the present negotiations is known.

Mr. Rodriguez: In view of the fact the minister's announcement to this House and the country was some 3½ to four months ago, and the government has said that the major commercial transactions between Canada and South Africa are handled by the private sector, will the minister tell the House if his government is prepared to discourage support of the South African government by private Canadian companies, by cancelling double-taxation agreements between Canada and South Africa and withdrawing any government money now held on deposit in any Canadian bank involved in loans to South Africa?

Mr. Jamieson: On the first of those queries, that is precisely the matter to which I was referring when I mentioned Namibia. The double-taxation relates to Canadian operations in that particular area. What has been concluded among the foreign ministers of the five western countries in the Security Council is that the principal objective at the moment, on which we worked in New York a month ago, is to achieve a peaceful transition to full power for the people of Namibia, in a peaceful context. That is the number one objective. What we must weigh is whether actions of the kinds which are now being proposed, and have been for some time, would be counterproductive to that effort. If is it determined both can move forward simultaneously, that is the way we will probably go.

Mr. Rodriguez: In view of the fact the matter of Namibia is of grave concern, and the departure from Namibia by South Africa is of concern to this House and the country, I put it to the minister that our concern about the regime in South Africa is based on the fact that the black man and the white man are not equal, and the fact that there is "bantustanization" in progress. Is the minister prepared to take those steps against the regime in South Africa which will indicate that we in Canada are seriously concerned about that philosophy on which its government is based?

Mr. Jamieson: Mr. Speaker, I have no hesitation whatever in repeating what I have said on many occasions, that this government—and, I am sure, this parliament and this country—is unalterably opposed to apartheid. We have already taken certain measures. We are prepared and are examining the possibility of going further. It is strictly a question of how far we can go on our own without still greater support from the world community, and at what point such actions become counterproductive to the principal goal of getting apartheid eliminated as a basic principle and achieving freedom for Namibia. Those are just two of the issues involved.

Finally, I should reiterate the point that I would be delighted if this House would debate at some time whether we should go so far as to inhibit private enterprise, private individuals not seeking any support from the Government of Canada, in any dealings they wish to have with South Africa or any other country.

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POST OFFICE

MINISTER'S INSTRUCTIONS RESPECTING DELIVERY OF FAMILY ALLOWANCE CHEQUES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to direct a question to the Postmaster General. The executives of the Post Office and the minister seem insensitive

to postal workers who are now being suspended because they dared to deliver mail early, namely, family allowance cheques. Were those the minister's instructions? If so, will he now declare them void, because it demonstrates insensitivity toward labourers, workers and carriers in the Post Office?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, the Postmaster General has never given any instructions as to when a letter must or must not be delivered. It is a matter of internal management, but it is up to the superintendant of each section to decide when the mail must be delivered, especially when the mail consists of letters containing family allowance cheques or old age security pension cheques for which a precise date of delivery is given. We cannot deliver these letters any time we feel like it.

[*English*]

Mr. Woolliams: Mr. Speaker, I will direct my supplementary question to the Minister of National Health and Welfare, in light of the callous answer given by the Postmaster General with regard to the suspension of postal carriers and workers. Will the Minister of National Health and Welfare implement in her department a computer which will set out the date on which these cheques will be negotiable? Those who are carrying the mail are serving Canadians. The performance of the Post Office is now in question. Will the minister implement a program which will set out the date when these cheques can be cashed, so that these people will not suffer loss of pay and embarrassment as a result of being suspended?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not understand why this question is put to me since I have nothing to do with the internal administration of post offices. My department always sees to it that an emergency plan allows for cheques to reach their destination if serious impediments ever occur. But we have nothing to do with what the hon. member is referring to.

* * *

[*English*]

FINANCE

REASON FOR LARGE BORROWING ON NEW YORK MARKET

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Minister of Finance. Will the minister explain why he went to the New York market for a $750 million loan, breaking the long-term tradition of federal government borrowing in Canada? Is he opening the way for heavy borrowings in the coming year in the Canadian bond market?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I explained that we decided to go into the American market in order to raise funds in the United States. One reason was that Canadians are not borrowing as they used to in the American market. In addition, this money will be used for reserve purposes.

* * *

[*Translation*]

AGRICULTURE

REQUEST SUBSIDIES BE PAID TO QUEBEC MILK PRODUCERS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Agriculture.

Recently the Canadian Dairy Commission sent a letter to milk producers in Quebec stating:

> We wish to advise you that payment of the milk subsidy on your January deliveries which was to be mailed out this week will be postponed . . . or withheld.

Considering that the decision made by the Canadian Dairy Commission is causing enormous difficulties and could jeopardize the existence of a number of milk producers, does the minister intend to instruct the Canadian Dairy Commission to take the necessary steps so that subsidies be paid to milk producers who need them, as the minister knows?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): As I said in answer to a question in the House the other day, Mr. Speaker, a problem exists between the two dairy groups in the province of Quebec, the group representing the fluid milk producers, which involves about 30 per cent of the milk production in Quebec, and the group representing the industrial milk producers, which represents about 70 per cent of the producers in Quebec. These two groups of producers held meetings over the weekend involving the provincial organizations, farm organizations and the Canadian Dairy Commission. They did not come to any decision. They have to straighten this out.

The Canadian Dairy Commission is responsible for seeing that the stabilization payments go to those who are entitled to receive them. I understand they are going to hold public hearings. I heard this morning that public hearings would be held on the administration of the milk marketing system for fluid milk within the province of Quebec. I am not sure whether they are going to be successful. I was told that representatives of the fluid milk producers would make legal representation to have an injunction served to stop the public hearings. I think public hearings is a good idea.

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NATIONAL SECURITY

DISTRIBUTION OF "TOP SECRET" DOCUMENT

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Minister of Justice, who is represented through senior officials on both IAC, the Intelligence Advisory Committee, and SAC, the Security Advisory Committee. In view of reports that 58 documents were circulated, entitled "Canadi-

an-related activities of the Russian Intelligence Service", marked "Top Secret—For Canadian Eyes Only", can the Minister of Justice inform the House whether and, if so, why, at least eight copies of the 58 were distributed to foreign countries? Was this done on ministerial authority?

● (1502)

Hon. Ron Basford (Minister of Justice): Mr. Speaker, my department is not in charge of the distribution of these documents, but as the Solicitor General so wisely said a little while ago in this House, it would not be proper to outline in the House the distribution of such documents. It is evident there is no purpose in informing those who want to obtain those documents of the method of distribution or to whom they are distributed.

Mr. Jarvis: May I ask the Minister of Justice, who is represented by a top official on each committee, whether it is possible that a document marked "Top Secret—For Canadian Eyes Only" could be distributed to a foreign government or to its agencies, in the absence of ministerial authority and, if that is not the case, which minister is responsible for giving that authority?

Mr. Basford: I will have to take notice of the question as to who specifically directs the distribution of these documents.

Mr. Baker (Grenville-Carleton): Probably the Queen's Printer.

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PRIVILEGE

MR. RODRIGUEZ—ALLEGED ELECTRONIC SURVEILLANCE OF HON. MEMBER

Mr. Speaker: Order. The hon. member for Nickel Belt (Mr. Rodriguez) has several times raised a question of privilege, specifically on March 16, regarding electronic surveillance of members of parliament. He has put forward a motion requesting that an instance of such surveillance in which he was allegedly involved be submitted to the Standing Committee on Privileges and Elections. For the benefit of hon. members I will read the motion:

> That the allegation by one Warren Hart, in a sworn affidavit, that he taped electronically, on one or more occasions, the member for Nickel Belt, together with the admission by the Solicitor General that the said Warren Hart was for a time in the employ of the RCMP, be referred to the Standing Committee on Privileges and Elections, for the purpose of inquiring into the said allegation and the circumstances relating to any such electronic surveillance of the said member, including an inquiry as to what happened to any tapes of the said member that may have been made by the said Warren Hart.

I have suggested, while attempting to deal with this matter in the past, that it is obviously one which is entirely new to our jurisprudence in that there is, of course, no precedent in any of the earlier practices of this House or of Westminster which relate in any way to electronic surveillance. It would have been helpful to the Chair if, in these circumstances, the alleged surveillance had taken place within the precincts of parliament. The case has another dimension altogether when it is alleged to have taken place elsewhere.

On the face of it, it seems to me that the electronic surveillance of a member could be regarded as a form of harassment, or obstruction, or molestation, or intimidation of a member, all of which phrases have been used in our precedents to support the position that such conduct is a contempt of the House. In this case I confess that the novelty of the basic problem, the ingredient that though it happened outside the precincts of parliament that it did occur while the agent allegedly, according to his sworn statement, was under contract to the national police force, are aspects which leave me in considerable doubt.

We have already established the fact that this was not a conflict between statements made or assurances given by the Solicitor General (Mr. Blais) to the hon. member with respect to the fact that this man was under no instructions to carry out this form of activity. Nevertheless, there is the ingredient that he was under contract. This has been established and it raises a number of elements which, frankly, puzzle me in deciding whether or not in these circumstances electronic surveillance of the sort alleged might be considered by the House to be an infringement of the privileges or a harassment or a molestation of one of its members in keeping with the terminology used in the past when electronic surveillance did not exist.

In this connection I wish to refer the House to some excellent language contained in the *Report of the Select Committee on Parliamentary Privilege* dated 1967, in the United Kingdom. I have the reference here and I will table it with my notes today for the benefit of the reporters. The document is dated February 20, 1967, and I call attention to the following passage which appears on page 111:

> From this circumstance it might be inferred that the test applied by the Speaker in deciding whether to give precedence over the orders of the day to a complaint of breach of privilege—or rather to the motion which the Member who has made the complaint desires to move in reference thereto—is, Does the act complained of appear to me at first sight to be a breach of privilege? Rigorously applied, it would mean that no complaint of breach of privilege could ever be entertained unless the Speaker was of opinion that the act or conduct complained of was a breach of privilege. The result would be that the House, which alone is competent to decide whether a particular act is a breach of privilege, would have no opportunity of deciding the question unless the government gave time for its discussion. Borderline cases and arguable ones would be excluded automatically because in such cases the Speaker could not say that he was of opinion that the act or conduct which was the subject of complaint *prima facie* constituted a breach of privilege.

I ask hon. members to note the phrase "which alone is competent to decide". That is the point I wish to stress. To continue quoting:

> In my submission the question which the Speaker should ask himself, when he has to decide whether to grant precedence over other public business to a motion which a Member who has complained of some act or conduct as constituting a breach of privilege desires to move, should be, not—do I consider that, assuming that the facts are as stated, the act or conduct constitutes a breach of privilege, but could it reasonably be held to be a breach of privilege, or to put it shortly, has the Member an arguable point? If the Speaker feels any doubt on the question, he should, in my view, leave it to the House.

That is the position in which I find myself here. In all the circumstances, I hesitate very much to take away on procedural grounds the possibility of reaching a decision on a

subject to which the House might wish to address itself. In debating the motion put forward by the hon. member, members of the House might make valuable contributions to the question of whether or not we should treat this kind of electronic interference in some special way. Indeed, if the House decides in its wisdom that the matter should be referred to a committee for consideration, the committee hearing might result in an indication of the proper attitude which should be taken toward the matter. Therefore, on balance, in the special circumstances which exist here, it is my conclusion that I should resolve my doubt in favour of putting the question to the House at the proper time.

There are other matters to be dealt with this afternoon. There are other procedural matters to be dealt with and further items under Routine Proceedings to be considered before Orders of the Day are called. Perhaps I could let the matter stand over and put the question to the House prior to calling Orders of the Day, until which time hon. members would have the opportunity of reflecting upon what their attitude would be toward the motion.

MR. LAWRENCE—ANSWERS GIVEN BY SOLICITOR GENERAL

Mr. Speaker: The second question of privilege which is outstanding relates to a matter which dates back to February 3, 1978, a question of privilege respecting answers to questions asked during the oral question period. This relates to a series of events beginning when the Solicitor General (Mr. Blais) indicated in answer to a question that he did not intend to comment day by day on evidence adduced before the McDonald commission.

This response gave rise to a question of privilege, during the discussion of which I expressed the view that the matter, at that point, was hypothetical and that it should be tested by putting further questions to the minister during that or subsequent question periods. At that time both the hon. member for Rocky Mountain (Mr. Clark) and the hon. member for Winnipeg North Centre (Mr. Knowles) made motions to refer the issue to the Standing Committee on Privileges and Elections.

At the conclusion of the discussion I expressed the view that, in the final analysis, the House was forced back upon the position that in our practice a minister is not obliged to answer a question and therefore it was futile for the Chair even to attempt to determine the validity of the grounds upon which a minister in any individual case might refuse to make an answer. I also stated it might be useful to reserve judgment on the two motions for an extended period in order to determine exactly what would take place during the question periods which followed.

● (1512)

On March 9 a number of questions were addressed to the Solicitor General dealing generally with administrative procedures involved in the handling of certain secret documents and procedures for the issuing of warrants under the Official Secrets Act. The Solicitor General indicated in reply that he did not intend to comment on those matters, and consequently the hon. member for Perth-Wilmot (Mr. Jarvis) raised a question of privilege and asked that the earlier motions to which I have referred, those of the Leader of the Opposition and the hon. member for Winnipeg North Centre which had been offered earlier, be revived. At that stage I took the matter under further consideration, and I must say that again I can see no way in which the Chair can intervene, since the Chair cannot be called upon to make a value judgment respecting answers given to questions and, of course, cannot under any circumstances compel a minister to make an answer during any question period.

I think also it is understood that the House ought not to seek redress from the Chair in a situation of this kind because to find otherwise, it seems to me, would be to make a shift of ministerial responsibility onto the shoulders of the Chair, which I think all hon. members would consider to be a regrettable development.

In other words, we return to the basic point that since there can be no obligation upon a minister to make an answer, and since such an obligation, if it did exist or if it were capable of definition, would seem to be incapable of enforcement in any given circumstances, in the final analysis on both these motions we are reduced to that basic point, and I must set them aside.

MR. NIELSEN—POSTAL SERVICE

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a very brief question of privilege with respect to how unauthorized material finds its way into the hands of members of parliament. It can be explained simply by my reading a memorandum from my constituency office secretary addressed to myself and dated March 13, 1978, which reads as follows:

> You will find enclosed herewith a House of Commons requisition dated January 17/78 for envelopes which were sent to this office and received on March 7th last, in a blue postal bag addressed to you.
>
> Today, during my lunch hour, I untied the bag and emptied same of the two parcels. The parcels tumbled out onto the floor along with the enclosed packet of letters which was bound by the rubber band and the yellow square of paper bearing the following postal stamp which reads "COURTRIGHT PM 19 VIII 77 ONT".
>
> Presumably the date was October 19, 1977.
>
> The packet contains 6 letters properly addressed, stamped, postmarked and self-addressed.
>
> I am sending them to you for your attention by registered mail this afternoon—
>
> I received them yesterday.
>
> —as I feel very strongly that someone in parliament should be made aware of the neglect that residents of Canada receive at the hands of our present postal service. "Service" is not the correct term for this type of error in directing mail. You will note that the 6 letters were sent to Montreal, P.Q., and here I am with them in hand in Whitehorse, Yukon.
>
> I am certain the senders have been greatly inconvenienced—an understatement, to say the least.
>
> They were received unopened, and they are being returned unopened across the aisle today. I hope that they are not secret material.

POINTS OF ORDER

MR. CAFIK—SUGGESTION PRIVILEGE MOTION BE DEFERRED

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, on a point of order with respect to the question of privilege with which Your Honour dealt earlier, relating to the question raised by the hon. member for Nickel Belt (Mr. Rodriguez) and the suggestion of Your Honour that perhaps we should have a little time to reflect upon it, I wonder if it would be agreeable to defer the matter until tomorrow so that the House leaders can have an opportunity to discuss the most appropriate way of dealing with the question. I suggest this so that we might be able to resolve the issue. It would be helpful to us if we had that opportunity.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I hope we will not delay this kind of matter for another day. There has been quite an appropriate delay during which Your Honour had to read a considerable number of precedents. I think the issues are fairly clear, and I think we can deal with the matter in the normal way today. It is important that it be dealt with today, having regard to the nature of the matter. I hope that the motion will be put and that it will be referred by the House. However, I do not think we should delay another day.

Mr. Speaker: Order, please. I think I should be clear on the practice which would ordinarily be followed. I think hon. members should understand that the question for the Chair is whether a motion put forward by any hon. member at any given time has with it that character of privilege which gives it priority over other business. If the Chair once decides that the matter does affect the privileges of members, the Chair then gives the motion priority on that basis. I think this is an accurate description of what has often been roughly described as prima facie questions of privilege, which is not really an accurate description. In any case, having made that finding, the matter then, by the very virtue of that decision, has priority over other business. If not, then the hon. member is quite often invited to try to reintroduce his motion in the ordinary way. However, in this case, having made that finding, the matter would proceed as a matter of priority over other House business.

If the Chair were to be advised that there had been some tentative agreement or preliminary agreement to defer the discussion to some other time, I would naturally take that into account. Failing any advice or agreement on that basis, I would have to put down the matter as a matter of priority business.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we would not object if there were a deferral for an hour or something like that, but I agree with the hon. member for Grenville-Carleton (Mr. Baker) that the matter has been delayed long enough, that it ought to be dealt with today, and that in the absence of unanimous consent to set aside Your Honour's recommendation, it should proceed today.

Point of Order—Mr. W. Baker

Mr. Cafik: Mr. Speaker, I think it would be quite agreeable to our side if there were a delay for an hour so that we can decide, in the interests of all members of parliament, the best way to deal with this. We would be quite agreeable. If there were a specific motion before the House as a result of the ruling—

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

Mr. Cafik: My understanding, and I may be incorrect, is that if it is a specific motion to refer the matter to a given committee, that is one question. If it is a motion which is debatable as a question of privilege without any particular course for the matter to take, I think then there would be reason to have some short delay for consultation between House leaders. It is unclear in my mind at this time.

Mr. Speaker: I think we should all realize that the language of the motion is such that it ought to be examined. That might be useful, bearing in mind that this matter is going to be put on the floor for discussion, if necessary, at some time today. I do not know. I think it is ordinary to expect that it ought to be examined to see whether there might be consent with respect to the disposition of the motion. That might very well be productive, so some short delay might be countenanced. However, I cannot impose that delay or initiate it. I would have to be advised that there is some agreement for delay of a few minutes or an hour or so, and therefore I will attend to other business to see whether there can be consultation and agreement.

MR. BAKER (GRENVILLE-CARLETON)—PARLIAMENTARY APPROVAL FOR PEACEKEEPING FORCE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I want to thank the Secretary of State for External Affairs (Mr. Jamieson) for delaying his departure from the House for a few moments. I know he is busy.

The hon. member for Victoria (Mr. McKinnon) raised a very important point today in the question period, and that was the problem we face with respect to a request which may be made for peacekeeping forces in the Middle East and the relationship of that problem to discussion in this parliament of that matter, which would potentially commit Canadian armed forces from all across the country, from constituencies represented by hon. members in this House. I realize that the issue is tentative, but I also realize that events seem to be moving in such a direction that a request is going to be made.

I wonder if it would be appropriate if I were to suggest, in the course of this point of order, that the Secretary of State for External Affairs study the precedents, particularly the precedent which was created or acted upon in 1973, I believe it was, when a peacekeeping force was sent to Viet Nam. As I recollect it, on that occasion the then secretary of state for external affairs put down a resolution, and there was a day's debate on that matter so that the Parliament of Canada could express itself on what was quite an important thing in terms of the involvement itself and so that the government knew that

whatever it did on that occasion, it had the backing of the Parliament of Canada. If something should occur during the Easter recess, between today and April 3, would the minister at least undertake to explore the possibility of putting down a resolution as soon as we come back or, if he cannot do that, would he undertake to consult with the Deputy Prime Minister (Mr. MacEachen) so that it might be done shortly thereafter, but before the troops are finally committed?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I want to thank the hon. member for having given me as much advance notice as was possible on this matter. I think he realizes that I am at a distinct disadvantage in this particular exchange, because I am not the expert on the rules the hon. member is. On the other hand, I have no quarrel with the premise of the question. It is entirely appropriate that parliament should have an opportunity to be fully apprised of the circumstances under which Canadian forces are committed to various peacekeeping activities. The technique for doing so is one on which I will be glad to consult with the Deputy Prime Minister and President of Privy Council (Mr. MacEachen). Also I will look at the very good precedents established by my predecessor, the hon. member for Eglinton (Mr. Sharp).

● (1522)

I realize, as I think the House and the hon. member do, that there are certain problems with the process because of the necessity, as indeed in the present case, for a degree of confidentiality with regard to what is being proposed. I hope I have demonstrated my willingness to make the House as aware as I can of all the circumstances. I undertake to consider very seriously the proposals of the hon. member in finding out the best and most appropriate way to meet the spirit of what he has suggested.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

NATIONAL RESOURCES AND PUBLIC WORKS

Third report of Standing Committee on National Resources and Public Works—Mr. Leblanc (Laurier).

MISCELLANEOUS ESTIMATES

First report of Standing Committee on Miscellaneous Estimates—Mr. Leblanc (Laurier) (for the chairman).

[*Editor's Note: For texts of above reports, see today's Votes and Proceedings.*]

[Mr. Baker (Grenville-Carleton).]

[*English*]

OFFICIAL LANGUAGES

TABLING OF ANNUAL REPORT

Mr. Speaker: I have the honour to lay upon the table the seventh annual report of the Commissioner of Official Languages.

* * *

PUBLIC SERVICE

TABLING OF REPORT ON EMPLOYMENT OF PHYSICALLY AND MENTALLY HANDICAPPED PEOPLE

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, pursuant to Standing Order 41(2), and following my commitment to this House, I should like to table a report of the Joint Public Service Commission and Department of Manpower and Immigration Study Team regarding the employment of physically and mentally handicapped people in the federal Public Service, together with a document describing the government's plans in this respect, in both official languages.

Mr. Speaker: Statements by ministers.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I wish to inform the House today of new and expanded programs in the Directorate of Multiculturalism—

* * *

POINT OF ORDER

MR. DIEFENBAKER—SUGGESTION PRIVILEGE MOTION BE DEALT WITH IMMEDIATELY

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise on a point of order. As I understand it, a few moments ago Your Honour pointed out that precedence should be given to privilege. That matter has not been dealt with and should be dealt with at once, rather than allowing extraneous matters to be brought in now. I take the strongest possible objection to any delay in connection with a matter involving privilege. As Your Honour was most clear and definite in the views you expressed, I feel it is only fair this matter should be dealt with at once. After all, tomorrow we adjourn for a period of several days, and by that time the question of privilege will have been dissipated by the passage of time.

Mr. Speaker: Order, please. There is no danger of the matter being dissipated by the passage of time. What I have indicated to the House is that I have decided already that the matter contains privilege, and therefore enjoys priority. In my opinion, therefore, it would take priority over any other order of the day. I am taking simply a moment to conclude routine proceedings, which gives an opportunity to see whether there may be some agreement on the motion. If not, then I will call

it ahead of any order of the day this very afternoon. There is no danger. I thought we should conclude routine proceedings first, which would allow for some interval in order for reaction to take place, to see whether there might in fact be an agreement to send the motion to committee without debate. I do not know. I am only delaying it for a few moments.

Mr. Diefenbaker: Mr. Speaker, that may very well be, but that declaration does not give precedence to privilege. The hon. Minister of State for Multiculturalism (Mr. Cafik) seems to be very anxious to make a speech. I know the House will listen with anticipated joy to the revelations he will make. But the fact remains that before this question of privilege can be postponed, there must be consent on the part of the House. Personally I take the strongest possible objection to any delay in that connection.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I think I can put the matter another way: when I came into the House I had the option of going through routine proceedings and dealing with questions of privilege at the end. I could have held back my decision just as easily until just prior to orders of the day. That would have put the House at the distinct disadvantage of facing the unexpected discussion of a motion this afternoon without even a few minutes to anticipate. Instead, I have advanced that decision on my part to the beginning of routine proceedings. I have indicated that I would call the matter as the first order of business for the day.

* * *

MULTICULTURALISM

ANNOUNCEMENT OF NEW PROGRAMS

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I wish to inform the House today of new and expanded programs in the Directorate of Multiculturalism. As hon. members know, on October 8, 1971, the Prime Minister (Mr. Trudeau) recognized the importance of Canadian heritage by announcing the government's policy on multiculturalism. On that occasion he said:

> For although there are two official languages, there is no official culture, nor does any ethnic group take precedence over any other. No citizen or group of citizens is other than Canadian and all should be treated fairly.

Multiculturalism has two dimensions: vertical and horizontal.

Some hon. Members: Oh, oh!

Mr. Cafik: The vertical dimension is designed to encourage and support cultural pluralism among the ethno-cultural groups—

Some hon. Members: Order!

Mr. Hnatyshyn: Who was the author of your speech?

Mr. Paproski: Who wrote it? Was it John Munro?

Mr. Cafik: Mr. Speaker, I know hon. members opposite have very little respect for multiculturalism in this country.

Some hon. Members: Oh, oh!

Mr. Cafik: But I think they should at least listen.

The vertical dimension is designed to encourage and support cultural pluralism among the ethno-cultural groups, while the impact of the horizontal dimension is to ensure that multiculturalism and its objectives are taken into account by the government at all levels.

In terms of the vertical dimension, I am pleased to announce that the government will provide $50 million through the Multiculturalism directorate over the next five years to encourage equal opportunities for Canada's cultural groups to share their rich cultural traditions with all Canadians. The new emphasis of multiculturalism will be "unity through human understanding." Additional resources in this coming fiscal year of $2.5 million will enable the multicultural program to provide support to a wide range of activities which will increase the awareness of multicultural reality in Canada.

National ethno-cultural organizations now will have financial assistance available to them toward their operating costs. Also, special consideration can be given now to projects promoting the integration of immigrants. Increased assistance also will be provided to all Canadian cultural groups for projects aiding in group development, the performing and visual arts, literary publications, and Canadian ethnic studies. Programs currently under way will be expanded so as to provide more flexibility to the unique projects involved.

Over and above the programs administered by the Multiculturalism Directorate, Treasury Board allocates an additional annual budget of $2.4 million to the cultural agencies for multicultural activities undertaken by the National Museum of Man, the National Film Board, the National Library, and the Public Archives. These cultural agencies will continue to enable Canadians to become more aware of our rich heritage.

In terms of the horizontal dimension, the directorate and I are very concerned about the problems of visible minorities, the human rights question, equal opportunities for Canadians of all backgrounds, promoting the concept of Canada's cultural pluralism among all Canadians, and reinforcing Canadian unity.

In over-all budget terms the program, including funding for multicultural acitivities through the cultural agencies, has grown from an amount in 1977-1978 of $8.407 million to $10.196 million in 1978-1979, an increase of 28.8 per cent in this last year, showing the deep commitment of the government to this program. This does not take into account special funds given through other departmental activities related to this important area of public policy.

As the Prime Minister said, "A policy of multiculturalism within an officially bilingual framework is basically the conscious support of individual freedom of choice." We are free to be ourselves. But this cannot and should not be left to chance. If freedom of choice is in danger for some group, it is in

danger for all. The objective of our policy is the retention and development of our cultural groups to the degree that a given group exhibits a desire for this. Government aid to cultural groups will continue to proceed on the basis of aid to self-effort.

● (1532)

The special role of the government is to provide opportunities to all Canadians to realize these goals, so that they may retain their values in a free society where Canadians of divergent backgrounds are treated with mutual respect and equality.

Mr. Gus Mitges (Grey-Simcoe): Before I begin my remarks, Mr. Speaker, I would like to point out that I should have been given the courtesy of receiving much more notice of the minister's statement here this afternoon than I received. Even the courtesy of two hours' notice—a minimum amount of time—was denied me. I hope that the government and the minister responsible will look into this matter and correct the injustice once and for all.

We on this side of the House are not really surprised by the statement made by the Minister of State (Multiculturalism) (Mr. Cafik) here in the House this afternoon. The minister's statement typifies the government's "here today, gone tomorrow" attitude regarding multiculturalism—reaching a crescendo in an election year and then dramatically falling flat on its face once the election is over.

Some hon. Members: Hear, hear!

Mr. Mitges: The government has announced an amount of $50 million for the multicultural program over a period of five years. When this is broken down it amounts to $10 million a year, an increase of slightly less than $2 million a year over the present budgeted amount. A $50 million promise really means only a $2 million possibility. It goes back to four years ago when this government first promised to increase the multicultural budget to $10 million annually. It has taken the government four years and another pending election to reiterate this promise.

I am distressed, as my colleagues are distressed, that this government has time and time again used multiculturalism to manipulate and curry favour with the ethnic communities all across our land, especially in election years. I am sure that this ploy by the government has finally run its course, because our ethnic communities have become wise to the ways of this government and will not be taken in or fooled again.

When you consider that our ethnic communities—and I am referring to those which have neither English nor French as their ethnic backgrounds—represent more than one third of the population of Canada, a budget of $10 million annually is an effrontery of the first magnitude. I am sure it will not go unnoticed by ethnic communities from one end of Canada to the other.

Some hon. Members: Hear, hear!

[Mr. Cafik.]

Mr. Mitges: We in our party have a considerable stake in a true and honest concept of multiculturalism for Canada. This is well evidenced by the ethnic composition of the membership of our party. We have a higher level of ethnic representation than any other federal political party. So, you can understand, Mr. Speaker, that our concern about multiculturalism comes straight from the heart.

In conclusion, I would like to quote from a letter I received today from Dr. Hlynka, a member of the Ukranian Canadian community of Winnipeg. I am quoting him because his thoughts are our thoughts and really the thoughts of all ethnic people in Canada today. Dr. Hlynka said:

> I want to see justice for the cause of multiculturalism in Canada. To my mind that means that all three components of the Canadian nation—English, French, and multicultural—must be clearly and fully recognized . . . in any revised constitution, and in the hearts and minds of all Canadians.

Some hon. Members: Hear, hear!

Mr. Mitges: This is the goal, the challenge, and the direction that my party is taking and will continue to take in our constant pursuit and search for equal treatment and justice for all Canadians regardless of their ethnic origins or backgrounds.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I think the most interesting thing about the statement made today by the Minister of State (Multiculturalism) (Mr. Cafik) is its timing. It seems to me that the pattern of announcements concerning multiculturalism in Canada has a lot to do with elections. In 1972 there were many announcements about multiculturalism, and there was a special minister appointed. I might add that that minister did a very good job, and he still sits in the House today. He is the hon. member for Parkdale (Mr. Haidasz).

However, as soon as the election was over in 1974 the minister was booted out of office, and multiculturalism did not have a minister to answer for it in the House. We then had three years of the government's paying absolutely no attention whatsoever to multiculturalism in this country, but, of course, when an election comes up again, we have a new minister appointed. It is just a few weeks before the election call is likely to come, and we have an announcement about more money coming into the area of multiculturalism in Canada. It is blatant partisanship. The government is trying to use the ethnic people in our country as election pawns. It is looking at what used to be a traditional Liberal vote in Canada, and it is nervous about that vote, including the Italian vote in Toronto.

The government believes that it can buy the ethnic people in this country for just a few bucks of their own tax money, and I think that is a very shameful tactic by this government. It is something that the people of this country will not forget.

All of us agree that extra money should be spent on multiculturalism. We have all said that time and time again in the House, but what I am saying is that the timing of this announcement is more than suspicious. The government should be ashamed of this. There are more and more announcements being made now that are strikingly political and strikingly

partisan. When you do that on issue after issue, there is going to be more and more cynicism toward all political parties. The most shameful thing about the announcement is its timing, an attempt by the Liberal party to vie for more votes in the coming election.

I was rather surprised by the support of multiculturalism voiced by the hon. member from the Conservative party because I, along with other members of this House, read with great interest that the leader of his party was saying before Christmas that he would consider abolishing the ministry of multiculturalism in this country.

Mr. Paproski: That is not true.

Mr. Nystrom: A good friend in the Senate, Senator Yuzyk, is now organizing a write-in campaign to his leader to try keep the department of multiculturalism intact, should the hon. member for Rocky Mountain (Mr. Clark) become prime minister of this country. The time has come when we should stop playing politics with the people of Canada who come from other than French or English origins and treat them as real Canadians. They are citizens in spite of where they come from, whether it be Europe or anywhere else in the world. They have helped to build Canada and make it what it is. It is about time we realized they are good Canadians and that they have made their contribution, whether they be European or from some other part of the world. Hopefully, along with Canadians of English and French origin they can help us keep this country together and make it a prosperous place in the years ahead.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, like the two hon. members who spoke before me, I see that this announcement is closely linked to the coming election which is already being fought by ministers and members in the Eastern Townships, particularly in Quebec.

Mr. Speaker, there is no question that the free evolution and fulfillment of all ethnic groups in Canada is a most commendable objective as related quite simply to the human development that every ethnic group is entitled to have. But I see that once again the government is using those self-evident factors to focus attention on its problem of national unity which again it considers as an opportunity of drawing sympathy toward the party which under the circumstances is now running this country. So when they talk about "unity through human understanding" they could have talked a lot more accurately, as my colleague from Bellechasse (Mr. Lambert) often suggests, of "harmony through human understanding." That would be more accurate. But since they have had this habit for months of focussing everything on national unity so this problem of national unity will be the exclusive realm of the party now in power, Mr. Speaker, it is always a bit strange to see them use everything to bring all issues back to this fundamental question. Again, it appears on page 3 of this statement as follows:

Multiculturalism

. . . promoting the concept of Canada's cultural pluralism among all Canadians and reinforcing Canadian unity.

They always talk continuously about national unity and the right hon. Prime Minister (Mr. Trudeau) is going into an election campaign with the thought that he is the only one who can salvage national unity. Mr. Speaker, we share the same view, we all want this essential harmony if our country is to evolve and develop. That is obvious. But we would urge that all decisions made by this government not be tinged with that electoral aspect which kills genuine, good intentions.

Here is another point before I sit down. Multiculturalism should not be assimilated with biculturalism or bilingualism. It will be remembered, and the statement refers to it, that the right hon. Prime Minister was remarkably ambiguous with respect to the distinction to be made between the two. If I consider the quotation of the right hon. Prime Minister that we have here to prove that ambiguity, I will say, Mr. Speaker, that this is typical of the party which is now running this country—ambiguous, opportunist, not knowing how to administer in a really objective way, having brought this country to this culminating point of national crisis and claiming to be the only one able to solve it because perhaps it was the only one to bring it about. So, to quote the right hon. Prime Minister:

A policy of multiculturalism within an officially bilingual framework is basically the conscious support of individual freedom of choice.

Mr. Speaker, that sentence is meaningless. It does not fit into everyday life. To make such a connection is sheer stupidity in my view. There is no connection whatsoever between bilingualism and multiculturalism. Bilingualism is the recognized fact that two languages are used in this country, and multiculturalism is the individual's fulfillment on the basis of what he is. We are all for that, but when they try to confuse the issue so that it means both bilingualism and national unity, clearly the government are once more playing politics.

It is a sad reflection that in an area as factual as multiculturalism, the free evolution and fulfillment of individuals in this country, such a serious issue is used for purely electioneering purposes. This is evident, Mr. Speaker, from the monies that are allocated. Even though they try to swell the amount to $50 million by computing over a five year basis, it is only $10 million a year and no more. And the way prices are going at the current inflation rate, we know full well the practical import of $10 million spread over an area as large as Canada's, a country endowed with so many cultural ethnic groups.

Mr. Speaker, they should also be more specific about including in those groups Canada's Francophones, more plainly the French-Canadians. Because they are not immigrant contributors, but founding partners. Therefore in respect of French-speaking groups of Canadian ancestry, if I may call them, the problem is not the same. There is a question of a basic right issuing prior tenure of the land. So a clear distinction should be made there. French-speaking Canadian minorities that may exist in New Brunswick, Manitoba, British Columbia, and so

forth have acquired the same rights as the English-speaking minority in Quebec. So I think those two concepts must not be mingled together, and that is exactly what this quotation from the Prime Minister does, and if I go on reading it will be seen how I am right.

We are free to be ourselves, but this freedom cannot and should not be left to chance.

Now what does that mean again? Well, these are eggs now being laid by the Prime Minister of our country, and they are square eggs, Mr. Speaker. He goes on:

If freedom of choice is in danger for some group, it is in danger for all.

What choice? What is it all about? Does it relate to the distinction to be made between French Canadians and English Canadians? Is it about ethnic groups? What does it have to do with the subject matter?

So, Mr. Speaker, I should like to take the opportunity of this statement to emphasize those points which will have to be clarified and to bring the government to consider much more seriously all the things and all the areas having to do with the free evolution and fulfilment of individuals in this country.

● (1542)

[*English*]

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I understand that after ministerial statements we are allowed to ask a question or two. I want to ask one question in particular so that there will be no mistake about the stand of this party in respect to multiculturalism. I resent the member of the socialist party bootlegging in what was a complete untruth.

It is a poor thing to register concern about the multicultural aspect of this country by dipping into the taxpayers' pockets in order to pay him off, and I resent that very much. I want to remind the minister that it is his party, through the Prime Minister (Mr. Trudeau), the former minister responsible for multiculturalism, and the present minister, who sat on the government side, when this side of the House introduced an amendment to the Immigration Act to bring in the word multiculturalism. This was a positive step and one which would indicate that we in this House recognized the great contribution—

Mr. Deputy Speaker: Order, please. Would the hon. member please ask the question?

Mr. Alexander: Mr. Speaker, I was just going to ask the question because I saw you out of the corner of my eye and knew I was treading on dangerous ground.

Mr. Cafik: Hear, hear!

Mr. Alexander: The minister says hear, hear! What information does the minister have for the Canadian people now in terms of recommending to the Minister of Employment and Immigration (Mr. Cullen), in light of this great concern about the multiculturalism aspect of this country, that he introduce an amendment to the Immigration Act? Mr. Speaker, I see the Attorney General (Mr. Basford) bothering the Minister of State (Multiculturalism) (Mr. Cafik) when I am asking an extremely important question. Where is the respect around here?

The minister promised me that he was going to take this matter up with his colleagues. I should like to know if he has done so in order that an amendment to the Immigration Act, which would be a positive step, would be introduced to insert the word "multiculturalism". This would give some credibility to the minister's concern.

Mr. Cafik: Mr. Speaker, I think the matter raised by the hon. member for Hamilton West (Mr. Alexander) is a legitimate one. There is no doubt whatsoever that the ethno-cultural community—the non-Francophone or non-Anglophone community—put forward strong representations about the inclusion of a reference to the multicultural aspect of our society in the Immigration Act. I was not involved, as I was chairman of the Standing Committee on Finance, Trade and Economic Affairs at the same time. In any event, I am quite cognizant of the genuine desire of the ethno-cultural community to have some substantive base in legislation for the multicultural concept. I must admit that I relate favourably to that genuine concern.

● (1552)

I have indicated previously to the hon. member for Hamilton West that I was looking into the possibilities of dealing with this question. Now that the Immigration Act is a fact of law there are better ways of looking at this question in order to achieve more substantive references to multiculturalism. It has been suggested, not only in this House but by the public generally, that there may be some desirability to refer to multiculturalism in any new constitution that might be brought forward. Quite clearly that would be one of the most significant ways that one could give recognition to this concept in the law and in the constitution itself. That is one avenue to consider. There are other avenues that should be considered.

Should we have a legislative base for multiculturalism itself by virtue of a special act of parliament which would promote programs and develop concepts? I believe that is an area where more significant achievement could be made than by opening up the Immigration Act and making a reference specifically in that act. I would draw to the hon. member's attention that the concerns of this House, and the concerns of the public at large, are my concern. I am addressing myself to this question so that we can give important and symbolic recognition to the multicultural dimension of Canada, which is a pragmatic reality of our nation. Whether to do that in terms of legislation or acts of parliament is a useful matter to consider. My directorate is actively pursuing ways and means by which this may be better done in order to achieve the objectives which have been brought to my attention.

Mr. Alexander: That was very interesting, very interesting but to me it is still foot dragging. We are talking about a

constitution, which I understand the minister just stole from a spokesman for our party. We are talking about a special act. The way this government moves leaves a lot to be desired. It is very well for the minister to stand up and be so oratorically brilliant, which has not moved me one bit.

It would be very easy for the minister to get the consent of his colleague, the Minister of Employment and Immigration, to bring in this one very simple immigration matter to give it some credibility. That is what I am asking the minister. I appreciate him saying that we can amend the constitution. When is that going to be? I want concrete action now. The minister talks about a special act or special acts. When will that occur? I want action now. Surely the minister can consider with some sympathy the submission which I am making at the moment. In this way he will have credibility. If he does not accept it, Mr. Speaker, with all due respect and in light of the great love I have for my colleague, I believe he will have destroyed his credibility. He should take concrete steps immediately and at least start with the Immigration Act.

Mr. Cafik: Mr. Speaker, if the hon. member is deeply concerned about the credibility of myself as a minister, and of the department or Directorate of Multiculturalism, I am sure he could take many positive steps to assure that particular desirable objective. I would appreciate any support that he could offer. But it would seem to me that the hon. member ought to be as much concerned about substantive achievements to ensure the well-being of the ethno-cultural communities and that they are brought fully and equally into our society as he would be about the symbolic matter to which he seems to be attaching so much importance. If we were to put the words which the hon. member has in mind into the Immigration Act, I do not think it would make one iota of difference in terms of the application of that act. I think the hon. member would recognize that—

Mr. Alexander: I do not.

Mr. Cafik: You may not recognize it, but I thought being a lawyer you ought to. In any event, it seems to me that when we look at the increase now of about 28.8 per cent in multicultural budgeting this year in a time of restraint, the hon. member would recognize that indicates in itself the sincerity with which we address this important question. I would think the ethno-cultural communities are prepared to accept delivery of hard facts and programs for their benefit as evidence of our credibility rather than the pious words of any hon. member who is locked in to such symbolic gestures.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. If we have another question, I think we ought to keep it brief.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a very simple question for the minister which he should be able to answer briefly. He is speaking here of a budget of $50 million over five years. That means there will be an average budget of $10 million a year. He goes on in his statement to indicate that the budget in this election year will be $10.196 million, higher than the average. Taking account of inflation which this government has not quite wrestled to the ground, that means, given an aggregate of $50 million over a five-year period, there will be a diminution, a winding down of the expenditures contemplated by the Government of Canada on multicultural activities as we move farther away from election year. Will the minister of state tell the House of Commons what calendar the government contemplates for the winding down of the expenditure on multiculturalism, which is spelled out in his statement?

Mr. Cafik: Mr. Speaker, I would be very glad to reply to that question. Perhaps the hon. Leader of the Opposition (Mr. Clark) might have a look at this statement again, read it, and find out what in fact it really says. He will note that within some of the paragraphs in the statement we talk about budgeting through the cultural agencies as well, which amounts to roughly $2.5 million a year, which is over and above the $10 million. This means that the over-all budgetary projection within the cultural agencies and within the program itself, all directed toward multicultural programs, will be in the neighbourhood of $65 million within the next five years. There is no projection for decreases in funding whatsoever; there is a significant increase.

I would also point out there is some concern about an election year. If the opposition think that our programs are so desirable and so attractive that it worries them that they are brought forward at this time, all I can say is we accept the compliment. When the question is raised of why now, I would draw to the attention of hon. members that the fiscal year ends at the end of this month, and we are talking about budgeting for the next fiscal year which begins in just a few days. It is for that reason, and for the reason that I want to be courteous to members of the House of Commons, that I draw to their attention what the programs and priorities of the government are for the forthcoming year. That is the hard reality of the timing at this particular moment.

Mr. Clark: Mr. Speaker, that is really quite an incredible statement, even for the minister. If he is at all consistent I suppose we will expect that each of the other ministers of the Crown, however many there are—

Some hon. Members: Sixty-two.

Mr. Clark: —will be getting up before the House rises for Easter to spell out the increases that they contemplate. Just so I can be clear on what the minister is saying, may we have a brief, unequivocal commitment by the minister that he can answer yes or no—is the minister giving us a commitment now that it is not the intention of the government to reduce the expenditure on multicultural activities in any of the subsequent years in the five-year period? Yes or no?

Mr. Cafik: Mr. Speaker, I think it is quite acceptable for the hon. member to put the question, but not really to direct how it ought to be answered. I would say that in terms of our commitment to multiculturalism it is ongoing, it is larger than

last year, and it will continue to be larger in the future. It is not our intention to cut back funding for multicultural programs.

● (1602)

I would make one other point that I think is important. The question was raised and alluded to by the Leader of the Opposition that the funding we have for about one third of the Canadian people, being $10 million, is rather inadequate. I make two points in response.

First, I have yet to hear, other than perhaps today indirectly, anybody in the opposition in my presence suggest that there ought to be more funding for multiculturalism. I would welcome anybody doing that. I have only had a couple of questions in the House of Commons as Minister of Multiculturalism, which indicates the degree of interest being taken in that regard.

I would point out that all ethno-cultural communities are Canadian and they benefit from all government programs in Canada as Canadians. The amount of money we are talking about is money specifically earmarked for them as ethno-cultural Canadians over and above all the benefits that every Canadian in this country enjoys.

Mr. Clark: Mr. Speaker, I think the minister will find that one reason he does not receive very many questions has to do very directly with the quality of his answers. I wonder if he will tell us now, since he has refused to give us a commitment, that there will not be a reduction in subsequent years of the budget for multiculturalism. What portion of that estimated $50 million over the next five years will be directed toward advertising, and what portion will be directed toward administration?

Mr. Cafik: Mr. Speaker, I would first indicate that I did not refuse to give a commitment that we would not cut back on multiculturalism. I was very precise in that regard. It is not the intention of the government to cut back in any way on multicultural programs. I make that very clear, if my words were not as clear as the hon. member could understand. In any event, in terms of the budget, the advertising budget of the Directorate of Multiculturalism is half a million dollars a year. That budget is directed to the ethnic media in order to be able to communicate through that important instrument of communication with the ethno-cultural community. That is an important aspect of our program.

In terms of actual granting programs, in the neighbourhood of $5 million will be made available directly in grants through the numerous programs that we have within our directorate. In terms of operational funding, the amount is $2.6 million. I would draw to the attention of hon. members that that $2.6 million is not strictly for operational expense. It carries within it funding for studies that are undertaken, for example, the ethnic attitude study which should be tabled very shortly. It deals with special projects that I am involved in now, for example, with the visible minorities and how we are trying to deal with that. Contract funding will deal with specific policy areas that are very important to the continuation of this program and the achievement of objectives to provide equal opportunity and to overcome disadvantages to the ethno-cultural community.

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, in rising to ask the Minister of State (Multiculturalism) (Mr. Cafik) a question, I would first like to thank him for his statement and also to pay tribute to the Prime Minister (Mr. Trudeau) for announcing the official policy of multiculturalism in 1971.

Some hon. Members: Hear, hear!

Mr. Haidasz: What amount of the $10 million expenditure per annum will be directed to the ethnic press and media for other than advertising, something they have requested for some time?

Mr. Cafik: Mr. Speaker, the hon. member is raising an important question. I draw to his attention, and of other hon. members if they are not aware, that we are now having a two-day conference with the ethnic press here in Ottawa to deal with a wide range of programs and policies. The aspect that I am dealing with in multiculturalism is hopefully to establish a relationship with the ethno-cultural press in which they can give valid and useful advice to myself as to how we may best assist the ethnic press in legitimate and proper terms. In terms of funding, for example, the Ethnic Press Federation have been concerned about support funding for their national body. At the moment, no decision has been taken in that regard. I have had a number of representations. Hopefully, I will have the opportunity to discuss that aspect of the problem with the Ethnic Press Federation within the next two days, if that is what the hon. member has in mind. I think that the general substance of the comment is a recognition of the importance of the ethnic press in Canada. I certainly agree that they perform a very valuable—

Mr. Speaker: Order, please. I will conclude the questioning with the hon. member for Sault Ste. Marie (Mr. Symes) and the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty).

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I have a very brief question. I hope I can have a brief answer. In talking to many ethnic groups, one of the problems they have brought to me on many occasions is the lack of any granting of funds for capital purposes such as helping to renovate a hall or build a new one. In a sense, this is very important because it is the centre of most of the activity for multicultural groups. Has the minister's department studied and will it give consideration to providing some sort of granting of funds for capital purposes to aid in the construction or renovation of halls, maybe on a matching basis along the lines of Wintario?

Mr. Cafik: Yes, Mr. Speaker, consideration is being given to that. With the adjustments in the program that we have announced here today, we did not move in the direction of providing funding for capital projects. It would take an enormous amount of money. I should point out that on other levels

of the federal government within other departments, through job creation programs and so on, ethno-cultural community organizations are as entitled to make application in those directions for those purposes as any other group in Canada.

In the area that the hon. member is concerned about, the new program dealing with operational support in group development will provide funding for continuing activity for a period of up to three years for operational support. This is an area that is also of considerable concern to the community. We have moved in that direction at this time. I think it will be welcomed by the communities. In terms of specific funding for capital purposes, hopefully they will get the funding they require through other activities of the government rather than directly through our budget.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I will not take much of the time of the House. Having listened to the minister's statement, I simply want to make the observation that it is apparent the minister is, as usual, reaching ever higher platitudes of achievement.

Mr. Cafik: I appreciate the compliment.

* * *

BROADCASTING ACT

AMENDMENT TO PERMIT INEXPENSIVE USE OF BROADCASTS FOR EDUCATIONAL PURPOSES

Mr. Dan McKenzie (Winnipeg South Centre) moved for leave to introduce Bill C-428, to amend the Broadcasting Act (educational use of programs).

Some hon. Members: Explain.

Mr. McKenzie: Mr. Speaker, the purpose of this bill is to enable school boards to tape radio and television broadcasts for use in schools at a cost that is not prohibitive and without incurring liability for copyright infringement. To this end, the bill would empower the Canadian Radio-Television and Telecommunications Commission to require the necessary contractual arrangements to be worked out between stations and networks on the one hand and authors and artists on the other.

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

* * *

CANADA BUSINESS CORPORATIONS ACT

MEASURE TO AMEND

Hon. James Hugh Faulkner (for the Minister of Consumer and Corporate Affairs) moved for leave to introduce Bill S-2, to amend the Canada Business Corporations Act.

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

● (1612)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, the following questions will be answered today: Nos. 282, 532, 1,113, 1,148, 1,241, 1,250, 1,260 and 1,340. I ask that the remaining questions be allowed to stand.

[*Text*]

N.F.B.—USE OF PRIVATE EMPLOYMENT AGENCIES BY CANADIAN GOVERNMENT PHOTO CENTRE

Question No. 282—**Mr. McKenzie:**

1. Has the Canadian Government Photo Centre obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Government Photo Centre in (i) 1975 (ii) 1976?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1. The Canadian Government Photo Centre has obtained (a) part-time and (b) full-time employees from private employment agencies in Ontario only. In 1975/76 17 part-time and one full-time employee were engaged in this manner. In 1976/77 23 part-time and three full-time employees were so engaged.

2. The Canadian Government Photo Centre operates on a Revolving Fund and is dependent on revenue from sales to finance its operation. Casual employees are therefore not paid from either main or supplementary estimates but from revenues earned.

3. (a) In the province of Ontario the average hourly rate paid to employment agencies in 1975/76 was $4.09 for part-time employees and $3.10 for full-time employees; for 1976/77 the average hourly rate paid to employment agencies was $4.27 for part-time employees and $4.30 for full-time employees. (b) Information not known. (c) The Canadian Government Photo Centre paid in 1975/76 and in 1976/77 a total amount of $39,050.06 and $46,889.31 respectively.

NUCLEAR EXPLOSION BY CHINA

Question No. 532—**Mr. Howie:**

Following the last known nuclear explosion by China, were significant increases in radioactive measurement detected in any Canadian province and, if so, what were the readings?

Hon. Monique Bégin (Minister of National Health and Welfare): The last known nuclear explosion by China was carried out on September 17, 1977. Increases in radioactivity in surface air were noted at 18 out of 24 sampling stations.

The sampling locations, the maximum levels observed and the dates of collection are as follows:

Calgary	1.68 pCi/m³	September 25
Edmonton	0.91 pCi/m³	September 25
Fort Churchill	0.73 pCi/m³	October 2
Fredericton	0.58 pCi/m³	September 29
Inuvik	0.56 pCi/m³	September 28
Montreal	0.48 pCi/m³	October 12
Moosonee	0.59 pCi/m³	September 27
Regina	1.43 pCi/m³	September 29
St. John's	0.58 pCi/m³	October 5
Saskatoon	0.83 pCi/m³	September 29
Sault Ste. Marie	0.57 pCi/m³	October 1
Thunder Bay	0.78 pCi/m³	September 28
Toronto	0.79 pCi/m³	September 30
Vancouver	0.53 pCi/m³	September 24
Whitehorse	1.54 pCi/m³	September 22
Windsor	1.45 pCi/m³	September 25
Winnipeg	0.97 pCi/m³	October 3
Yellowknife	0.64 pCi/m³	September 30

Although these increases were readily detected above the pre-test national average of 0.05 picocuries per cubic meter (pCi/m³), the absolute values are very small. The health effects arising from breathing radioactivity in air at these levels for the short period are negligible. In addition, radioactivity in pasteurized milk was measured. Increases of the radioactive element, iodine-131, were observed at 10 out of 16 sampling locations. The cities, the maximum levels measured and the dates of collection are as follows:

Calgary	19 pCi/l	October 1-7
Edmonton	14 pCi/l	October 8-14
Halifax	27 pCi/l	October 1-7
Moncton	20 pCi/l	October 1-7
Ottawa	29 pCi/l	October 8-14
Quebec	13 pCi/l	October 8-14
St. John's	13 pCi/l	October 8-14
Sault Ste. Marie	18 pCi/l	October 1-7
Vancouver	18 pCi/l	September 24-30
Windsor	55 pCi/l	October 8-14

These levels are not of concern to public health because they are a small fraction of the maximum permissible concentration of 2000 pCi/l. Moreover, the increases were observed for only a short period.

EXPENDITURES BY DEPARTMENT OF NATIONAL HEALTH AND WELFARE IN CONSTITUENCY OF NICKEL BELT

Question No. 1,113—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of National Health and Welfare and those agencies that report to it?

Hon. Monique Bégin (Minister of National Health and Welfare):

Year	Support to Individual Athletes	Support to Projects Dealing with the Non-Medical Use of Drugs	Contributions under the New Horizons Program	Operating Costs of Regional Office (Sudbury)	Total
1970-71	Nil	Nil	Nil	Not available	Not available
1971-72	Nil	Nil	Nil	Not available	Not available
1972-73	Nil	Nil	8,900	Not available	Not available
1973-74	Nil	Nil	43,376	107,900	151,276
1974-75	Nil	Nil	7,607	128,800	136,407
1975-76	Nil	36,250	32,346	125,300	193,896
1976-77	1,800	Nil	37,757	151,500	191,057

In addition to the above, the Department of National Health and Welfare has incurred numerous other expenditures in the province of Ontario, but it is not possible to isolate these expenditures on a constituency basis.

XYLITOL

Question No. 1,148—**Mr. Yewchuk:**

1. Were tests conducted on xylitol to determine its potential as an anti-carie agent and, if so (a) what were they (b) what were the results?

2. Were steps taken to determine the usefulness of xylitol as a substitute for sugar since the imposition of the saccharin ban and, if so (a) what were they (b) what were the results?

3. Did the Department of National Health and Welfare study the problem linked with the future use of xylitol by diabetics and, if so, what were the results?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Yes. (a) and (b) Several studies have suggested that xylitol reduces dental caries. In one study, laboratory animals were fed a diet which contained sugar and produced dental caries. When xylitol was substituted for sugar in the diet, the dental caries were practically eliminated. In another study, a group of human volunteers consuming a normal diet including sugar was compared to a group consuming a normal diet which included xylitol in place of sugar. It was found that after one year dental caries were reduced in the xylitol group by approximately 90 percent. In a third study, two groups of human volunteers, both consuming a normal diet, consumed several sticks of either a xylitol-sweetened chewing gum or a sucrose-sweetened chewing gum each day for one year. By the end of the year, the xylitol group had significantly fewer dental caries than the sugar group.

2. (a) and (b) The usefulness of xylitol as a substitute for sugar has been considered. Xylitol is not a suitable substitute in situations where reduction of calorie intake is indicated

because the caloric value of both xylitol and sugar is about 4 kilocalories per gram. Since in Canada, dietary treatment of diabetics emphasizes control of calorie intake, the use of xylitol as a substitute for sugar is not advocated even though xylitol is absorbed more slowly than sucrose and seems to lack a hyperglycemic effect. Xylitol has advantages as a substitute for sugar in chewing gum because it is non-cariogenic.

3. The Department of National Health and Welfare has considered the problem linked with the future use of xylitol by diabetics. At present, xylitol is used only in "sugar-free" (or "sugarless") chewing gums. It is not permitted in other foods for special dietary use including calorie-reduced and low calorie foods and carbohydrate-reduced foods. Since these are the only special dietary foods intended for use by diabetics, it is apparent that the Department in no way encourages the use of xylitol by diabetics, nor does it permit its inclusion in foods normally used by diabetics. Further evaluation of the effect of xylitol in diabetics is being carried out by the Federation of American Societies for Experimental Biology (FASEB).

CHIP KITS

Question No. 1,241—**Mrs. Pigott:**

1. For each month from September 1977 to January 1978, how many application kits were distributed under the Canadian Home Insulation Plan?

2. How many completed application forms were (a) received (b) approved and what was the total dollar amount?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1 and 2. The number of application kits distributed, received and approved, by month, from September 1977 to January 1978 are summarized in the table following:

	Month	Kits Distributed	Applications Received	Approved Number	Approved $000
1977—	September	29,833	113	—	—
	October	25,155	2,072	689	154
	November	11,897	3,496	1,581	355
	December	7,730	3,318	3,439	756
1978—	January	9,793	4,123	2,857	655
	TOTAL	84,408	13,122	8,566	1,920

LIAISON BETWEEN CANADA AND SYDNEY RESEARCH TEAM ON SOLAR ENERGY

Question No. 1,250—**Mr. Robinson:**

Is the government aware that Saudi Arabia has given Sydney University $5.5 million to continue solar energy research and, if so, have arrangements been made for government officials responsible for the development of Canada's renewable resources to lease with the Sydney research team?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): The government is aware that Saudi Arabia has given Sydney University $5.5 million to continue and expand solar research. Government officials are familiar with the solar energy research at the University of Sydney and, as a result of the visit of the Hon. Alastair Gillespie, Minister of Energy, Mines and Resources, to Australia in January 1977, an exchange of information between Canada and Australia on solar energy is underway.

PAVING OF HIGHWAYS IN THE YUKON AND NORTHWEST TERRITORIES

Question No. 1,260—**Mr. Masniuk:**

1. Does the government plan to pave the (a) Alaska (b) Klondike (c) Robert Campbell (d) Dempsters highways in the Yukon Territory and, if so, in each case, what is the work schedule?

2. Does the government plan to pave the (a) Mackenzie (b) new Laird (c) Hay River-Yellowknife highways (nos. 2, 1 & 3) in the Northwest Territories and, if so, in each case, what is the work schedule?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. (a) The Shakwak project, which includes paving the Alaska Highway from the Alaska-Yukon border to Haines Junction and the Haines Road south of Haines Junction, will be carried out between 1978 and 1989. The first sections will be paved from km 230.4 to 255.4 and from km 1635.5 to 1664.5 in 1980. The schedule shows different sections to be paved each year until 1989. However, the tentative schedule is dependent on the pipeline construction schedule and upon the results of the EARP panel hearings. (b) Paving was started on M. 94-104 in 1977 and will be finished in 1978. Mile 0-20 was completed previously but an overlay will be added. Paving of M. 20-35 is planned for 1978-79. (c) Paving of M. 0-6.34 was completed in 1976-77. (d) No paving is planned at present.

2. (a) Paving is planned from M. 0-51.5 (NWT—Alberta border) at Enterprise. Widening and gravelling will be carried out from 1979-80 to 1981-82 and paving is scheduled from 1980-81 to 1983-84. (b) No paving is planned at present. (c) It is expected to pave M. 0-22.5 of the Hay River highway in 1979-80. No paving is planned at present for the Yellowknife highway.

INFLATABLE LANDING BOATS

Question No. 1,340—**Mr. McKinnon:**

Has $123,735 worth of inflatable landing boats been ordered from Nautylatex Canada Ltd. for the Armed Forces and, if so (a) which element of the Forces is to receive them (b) how many have been ordered?

Hon. Barney Danson (Minister of National Defence): Yes. (a) Land force combat arms, Land Force field engineers, Maritime surface forces; (b) Three-man reconnaissance boats, 35; Six-man landing boats, 65; Ten-man landing boats, 65; Total, 165.

[*English*]

Mr. Speaker: The questions referred to by the parliamentary secretary are deemed to have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

POINT OF ORDER

MR. McKENZIE—DELAY IN ANSWERING QUESTIONS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, there has been undue delay in answering some of my questions which go back to last October. One of them relates to the total cost of the CBC in handling the Manitoba election last October 11. I feel this question should have been answered by now. Also, I have had another question on the order paper since December 7 in reference to whether Liberal members are using the DOT telex to send out political messages. I realize the answer could be embarrassing to the government, but I feel three and a half months should be long enough to enable the government to reply to it.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): I will certainly take that representation as notice and pass it on to the Parliamentary Secretary to the President of Privy Council (Mr. Pinard). I am sure he will have answers ready for the hon. member as soon as possible.

* * *

PRIVILEGE

MR. RODRIGUEZ—ELECTRONIC SURVEILLANCE OF HON. MEMBER

Mr. Speaker: It is my intention, as I indicated earlier, to put to the House at this point the question on the motion of the hon. member for Nickel Belt (Mr. Rodriguez) which was the subject of a question of privilege raised again earlier today. The motion is as follows:

That this matter of privilege concerning possible electronic surveillance against myself, the sworn statement of Mr. Warren Hart and the statements of the Solicitor General be referred to the Standing Committee on Privileges and Elections, and that that body be requested to undertake to bring before it any persons having or claiming knowledge of this affair, so that the whole truth may be discovered and publicized in such a way as to restore the confidence of my constituents in the confidentiality of our communications and thus end the breach of privilege which exists.

Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: No.

Mr. Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

Some hon. Members: Shame!

[Mr. Speaker.]

And more than five hon. members having risen:

Mr. Speaker: Call in the members.

● (1622)

The House divided on the motion (Mr. Rodriguez) which was negatived on the following division:

(Division No. 32)

YEAS

Messrs.

Alexander
Alkenbrack
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Bawden
Beatty
Blackburn
Caouette (Villeneuve)
Caouette (Témiscamingue)
Clark (Rocky Mountain)
Coates
Cossitt
Diefenbaker
Dionne (Kamouraska)
Ellis
Elzinga
Epp
Forrestall
Fraser
Friesen
Gauthier (Roberval)
Gilbert
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Jarvis
Johnston
Jones
Kempling
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
Lambert (Edmonton West)
Laprise
La Salle
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
Malone
Marshall
Masniuk
Matte
Mazankowski
McCain
McKenzie
McKinley
McKinnon
Mitges
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nowlan
Nystrom
Oberle
Paproski
Patterson
Pigott (Mrs.)
Ritchie
Roche
Rodriguez
Rondeau
Rooney
Saltsman
Schellenberger
Scott
Smith (Churchill)
Stewart (Marquette)
Symes
Towers
Wenman
Whiteway
Woolliams—79.

NAYS

Messrs.

Abbott
Allmand
Andras (Port Arthur)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Basford
Bégin (Miss)
Blais
Blaker
Buchanan
Bussières
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Cullen
Cyr
Danson
Daudlin
Dawson
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupont
Duquet
Ethier
Faulkner
Fleming
Foster
Gillespie
Goodale
Goyer
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Harquail
Herbert
Hopkins
Horner
Jamieson
Joyal
Lachance
Lajoie
Lalonde
Lamontagne
Lang
Lapointe
Leblanc (Laurier)
Lefebvre
Lessard
Loiselle (Chambly)
MacDonald (Cardigan)
MacGuigan
Maine
McIsaac
McRae
Milne
Munro (Hamilton East)
Olivier
Parent
Pearsall
Pelletier
Philbrook

Messrs.

Pinard	Rompkey	Tessier
Poulin	Roy	Trudel
Prud'homme	(Laval)	Turner
Railton	Sharp	Watson
Reid	Smith	Whelan
Roberts	(Saint-Jean)	Wood
Robinson	Stollery	Yanakis
		Young—93.

● (1702)

Mr. Speaker: I therefore declare the motion lost.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Englishs*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It being five o'clock, it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Parkdale (Mr. Haidasz)—Health and Welfare—OHIP—Premium increase proposed in Ontario budget; the hon. member for Egmont (Mr. MacDonald)—Transport—Movement of potatoes from eastern to central Canada; the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack)—Northern Development—Frontenac County, Ontario—Construction of temporary bridge to facilitate travel.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House to proceed with the consideration of Bill C-204 and to stand Bill C-202 which precedes it on the order paper.

[*English*]

Mr. Speaker: Order, please. Does the hon. parliamentary secretary relate correctly to the House that there is agreement to proceed at this time with Bill C-204?

Mr. Paproski: Yes, Mr. Speaker, that is agreed.

An hon. Member: No.

External Aid

Mr. Pinard: Mr. Speaker, under the circumstances I ask that Bill C-202 be reserved at the request of the government, according to Standing Order 19.

● (1712)

Mr. Speaker: Order, please. There remains in priority, over Bill C-204, Bill C-202 which has now open stood at the request of the government. Bill C-204 is the next bill in the ordinary order. Therefore, it can be called without any consent.

* * *

FOREIGN AID PROHIBITION ACT

BAN ON ASSISTANCE TO COUNTRIES VIOLATING HUMAN RIGHTS

Mr. David MacDonald (Egmont) moved that Bill C-204, to prohibit aid to foreign countries violating human rights, be read the second time and referred to the Standing Committee on External Affairs and National Defence.

He said: Mr. Speaker, the bill that is up for discussion this afternoon has raised a fair bit of controversy and a good deal of interest across the country. It is an issue which concerns people not only in this country but in a number of other countries, with regard to our international responsibilities as they affect the growing concern and mounting apprehension over the loss of human rights in countries with which we have an economic relationship and to which we provide, in some instances, a good deal of economic assistance.

I can frankly say that this bill has generated a response to my office unlike any other international issue in the 12 years I have been a member here. Literally hundreds of letters have arrived from individuals and organizations across Canada offering public support for the principle that strategic and economic advantage are not the soul legitimate determinants of our nation's foreign policy.

Canadian respect and support for human rights is deep-seated. We are proud of Canada's defence of these principles under the leadership of many prime ministers, certainly that of the former prime minister of the Liberal party and that of the present right hon. member for Prince Albert (Mr. Diefenbaker) when he was prime minister of this country. They gave in their own time outstanding leadership with regard to the defence of human rights.

I hope, during the course of a few remarks this afternoon, to mention some of the comments I received. Obviously, because the time is somewhat less than it might normally be for a discussion on an important issue of this kind, I want to provide an opportunity for other members to express their views with regard to it.

It would be fair to say that up until the last few years no serious consideration had been given by any western government to relating the area of economic activity or economic responsibility to the serious violation of human rights that takes place in a number of countries. Even though there was no formal mechanism, or observation, or relationship of these

two aspects of foreign policy, it is not true to say that the consideration of human rights was not a part, if only in an unspoken or unidentified way, of basic foreign policy.

If we were to examine the trading patterns and aid patterns of Canada since World War II, we would notice a wide variation with regard to our response, depending upon our perception of these countries to be countries that would be worthy of funds or economic assistance. Worthy can be defined from many points of view. It can be defined in terms of a serious intent with respect to the development of their own country. It can be defined in terms of whether they share the same kind of strategic or political interests. It can also be defined in terms of whether we have respect for the way in which a government treats its people.

Recently in the United States and in the American Congress initiatives have been taken with regard to programs of foreign aid as they are directed toward countries where there has been a rapid increase in the serious violation of human rights. I think of the particular and growing concern there has been in a number of Latin American countries, some of which the hon. member for Montmorency (Mr. Duclos), the hon. member for Greenwood (Mr. Brewin), and I, had an opportunity to visit a couple of years ago to examine the serious situation with regard to the loss of basic human rights in those countries.

As a result of American initiatives, beginning roughly in 1974, certain kinds of economic assistance have in fact been terminated to countries like Chile, Argentina, and Uruguay. However, we would have to recognize that the major advance with respect to dealing with this problem occurred with the election of the Carter regime in 1976.

Beginning in 1977, the Carter administration's concern with human rights became a major component of United States foreign policy. Indeed, legislation which has imposed limitations on aid, direct and indirect, to certain designated countries, has been passed by Congress and signed by the President.

We see in particular that under the Foreign Aid Appropriations Act which became law on October 3, 1977, security assistance to Argentina, Chile, Ethiopia, Uruguay, Brazil, El Salvador and Guatemala has been prohibited. In addition, action has been taken in international forums to prevent or limit the role of the American government with regard to foreign aid contributions to countries where there is a serious violation of human rights. This, with the establishment in the U.S. State Department of a new office which would deal directly with the question of human rights and humanitarian affairs, headed by an assistant secretary and deputy assistant under secretaries for refugees and migration, as well as for prisoners of war missing in action, has indicated a major thrust on the part of American foreign policy.

In our own country, a similar kind of action has not ensued. Indeed, some members may recall that a little less than a year ago, in response to the new initiative of the Carter administration, I raised questions with the Prime Minister (Mr. Trudeau), and subsequently with the Secretary of State for External Affairs (Mr. Jamieson) in committee, about the possibility of looking at our over-all economic patronage, our aid programs as they operate under CIDA, and our trade package, particularly as expressed under the Export Development Corporation, to see whether actions in these areas were in line with our basic commitment to a fundamental observation of human rights. At that time both the Prime Minister and Secretary of State for External Affairs gave a clear indication that they felt it would be difficult and publicly unacceptable to relate these two facets of Canadian public policy. Interestingly enough, the hundreds of letters I received from individuals and organizations across the country did not share the stumbling blocks or problems that seemed to exist in the mind of the government.

I think the government has begun to realize that this is a major issue. I wish to quote from a speech which the Secretary of State for External Affairs made in this House on December 19. It is an example of the change of attitude on the part of the minister and his department. He was speaking in a special external affairs debate we had at that time and was turning his attention particularly to South Africa. He said:

> It is true, of course, that in other countries of the world there are clear violations of and disregard for human rights. There, too, Canada is expressing its concern, as are all members of this House. South Africa stands alone. It is the only country which as a basic part of its government structure—whether it is constitutional in the legal sense is beside the point—has a declared and unequivocal policy. It stands apart as a country which makes decisions affecting human beings on the basis of race and colour.

The minister went on to say that, as a result of the new concern the Canadian government had with respect to developments in South Africa, steps would be taken to reduce drastically the level of support or promotion of economic activity on the part of the government in South Africa. He announced the closing of a number of consulates, the withdrawal of trade missions, the removal of trade preference, and the general discouragement of economic activity on the part of Canada with South Africa. There can be no misunderstanding on this point. The government made a specific change in its policy with respect to the relationship of human rights and economic activity in the announcement of the minister on December 19.

● (1722)

In that connection it is significant that today, just before this debate began, a number of well known organizations held a public press conference at which they announced a Canadian campaign to stop bank loans to South Africa. I regard this as an important step in itself, because it signalled very clearly to the Canadian banks that a number of leading organizations will no longer accept the policies and programs followed by them in connection with their economic support for a government which, as the Secretary of State for External Affairs himself said, stands alone in its acceptance of a political structure which judges people and sets them apart on the basis of race.

The organizations which have taken part in this nation-wide campaign to stop bank loans to South Africa include the main Canadian churches, which are grouped together in a task force, the Canadian Labour Congress, the Canadian Union of Public Employees, the National Union of Students, the Canadian University Service Overseas, OXFAM Canada and

the Canadian Council for International Co-operation. All these bodies have said that they, in their own way, in their own banking activities, will make it clear that they will no longer use certain banks, nor will they encourage their memberships to use them, until they make a definite move away from the present policy of providing economic support for South Africa.

I have read the reports in recent years of meetings between these groups and the banks in an effort in a patient way to obtain a clear account of the policy which is being followed. Those efforts were unsuccessful. Indeed one of the ridiculous anomalies of the present situation is that one can sometimes find out more about Canadian banking activities from reports of the United States Congress than from reports made available in this country either directly or through institutions which are under the jurisdiction of parliament to which public disclosure ought to be made.

I will just say a few words more with respect to the bill itself. Its purpose is to identify countries where the violation of human rights is occurring in a gross and continuing way to an extent clearly unacceptable even upon the basis of the most minimal standards. I realize there is an ethnocentric concern in some minds as to whether or not one group of people can make a decision with regard to a violation of human rights occurring among another group of people or in another country. Arguments can be raised as to distinctions between violations of human rights as opposed to the restriction of civil liberties and social opportunities.

I am calling attention this afternoon to the increasing number of governments and regimes, dictatorships on both the right and the left, which make a point, both as policy and daily practice, of violating the rights of their own citizens by arresting them without warning, imprisoning them without any recourse to legal protection, submitting them to torture, and executing them in many cases, to say nothing of the circumstances in which hundreds, sometimes thousands of people, disappear without trace. With many of these countries we have important economic relationships. They include Indonesia where, according to Amnesty International, there are between 50,000 and 100,000 political prisoners. They include Brazil, Argentina, and some of the Soviet countries with which we have tried to be reasonable at recent meetings in Belgrade, meetings which have quite obviously failed.

This legislative proposal is calling for some kind of responsibility in international affairs similar to that which we all accept with respect to our domestic affairs. In view of the wide interest and concern expressed on this subject I hope there will be an opportunity at the end of our discussion this afternoon to refer the subject matter to the Standing Committee on External Affairs where the bill could be scrutinized, and before which witnesses can be heard, so as to enable satisfactory recommendations to be made to the House for effective government action.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, we have before us a bill the purpose of which would appear to be to prevent Canadian aid by grant or loan to countries which, in accordance with the views of certain international non-governmental organizations, have consistently violated human rights. It would also restrict trade with such countries.

As hon. members will appreciate, the problem of finding appropriate and effective methods of ensuring greater respect for human rights is one of the most delicate issues in foreign policy, one which we are constantly seeking to resolve. In this respect I believe that the government and the sponsors of this bill share certain common objectives, though we may not agree on the most effective means of attaining our goal.

In addressing this issue I believe it would help our understanding of the problem if I were first to say a few words about the Canadian government's general approach to date on the human rights issue as it relates to development assistance and to export financing assistance. As a general rule, we have not directly linked these matters with the internal policies of the governments in question, since it is intended by such programs that the people of the countries concerned should, in the long run, be the beneficiaries of the aid and assistance offered. At the same time, however, we have also found it appropriate to remind governments, by both bilateral and multilateral means, of our expectation with regard to the protection of human rights.

On the trade side, with respect to our dealings in peaceful goods, we have normally followed a business oriented approach which we have considered to be in line with normal commercial practices. We have, with very few exceptions, regarded the export of Canadian goods and services as the highest priority.

As for our development assistance, over 80 per cent in any event goes to the poorest countries and indeed to the poorest people within those countries; it is focused on basic human needs. We believe that to restrict the aid program on the basis of human rights criteria relative to the performance of governments would simply penalize the poor and would therefore be counter-productive in terms of the ultimate goals of the aid program.

Two recent exceptions, one relating to aid and the other to economic assistance, have been Uganda and South Africa. Although the nature of the "continuing and gross violations of human rights" in the two countries are quite different, the two situations shared one aspect in common—a near global consensus in the UN on the fact that the violations deserved condemnation, i.e. mass murder and torture in the case of Uganda, and apartheid in South Africa. Out of this emerged a further consensus on the relative importance of human rights to the issue and on the kind of action to take. This justified the Canadian government to act, leading to cessation of aid in the instance of Uganda and to the elimination of any Canadian government sponsored export assistance to South Africa.

In the case of Uganda, human rights violations were both evident and persistent, and in effect dictated the temporary end of any meaningful relationship with that country. It was also relevant, however, that the administration of an aid program had, in any case, been made impossible by the chaotic internal situation there, due in large part to continuing human rights violations. As for South Africa, the apartheid issue was

given great weight but this was counterbalanced by other valid Canadian concerns, such as trade in peaceful goods. Thus, there has not been a total rupture of the bilateral relationship on the economic side, but government facilities and mechanisms are no longer used. Whether in either case the action we have taken will be persuasive in promoting greater respect for human rights is a question which we will have to examine over a certain time frame and in the light of the parallel actions of others, and even then the answer is likely to be inconclusive and highly subjective.

● (1732)

In the multilateral field Canada takes account of human rights considerations if these figure in a specific project proposal by one of the development banks. We have, however, resisted efforts by others to apply the performance of governments in human rights as a general yardstick for the acceptability of a given development project, since we consider it essential to preserve the abilities of these institutions to function effectively in the development field.

Those of us who live in countries of western traditions frequently assume that those standards of conduct and behaviour towards our fellow man which we traditionally favour are also perceived as having equal validity by other governments. But the perspective of other countries is, in fact, often different, partly because they may not be western or democratic in background or partly because their economic situations are vastly different from ours.

Thus, western democracies traditionally accord priority to civil and political rights, while Third World countries often place their emphasis on pressing economic needs. We are told regularly in international bodies that a majority of underdeveloped states are more concerned with alleviating starvation and promoting their development and, in so doing, attach a greater priority to the duties of citizens than to their rights.

In the absence of consensus and of effective enforcement machinery at the international level, therefore, we have been forced to rely on other methods, essentially political and diplomatic, to convey to other governments our concerns about human rights. Canada can use multilateral bodies such as the Commission on Human Rights to make known our attitude toward events in other countries. At such meetings we can vote on resolutions varying in tone and substance from mild requests for information to denunciations and condemnations. Multilateral bodies may impose sanctions dealing with aid or trade in specific types of goods or trade generally. Such sanctions may be legally binding, as are Security Council sanctions, or voluntary, as are resolutions of the General Assembly. States may, of course, impose sanctions unilaterally or jointly with other states by curtailing aid, ending trade relations or by going as far as suspending diplomatic relations.

We can also make direct representations on a bilateral basis. Such representations may range from expressions of concern through requests for redress of specific grievances to formal protests.

[Mr. Robinson.]

Canadians are justifiably indignant at flagrant abuses of the fundamental rights of the individual in countries such as Uganda, South Africa and in many other countries in eastern Europe, Latin America and elsewhere, and we have sought to express this concern in the manner we believe is most effective. Nevertheless, there are no firm and fixed rules for raising and discussing what are essentially the domestic concerns of other states. Some countries simply refuse categorically to permit any exchange of views.

When we approach the issue of raising human rights questions with other countries, we generally consider two criteria in deciding a course of action. The first is whether an action would be appropriate. The second is what action will likely be effective. Whether action, if taken, will be effective has to be subjected to balanced and careful examination.

When we have cordial relations with states, for example, low key, private discussions are demonstrably more likely to resolve outstanding individual difficulties. This, in turn, can establish an atmosphere in which it should be easier for us to seek to have resolved other problems of concern to Canadians. When relations are poor and progress on human rights issues is negligible, it may be necessary to make our case public, even though public pressure may as often contribute to a hardening of attitudes as to a meeting of minds. Whether a given course of action will be effective depends as well on our ultimate goals. If we seek to rectify isolated abuses or aberrations in a state's normal performance in the human rights field, the task is generally manageable. We are not, however, likely to be able to alter a firm policy or the fundamental basis of another state's society or political system, certainly neither easily nor quickly.

The intent of this bill, that of seeking to guarantee a positive commitment to traditional and fundamental human rights, is one to which this government wholeheartedly subscribes. It is one which we have consistently promoted in all international forums, most recently at the Commission on Human Rights which has just concluded its thirty-fourth session in Geneva.

Nevertheless, it is our belief that, if adopted, this bill would distort the aims and purposes of Canadian international development assistance. This bill would make the conduct of Canadian policy in the fields of development assistance and export financing hostage to only one factor, human rights, a factor which is largely beyond our control.

Canada's external relations are and must be governed by, and responsive to, many variables. They cannot and must not be conditioned by the type of rigid, essentially one track framework contemplated by this bill. When the totality of any of our bilateral relationships is considered, only in rare cases would human rights violations by themselves be sufficient reason to withdraw Canadian support. The judgment called for even in such cases is a difficult one, necessitating the weighing of all the various factors involved in our relationships and a determination of the relative importance of the human rights parameter.

Any hypothetical moral suasion or pressure provided by implementation of the provisions of this bill to improve the

human rights performance of a given country or countries would, in our view, be far outweighed by the following risks which seem to us inherent in the proposed approach it sets out.

First, sanctions against some governments may well lead not to greater democracy but less. Second, if the bill were to be strictly implemented, meaningful Canadian relations with a large number of countries would be effectively curtailed; as many as 60, based on the latest Amnesty International list—

Mr. MacDonald (Egmont): Where is the proof?

Mr. Robinson: I think the information is there.

Mr. MacDonald (Egmont): Read it chapter and verse.

Mr. Robinson: I would be pleased to answer the hon. member's question after I complete my remarks.

If the bill were to be strictly implemented, meaningful Canadian relations with a large number of countries would be effectively curtailed—as many as 60, based on the latest Amnesty International list of countries practising torture, or even 100, based on the Freedom House list of "unfree societies".

Further, given the absence of a clear national constituency in favour of developing assistance, implementation of such a law, particularly during a period of recognized domestic economic difficulties, could provide both an excuse and the means to press for significant reductions in foreign aid.

This, in our view, would be counterproductive. Moreover, decreased aid flows would certainly not help us bring Canadian influence to bear through quiet diplomacy on violating states where our aid is a significant factor.

This bill would, moreover, place Canada in the untenable role of an international moral arbiter. As such, I believe that our ability to exercise the kind of leadership we took at the Conference on International Economic Co-operation would be seriously undermined, if not destroyed. If implemented, this bill would force Canada to inject political and controversial issues into international development assistance institutions which, to date, have been largely free of such matters so that they could respect the fundamental developmental thrust of their activities. This in turn could lead to a serious impairment of their ability to function effectively—particularly international financial institutions—thereby creating serious roadblocks to third world development and ultimately provoking confrontation.

Finally, and of more immediate relevance to our domestic economic interest, is the importance to Canada of trade, which this bill would also affect. Restrictions placed on export financing facilities because of human rights violations, regardless of other considerations, would adversely affect our export capabilities and could lead to the potential loss to the Canadian economy of substantial income. Canada's ability to compete internationally would be inhibited if exporters and investors were no longer confident of the kind of government support necessary to promote good business relationships in given countries.

The bill would have other trade consequences as well. The provisions in clause 3(c), depending on the countries concerned, could conflict with existing Canadian trade obligations, multilaterally with respect to GATT and to British preferential tariff treatment or bilaterally.

Turning to somewhat more technical considerations, in our view the bill would also cause the following administrative or operational problems to our development programs. Its implementation could easily disrupt millions of dollars of aid projects currently under way, particularly in those cases where further appropriations are required for completion. The ability to make long term commitments and to undertake forward planning, which is crucial to effective aid programming, would be seriously undermined.

With specific reference to clause 3(a) of the bill, Canada cannot prevent the use of its contributions by an international financial institution in any given recipient country, even if our executive director were to vote against a project up for consideration. In respect of the IBRD, moreover, where we do not have a single national vote, our constituency situation could cause political problems should we be compelled to vote on the basis of Canadian perceptions of human rights considerations. While Canada has a majority position, and could insist on a given response, such action might not be acceptable to the other constituency members and might even cause the break-up of the constituency, and hence the effectiveness of our participation in the financial institution.

● (1742)

Finally, and most important, Canadian contributions to international financial institutions cannot, in any event, legally be made conditional on human rights considerations. To act in this manner would be in violation of the articles of agreement of the banks, which expressly forbid such politicization.

The administrative feasibility of the bill is also questionable, especially in relation to the definition of violations of human rights, gross or otherwise. While most of us would certainly agree that torture, murder and imprisonment without trial would violate human rights, the circumstances under which such actions might occur and the number of cases are surely also relevant. As I have already indicated, unfortunately there is no universally accepted definition of such matters. What constitutes a consistent pattern of gross violation? Must the evidence be first hand? Will the government in question be given an opportunity to rebut allegations of gross violation? On what tribunal could we confidently rely to sort out such problems and still protect our national sovereignty?

Even if it were possible to establish a clear, workable definition of what we as Canadians could consider to be relevant human rights violations, it seems to us that it would be administratively very complex to draw up and maintain a list of prohibited countries, and that the exercise could moreover become a vehicle for pursuing a variety of prejudice. The bill makes no provision for obtaining and evaluating the evidence on which the decision to denominate a country prohibited is based. Substantiated facts are not easy to come by. We

would have to base our judgment on many non-governmental and non-Canadian sources for such information. Therefore, I would question also the provision in clause 5 of the bill which provides for obtaining the opinion of the International Commission of Jurists, which is only one of a number of reputable non-governmental organizations interested in human rights matters. Not only would the reliability of its information be open to question, since organizations such as the International Commission of Jurists frequently are not allowed to enter a country where violations are alleged to be taking place, but more significantly, to rely on such outside information would be to place important Canadian government policy matters in the hands of others rather than to accept responsibility at the level of our own government.

The bill gives rise to other questions too. Domestically, who would decide whether a given country is to be listed as a prohibited country? Would the government be prepared to designate a responsible agency? Would this be the governor in council, such as the cabinet, the Secretary of State for External Affairs (Mr. Jamieson), or a group of ministers? What mechanism would be established so as to enable a country once designated to be removed from the prohibited list? What would be the criteria? For example, would a statement by the government indicating that it would try to improve its record suffice, or would there have to be some kind of tangible improvement? Would this improvement have to be maintained over a certain period of time before a country lost its prohibited classification? Would a simple change of government be grounds for removal from the prohibited list?

In conclusion, we consider that the proposed bill, despite the good intentions which it is intended to further, would be a radical and possibly even counterproductive departure from present Canadian policy. It would make human rights violations not merely one relevant factor in our aid and export finance policy, but an over-riding criterion which would determine action regardless of other important Canadian concerns and interests, as well as the interests of poor people in the countries concerned.

Human rights is an area in which the questions as to what can be most effectively done in particular cases are many and the answers are few. We shall continue to do our best to respond to particular cases in ways which we hope will express our concern for the fate of persons under unresponsive and repressive rule, but we do not consider Bill C-204 a useful mechanism to that end. Consequently, because of the reasons I have enumerated, the government is unable to support this proposed legislation.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I congratulate the hon. member for Egmont (Mr. MacDonald) for bringing this very important bill before parliament in order for us to have an opportunity to discuss it. According to the procedures which have been followed in the past, unfortunately hon. members on the government side obviously will talk the bill out, so that it will never get to committee and form the basis of something which is very important in terms of our behaviour in the international community.

[Mr. Robinson.]

Having listened to the previous speaker outlining his objections to the bill, it seemed to me that is a famous cry over there: although they are very concerned about human and civil rights, they are not prepared to take tough actions which show leadership in this particular field.

I do not understand why hon. members can make such arguments as the ones we heard this afternoon. I have looked at the precedents set in terms of Rhodesia. This country embarked on an embargo respecting Rhodesia. Government agencies, such as the Export Development Corporation, were very proud to declare, approximately two years ago in a committee which I participated in, that they do not offer loans to companies operating in Rhodesia nor to the Rhodesian government. That is because the Rhodesian government is not recognized. The fact of the matter is that it was recognized that Rhodesia is beyond the ambit of Commonwealth nations. It is outside the Commonwealth. That precedent has been set. Canada participated with other countries in taking action against a country which has a rather questionable régime. Apart from the illegality of the régime, it is a régime which practises apartheid.

There have been other experiences in the western hemisphere. For example, there was the embargo against trade with Cuba. The United States placed an embargo on that island, and of course forbade trade between the United States and that country as well as any other country in Latin America which was a member of the Organization of American States. Indeed, the United States even tried to influence Canada with respect to participating in the embargo. Very often through their branch plants, the embargo law was observed.

I should like to deal specifically with South Africa. Often hon. members of the House have said that we cannot interfere by judging the political morality of a regime. I agree with that. I have no quarrel with that. It is a very broad area, and it is a very subjective one. It depends on the viewpoint of the person who is judging. That is very, very true. The regime in South Africa is based on the principle that the black man is not the equal of the white man, that in the creation of man, somehow or other God made the black man a lesser being than the white man. Obviously that is a philosophy which every single individual in the House rejects. That concept is false and inhuman. It is similar to the entire question of what happened in Germany prior to the Second World War. Of course, we all know the results of that. At that time we rejected the principle of a superior race, as we do now.

So what is the problem? Why cannot the problem of apartheid be identified? Indeed, it was the action of the leader of the Canadian government which resulted in South Africa being placed outside the Commonwealth. I am referring to the right hon. member for Prince Albert (Mr. Diefenbaker). In 1961 he was the prime minister of Canada. At that time South Africa was placed outside the Commonwealth. South Africa still enjoys Commonwealth tariff preference. The Commonwealth agreement with respect to sugar is still in effect. We still give them a premium price for their sugar, and it seems to

me that that runs contrary to the very principle for which we put them out of the Commonwealth.

• (1752)

The Secretary of State for External Affairs (Mr. Jamieson) made much of the fact that we were forbidding EDC to consider loans to South Africa. The Export Development Corporation has not made a loan to them in 15 years. On the other hand, we know that the Canadian consulate office in Johannesburg offers technical assistance through Department of Industry, Trade and Commerce officials to Canadian corporations wishing to do business in South Africa. That is speaking out of both sides of your mouth at the same time.

We are not asking any other country to do anything, but there are things that the government can do. We say that apartheid is despicable. If we feel apartheid is so despicable, we must take action to show how we feel.

Mr. Philbrook: What about Guatemala?

Mr. Rodriguez: The hon. member refers to Guatemala. I am glad he raised Guatemala, but I will deal with that later.

Mr. Philbrook: Double standard.

Mr. Rodriguez: What have we done by this *de facto* approbation of the South African regime? What we have is Canadian banks anxiously running in to lend money to South Africa. When concerned Canadians recognize the hypocrisy of the position we take internationally, they are told that the loans do not really help the South African government, that they are just a small wedge in the total South African scene. There are other banks in the world which lend money to South Africa. John Vorster is quoted as saying—and we have to take his word for it—that "each new investment in South Africa is another brick in the wall of our continued existence". The leader of the South African government is saying in effect that they need that type of investment from Canadian banks so that the regime in South Africa can be built up and can continue to exist.

We have been very phoney in our whole approach to South Africa. The philosophy on which the regime is built is one which Canadians despise. Our whole philosophy is contrary to the concept of apartheid, but we have a government which is prepared not only in a *de facto* way to prop up the regime, but also to help it along. For example, a double taxation agreement was established with South Africa with respect to companies that do business with that country so that they are not taxed in both places, they are only taxed in one place. If that does not perpetuate the South African regime, I do not know what it does.

The Secretary of State for External Affairs said today that we have to wait to see what other governments are doing. Why do we have to wait to see what other governments are doing? Do we not know what is right and just in the eyes of the international community?

It did not take Sweden, West Germany and Great Britain long to recognize the proper thing to do with respect to investment in Chile. That is the other country to which I was going to turn. The Allende regime was legally and democratically elected in the country in Latin America where the history of democratic government was the longest. It was a legally elected government, and yet today two officials from IT and T are being charged with perjury. They perjured themselves in front of a Senate committee by denying that IT and T had worked to undermine the regime. It has now been found that IT and T did work to undermine the regime. We have had evidence from Amnesty International, church groups and from individuals who were incarcerated and tortured in Chile.

What is this government doing? We find that the Export Development Corporation is moving in with Noranda and Falconbridge and setting up business. One billion dollars have been invested to strip mine copper in Chile at a time when we in Canada could use the investment to create jobs. They are running in to make a quick buck on the misery of the Chilean people.

Those are two examples which every decent, self-respecting regime in the world can identify as regimes that defy and deny civil rights and, indeed, abuse humanity. This government through its agencies ought to withdraw any further support to those regimes. The government should show an example to the world and to the people of Canada and start putting its money where its mouth is.

I will stop there, Mr. Speaker, because I would like to see this bill go to committee and become law.

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, before I start I would like to know what time you intend to adjourn the private members' hour in view of the fact that it started at 5.10.

The Acting Speaker (Mr. Ethier): There is nothing in our rules that permit us to sit beyond six o'clock.

Mr. Roche: Since it is two minutes to six, I will confine myself to one or two sentences. I do not want to talk this bill out; I would rather see it go to committee.

I commend the hon. member for Egmont (Mr. MacDonald) for having brought before us for the second time in two weeks a bill dealing with foreign aid. What the hon. member is asking us to do fundamentally is to shore up Canada's standards on human rights by taking more concrete action than we have hitherto. He wants this bill to go to a committee for study. If there is anyting that the Standing Committee on External Affairs and National Defence needs to do, it is to make a serious study that would get to the heart of the issue.

I commend this bill to hon. members. Its time will come. Eventually the hon. member for Egmont will see his idea incorporated. It is not yet six o'clock.

Mr. F. A. Philbrook (Halton): Mr. Speaker, first I would like to congratulate the hon. member for Egmont (Mr. MacDonald) very sincerely for proposing this bill. Without a

doubt, what we are discussing here today endorses the noblest of concepts, human dignity. Unfortunately, those of us who feel compelled to point out some difficulties—

The Acting Speaker (Mr. Ethier): Order, please. Unfortunately, it is also six o'clock. The hour allotted for private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

● (2012)

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House proceeded to the consideration of Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, as reported (with amendments) from the Special Committee on a Northern Gas Pipeline.

Mr. Speaker: Order, please. Hon. members are aware that there are some 11 proposed motions to amend Bill C-25 at the report stage. I have given to hon. members present my suggestions as to how these motions may be grouped for discussion and voting and I will go over those. However, there has been some understanding about motions 8, 9 and 10 I will come to those in a moment. Motions 1 and 11, in the name of the hon. member for Sault Ste. Marie, I think should be grouped together for the purpose of debate with a vote on motion 1 disposing of motion 11. It seems to me that motion 11 will have no existence if motion No. 1 is not carried.

Motion 2, in the name of the hon. member for Sault Ste. Marie, appears to have two very serious difficulties and I will be hearing argument on it. The idea of a committee introduced into the minister's orbit of authority seems to be a totally new concept within the bill. Furthermore, unless the committee is already employed in some way or it is composed of unpaid volunteers, the motion would raise the element of new expenses which are not covered in the recommendation.

[Mr. Philbrook.]

Motions 3, 5 and 7 I think would be discussed and voted upon separately if votes are required.

Motions 4 and 6 both deal with native claims and I think should be grouped together for discussion, although probably they should be voted on separately if votes are required.

My initial impression of motions 8, 9 and 10 is that they should be grouped together for discussion because they all deal with manpower and procurement conditions set out in Schedule III. I had thought that probably a vote on motion No. 8 might dispose of all three but I understand there is some feeling that motion No. 8 should be voted separately from a second vote which would take place on motions 9 and 10. That seems to me to be satisfactory. I do not have any strong feelings about the original suggestion. So we could take it as arranged that the three motions, Nos. 8, 9 and 10, would be discussed together and there would be a separate vote on motion 8 and a second vote on motions 9 and 10, if in fact votes are required.

If there are any other comments at this time I would be glad to have them, particularly in respect to motion 2.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the statement you have just made makes unnecessary any extended remarks at this point. You were good enough to supply us with a copy of what you intended to say, so we have had discussions about motions 8, 9 and 10. It was our desire that motions 8 and 9 be voted on separately, since motion No. 8 deals with Canadian labour and motion No. 9 deals with Canadian material. However, Your Honour has accepted that point so we are at one in that respect.

This means that in so far as the lineup you have given to us is concerned, the only question we still raise has to do with motion No. 2. My hon. friend the member for Sault Ste. Marie feels that it does not involve the expenditure of any new money. At some point, whenever Your Honour directs, he would like to have the opportunity to argue in favour of its admissibility. With that one request we accept the proposal you have placed before us.

Mr. Speaker: Order, please. If there are no other comments, my preference would be to take that argument now so that the whole House would have the benefit of knowing whether they are dealing with or without motion No. 2.

Mr. Symes: Mr. Speaker, motion 2, standing in my name, calls for the establishment of a committee to review the bids for goods and services from Canadian sources for the Alcan pipeline to ensure that there is no price fixing. We felt that this amendment was necessary in light of other amendments we have moved which would guarantee Canadian content. The purpose of this amendment was to prevent any abuse of that guarantee provision as it relates to prices.

I would argue that the committee proposed in the amendment would not constitute any expenditure of public funds. If Your Honour will look at clause 9 of the bill on page 6 you will notice that clause 9 says "The Minister may". It then lists a number of duties and powers for the minister. Clause 9(d),

which motion 2 seeks to amend, states in the bill that the minister may:

oversee and survey all aspects of the planning and construction of, and procurement for, the pipeline;—

We know, of course, the minister alone will not be overseeing these various aspects. He would have assisting him a committee made up of departmental officials seconded from the department of energy or any other government department, composed of people who are already on staff. Therefore, it would not require additional funds to hire them. That is the context in which we have used the word "committee"; it is a group of civil servants to assist the minister to ensure that there will be no price fixing in the bids submitted. In that sense I do not see that there would be any necessity for extra expenditure of funds. This would not be a parliamentary committee but merely an administrative committee to advise the minister, made up of people who are already on staff.

Mr. Speaker: The hon. member for Yukon is rising on a procedural point?

Mr. Nielsen: Mr. Speaker, it is unfortunate that the member for Sault Ste. Marie did not attend any of the meetings of the special committee set up to study this bill. It is also unfortunate the hon. member for Nanaimo-Cowichan-The Islands is not here tonight, though I am sure he is engaged in other serious business elsewhere. He would have been able to explain to the House that the amendment proposed in motion No. 2 has been covered by an undertaking given by the Deputy Prime Minister and President of Privy Council in the committee to amend Standing Order 65(1) so as to set up the very kind of committee of which he speaks and for which he seeks an amendment. It would be a continuation of the special committee set up to examine the bill. The minister's undertaking in the committee was in these words:

● (2022)

That Standing Order 65(1) be amended by adding immediately after substection (s), the following: "(t)—

This would set up a special standing committee on northern pipelines to accomplish the very objectives contained in motion No. 2.

—On Northern Pipelines, to consist of not more than 15 members, to which shall stand permanently referred all reports, orders, agreements, regulations, directions and approvals mentioned in sections 12, 13, 14, 15 and 22 of the Northern Pipeline Act; provided that the said committee shall report quarterly thereon in every session."

Provided that this subsection shall be deleted from the Standing Orders on the day on which the Northern Pipeline Agency ceases to exist.

That is not the final wording. The Deputy Prime Minister is still considering our suggestion with regard to reporting on a quarterly basis or once every four months. We are very close to agreement on that score. That is the kind of procedure that would avoid the pitfalls into which the hon. member for Sault Ste. Marie falls in suggesting an amendment along the lines that he has in motion No. 2 which offends the provisions with regard to public expenditures.

I say to the hon. member for Sault Ste. Marie that his motion is unnecessary. We have a commitment from the government and an undertaking from the minister that that committee will be set up to ensure that the very admirable intent spelled out in the international agreement between the two countries is adhered to with regard to Canadian labour, goods and materials—Canadian content in general. That and other very important aspects will be monitored by that committee which the minister and the government have undertaken to set up.

Mr. Symes: After the fact.

Mr. Nielsen: I hear the interjection of the hon. member. It will not be after the fact. It will be on a continuing basis in the committee.

This is a unique experience in the history of this House as long as I have been here. A standing committee is being set up to monitor a piece of legislation about which there is understandably deep concern with regard to the achievement of the terms of the international agreement, particularly those with regard to Canadian content.

We are satisfied with the minister's undertaking, satisfied with the government's commitment and satisfied that that committee will be able to accomplish the purpose of ensuring that the Canadian content provisions will be adhered to.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I first wish to note that the hon. member for Yukon made mention of the fact that the hon. member for Sault Ste. Marie had not been at any meetings of the special committee. That is quite correct. The hon. member for Sault Ste. Marie was not a member of that committee. The hon. member for Nanaimo-Cowichan-The Islands was our representative on that committee throughout its sessions. He happens to be away now and his place is being taken at this stage of the debate by the hon. member for Sault Ste. Marie. Nothing much turns on it, but I thought it was an unnecessary reference by the hon. member for Yukon.

As to his point about the commitment made by the Deputy Prime Minister to introduce an amendment to the Standing Orders, I suggest that does not have anything to do with the procedural admissibility of the amendment in motion No. 2. I also want to point out that they are two different concepts altogether, namely the establishing of a standing committee of the House of Commons to monitor what goes on with regard to the northern gas pipeline and an internal departmental committee that checks on purchases to make sure there is no price fixing and so on.

It is not good enough for the hon. member for Yukon to say that the committee which the Deputy Prime Minister will ask the House to set up can do that job. We do not know when parliament will be sitting. We do not know when that committee will be able to do its job. There are bound to be times when the government will be making purchases or letting contracts when parliament is not even here or when the committee is not sitting.

What we feel is necessary is a committee inside of the department or inside of the government service to check on purchases and contracts before they are entered into, to make sure there is no price fixing or violations of the agreement between Canada and the United States. I submit they are two different things. The hon. member for Sault Ste. Marie is perfectly aware of the commitment made by the Deputy Prime Minister. He hopes in this debate that the commitment made in the committee will be given to parliament and that we can be sure we will have that committee.

I heard the hon. member for Yukon saying there is almost an agreement as to what the wording will be. We want that commitment made on the floor of the House of Commons and we want that commitment kept. However, knowing full well that we may get that committee, it does not take the place of this before the fact continuing committee inside the department to deal with this matter.

I submit the argument that another committee is being promised does not touch the question of the procedural admissibility of the motion set out as No. 2. The point Your Honour raised is the question that has to be faced. Does it involve the expenditure of money? As my friend from Sault Ste. Marie pointed out, we do not envisage an outside committee that will cost extra money, but rather a committee within the public service. On that ground, the motion ought to be allowed as procedurally admissible.

Mr. Speaker: On the procedural point, I do not think there is any question about the motivation and the importance of the subject that is dealt with in the particular amendment. However, I am forced to the conclusion that the motion fails on procedural grounds either one way or the other.

The argument is that the committee that is envisaged here, as has been described by the hon. member for Sault Ste. Marie, at least in his mind, a committee only of officials of the minister. If that is so, surely that is a discretion that the minister enjoys without the necessity of having to give it to him in a statute. If it is in fact simply the discretion in the minister who is given by this section the authority to preside over all of these elements that are contained in here, all of which are very important, surely the minister possesses the authority to delegate that to officials on his own staff without having to have it put in the statute, in which case it becomes superfluous.

On the other hand, if it is more than that, if it is authority for the minister to set up some committee outside of his own staff or outside of his own department, it becomes first of all a new concept and in any case would require some expenses. Because if the people are not already on his staff, they have to be paid.

On balance, I have to conclude that this amendment imports into the statute a concept that was not there originally. It seems to raise a very serious problem about the financial recommendation provisions. Despite the argument that has been put forward here this evening, I have to set it aside on those procedural grounds. Therefore, we would begin by calling motion No. 1 which would be grouped for discussion with motion No. 11.

[*Translation*]

Mr. Pinard: Mr. Speaker, I have an objection to make concerning the procedure to follow in the case of amendment No. 7. I wonder if it would be preferable to make this objection now or when you call motion No. 7? I can raise my objection now if you wish.

Mr. Speaker: In my opinion, it would be preferable to listen immediately to the objection of the hon. member.

Mr. Pinard: Mr. Speaker, it seems to me that if this motion is to be acceptable, it would need the royal recommendation for the following reasons: The legislation provides for the creation of an agency called the Northern Pipeline Agency. Moreover, the legislation provides that the cost of this agency will be fully payable by the company. However, amendment No. 7 aims at limiting reimbursement of this cost by the company to one per cent, as specifically stated in the motion, that is one per cent of the actual construction costs of the pipeline.

Consequently, the amendment aims at limiting reimbursement by the company of the administration cost of the pipeline. If this cost exceeds one per cent, it will have to be paid by the government or the taxpayers. There has not been any royal recommendation to ask the state to shoulder such an expense.

The nature of our objection, Mr. Speaker, concerns simply the fact that it can happen that the limit set out in the suggested amendment be lower than the actual administration cost of the pipeline, in which case the taxpayers will have to pay the difference and we do not have the necessary royal recommendation. This is the nature of my objection.

● (2032)

[*English*]

Mr. Nielsen: Mr. Speaker, what the hon. member is arguing is a hypothesis. As he knows, there is a similar provision in the United States legislation setting out a formula which places a cap on the expenditures of the government with respect to costs which can be passed on to the builder companies.

What the hon. member is arguing is that the one per cent cost cap might be exceeded. I would point out it is always open to the government or to any member to amend that motion so as to increase the one per cent if the government could show that costs are going to be exceeded. The cost at one per cent would amount to $40 million over the life of the international agreement. If the case could be proven by debate on the motion that the cost could be kept well below that figure—and we think we can make such a case—then there would be no cost to the Canadian taxpayer, so it would not offend the provisions of our practice with respect to obtaining a Governor General's warrant. So this is open to amendment. For this

reason I believe the argument put forward by the hon. member is premature.

The point raised by the parliamentary secretary is a good one. It is one to which we gave consideration prior to grouping the amendments. I can see there is a possibility in certain circumstances that since this section provides for the collection of money, and if a limit were to be imposed which is not now contemplated in the recommendation, it could have the effect of reducing by that amount the revenue to be gained in that way, thereby increasing the charge on the taxpayer. On balance I felt that to remove this element from the argument solely on procedural grounds would be reaching too far, because it seems to me the words here are capable of several other interpretations. I thought it more appropriate to allow this proposed amendment to go to debate to see whether the arguments developed proved that there is, in fact, a risk of a further drain on the treasury, in which case an amended Royal Recommendation might be needed.

It seemed to me that where we are dealing with a section in a statute which sets out fees in certain circumstances, or payment by private companies or applicants in certain circumstances, it would be very strict if I were to eliminate an amendment which sought to place control or upper limit upon those fees. While it may be necessary as the debate develops to take such a position, I did not think I ought to do it ahead of time.

I am mindful of the point raised by the hon. member but at the moment I think I ought not to accept it unless, during the course of the debate, I see some indication as to the operation of the section which expands upon the point which the parliamentary secretary has made.

Mr. Symes: Mr. Speaker, I should like to raise a point of order before we proceed with the motion before us. It relates to certain commitments made by the Deputy Prime Minister before a committee of the House. I have had some with the Minister of Indian Affairs and Northern Development and I think it would be beneficial if certain of those commitments which relate to certain documents were tabled in the House and an explanation given with regard to the commitment in respect of Standing Order 65.

I refer hon. members to the record of the Special Committee on a Northern Gas Pipeline, issue No. 11 for March 15, where the Deputy Prime Minister, as reported at page 11:17 and 11:18 gave the committee the assurance that, before we proceed with later debate on this bill, he would provide for members of the House a draft agreement between the Government of Canada and Foothills Pipeline Company on the Dempster link, as it is called, and also the draft agreement on natural gas throughput. Perhaps it would facilitate our consideration of the bill if those two documents were tabled.

In addition, I wonder whether we might have on record in this House the government's commitment to amend Standing Order 65—the exact nature of the amendment the government is willing to propose in line with its undertaking in committee.

Mr. Faulkner: I rise on the point of order raised by the hon. member for Sault Ste. Marie, Mr. Speaker. Dealing with the second item, namely the commitment of the Deputy Prime Minister to propose an amendment to standing orders to provide for the northern pipeline committee to continue its work after this bill goes through and in the course of the construction, I reiterate that commitment now at the report stage. There is, I believe, circulating around the chamber tonight a proposed revised form of the Standing Order, but I am not sure we are agreed on all its aspects. So rather than read that proposal into the record I would suggest we carry on with the discussion this evening; hopefully, the Deputy Prime Minister will be back tomorrow and he might then wish to bring the matter to a head in discussion with representatives from all parties. I am ready to provide hon. members with copies of the proposed Standing Order should they be required, and talks can proceed with regard to any areas where there may be dispute.

As for the draft copy of the Dempster link agreement and the natural gas throughput agreement, I have copies here both in English and in French and I will be pleased to table them if consent to do so is forthcoming, or to circulate them, whichever is the wish of hon. members.

• (2042)

Mr. Speaker: Does the minister have leave of the House to table those documents at this time?

Some hon. Members: Agreed.

Mr. Nielsen: Mr. Speaker, I would like to make one point on the subject of the commitment of the minister. That commitment is spelled out in detail in the minutes of the special committee set up to study the pipeline. Very uniquely in my experience in this House, that committee went through all the clauses of this bill without a single vote being taken on any of the proposals of the opposition as they were advanced. They were found to be acceptable by the government, and significant progress was made.

However, the only area which has yet to be clarified—and which I do not think is in dispute—is the frequency with which the special committee to be set up under the Standing Orders to review and to monitor will report to the House. Our suggestion has been a quarterly review, but we are flexible. It could be once every four months, but we do not think it should be any less frequent than that.

I think we must support the minister and urge the hon. member for Sault Ste. Marie and his party to leave that area open. It is not urgent to pass that amendment to the Standing Orders at this stage and, indeed, it can be done after we return from the Easter recess. It certainly cannot be passed before the bill is passed. If we had that flexibility—in view of the minister's illness, which is the reason for his absence from this debate—I think we would be far better off than we would be if we dealt with that matter today.

Northern Pipeline

Mr. Cyril Symes (Sault Ste. Marie) moved:

That Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be amended in Clause 3 by:

(*a*) deleting the word "and" in line 29 at page 3

(*b*) striking out line 32 at page 3 and substituting the following therefor:

"industrial benefits by guaranteeing the highest"

(*c*) striking out lines 35 to 38 at page 3 and substituting the following therefor:

"tion of, and procurement for, the pipeline; and

(*g*) to facilitate the efficient and expeditious planning and construction of the pipeline while at the same time ensuring that federal government financial guarantees of any kind will not be required in order to complete the project.

Mr. Speaker: Motion No. 1 is grouped for discussion and voting with motion No. 11.

Mr. Symes moved:

That Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be amended in Schedule III at page 52, by striking out line 2 of paragraph 12(a) and substituting the following therefor:

"relating to the financing of the pipeline consistent with paragraph 3(g) and sub-clause 21(2) of this Act and such".

He said: Mr. Speaker, Bill C-25, regarding the northern pipeline, or the Alcan pipeline as it is commonly called, is one of the most important bills to come before this House in recent times because it incorporates legislation to provide for one of the largest construction undertakings since the St. Lawrence Seaway. This vast energy pipeline will be designed to transport gas from Alaska through Canada to southern United States markets.

The New Democratic Party are in favour of the Alcan pipeline, but we are not in favour of the bill before us because we feel there are a number of deficiencies in it with regard to guaranteeing maximum Canadian content in terms of steel for the pipeline and in terms of jobs, whether they be in the steel industry or in the construction industry. We are also concerned that we do not have any guarantee or provision in the legislation to ensure that, if the cost of this pipeline exceeds original estimates and the pipeline companies run into financial difficulties, they will not end up coming to the government of Canada, and hence to the taxpayers of Canada, for supplementary funding out of the public purse.

That is why I moved motion No. 1, which would do two things. It would provide stronger wording in the legislation to ensure that we get maximum Canadian content in this vast pipeline, and also that we do not end up becoming involved in some kind of government backstopping or financial guarantees in case there are cost overruns.

As we were told when we heard from the applicant, Foothills, this great pipeline will cost some $10 billion. That is the original estimate. Some $4 billion to $6 billion of that will be spent on the Canadian section. We were told by the Deputy Prime Minister (Mr. MacEachen) that this pipeline would generate 100,000 man-years of employment in Canada. We applaud that kind of job creation. Because of the way the Liberal government has mismanaged our economy, because there are more than one million Canadians officially unemployed and because real unemployment is running at about 1.5 million, any project we can undertake which will employ steel workers and construction workers and which will benefit depressed regions is welcome.

One would think, given the disastrous economic situation in Canada, that any responsible government would try to ensure that we did not get the optimum level of Canadian content but rather the maximum level, and that we did not get about 60 per cent of the contracts but 90 per cent or 98 per cent. In return for giving the United States the right of way, this land bridge across Canada, to move American gas to American markets—because that is essentially what this project will be, at least in its beginning stages—surely it should not be unreasonable for Canada to expect in return something besides token job creation or token steel contracts.

We should be demanding maximum Canadian content in the pipeline, but nowhere in the legislation do we see any attempt to make ironclad provisions for maximum Canadian content and Canadian job creation. We have to rely on the assurances of the Deputy Prime Minister and the Prime Minister (Mr. Trudeau) that we will get 90 per cent Candian content and 100,000 man-years of employment.

Why are we in this party somewhat suspicious of that verbal guarantee?

Mr. Blackburn: We have good grounds.

Mr. Symes: My colleague, the hon. member for Brant (Mr. Blackburn), says we have good grounds, because when we look at the past record of negotiations between the Liberal government of Canada and the government of the United States, we find that usually we come out holding the short end of the stick. Let us face the fact that Americans are some of the best negotiators. The United States is a very powerful country. It has much leverage which it can bring to bear whenever it enters into bilateral negotiations.

One has only to think of the past experiences of the Canadian government in such negotiations. I think, for example, of the Columbia River Treaty and the Canada-U.S. auto pact. Anyone who has examined those two international trade treaties in detail has come to the conclusion that, although we were promised at the time that these agreements were going to create great benefits for Canada, in reality it turned out somewhat differently. We are already facing huge deficits in the auto pact agreement and we are losing jobs to U.S. auto producers.

● (2052)

Surely in light of some of this bad experience when we had our fingers burned in the past, we should be wary of this government's assurances that everything will be all right, that two or three years down the road when the pipeline actually

gets under construction and the bids have been made we will indeed have 90 per cent or more of the content and the kind of job creation the minister promised. All we have are those verbal assurances of the minister and the wording that is before us in the legislation.

When we look at the wording in the legislation we see that we do not get absolute and clear guarantees. The legislation prefers to use such words as, and I look at clause 3(f), "to advance national economic and energy interests and to maximize related industrial benefits by ensuring the highest possible degree of Canadian participation". It does not use the words "guaranteeing the highest", it uses the words "ensuring the highest". Anyone who has any kind of elementary education knows the difference between those two words.

That is why we have moved the amendment to replace the word "ensure" with the word "guarantee". We feel this wording gives much more direction to the government and makes it much more difficult for the government to get off the hook and begin to explain away, somewhere down the road, why we are not getting 90 per cent content but only 60 per cent or 70 per cent.

Indeed, Mr. Speaker, when you look at the official announcements of both governments after the treaty was negotiated concerning this pipeline, we remember how the Canadian officials told us that this was the greatest coup Canadian negotiators had made in a long time; we have this great project and we are going to receive tremendous benefits. However, at the same time Dr. Schlesinger, the United States energy minister, was saying that they in the United States had worked out one of the best deals ever. They had arranged the pipeline and the treaty in such a way that they would not get undue hindrance from Canada, and they were also confident they would win a great many of the contracts for the building of the pipeline.

Indeed, when one looks at the preparations American industry is now making, at advertisements in some of the financial journals and interdepartmental reports in the United States, and when we look at the activities of many U.S. pipeline companies, one gets the horrible fear that they believe they have most of the contracts sewn up already. I think, for example, of pipeline contractors who have been able to pick up, at bargain basement prices, the pipeline construction material used for building the Alaska oil pipeline, and how these U.S. contractors now have that equipment in place and are ready to bid on various construction contracts, at great advantage to any Canadian company which has to start buying new machinery at higher prices. We see these things taking place already, and that, coupled with our knowledge of past mistakes, makes us believe we must have some very strong language and very strong clauses in this bill if we are to end up with the majority of the benefits from this great pipeline undertaking.

I know the Deputy Prime Minister is a man of integrity, and when he says we are going to get 90 per cent of the contracts and 100,000 man-years of employment I am sure he quite genuinely believes that is so. I do not argue with that, and we are expected to take him at his word. However, in my experience here in the House of Commons one politician's word has never been as strong or as binding as an act of parliament, binding on this minister, this government, future ministers and future governments in respect of a certain course of action. Politicians come and go and promises are forgotten, but legislation remains and is to be obeyed. This is why we say the bill as it presently stands is a weak bill, and it is for this reason that we want to move these amendments and hope the House will support us.

We have come across some studies by the federal government which cause us to worry that we are, indeed, going to get 90 per cent of the contracts. It is interesting to note that when this pipeline was first proposed we were told by officials both of Foothills and the National Energy Board that if we were to get the 100,000 man-years of employment, or that kind of maximum job creation, it would mean we were going to get 98 per cent of the content of this pipeline.

We started off with the figure of 98 per cent, and that figure dropped to 90 per cent. That is the figure the Deputy Prime Minister has been using. We do not now hear the 98 per cent figure in respect of Canadian content that we heard when there was competition between this bid and the Mackenzie Valley pipeline bid. This makes us worry a bit.

We then came across an internal study commissioned by the Department of Regional Economic Expansion which stated that unless there were guarantees in the legislation for Canadian content a more realistic projection for Canadian content was not 90 per cent but only 67 per cent. That frightens us. A Canadian government department which has done an analysis taking all factors into consideration has stated in black and white that, unless we have guarantees in the legislation, the more realistic Canadian content figure is only 67 per cent. When you drop down to 67 per cent in content you drop down the number of man-years of employment created. Indeed, unless we get the Dempster lateral or spur line built we will not have the 100,000 man-years of employment but something more like 68,000 man-years. If we drop down to 67 per cent Canadian content we lose some 32,000 man-years of employment, or even more, and we lose all kinds of contracts for the steel industry of Canada.

I come from a community which has Canada's third largest steel producer, Algoma Steel. I know the workers of Algoma will benefit indirectly from the pipeline. They will not be making the pipe at Sault Ste. Marie but they will be providing some of the plate for Stelco, and they will also be picking up some of the slack in other areas of the steel industry. It seems to me that for the sake of the 40,000 steel workers across Canada and the tens of thousands of other workers who depend on the health of the Canadian steel industry, it is not unreasonable that we have some kind of guarantees in this legislation as far as content is concerned.

That is one additional reason for motion No. 1, to put the word "guarantee", in relation to the highest Canadian content, into this legislation. We can then hold the Deputy Prime

Minister to his promise of 90 per cent or more Canadian content.

Many members of the House will say it is not necessary to have that kind of guarantee in the legislation because the pipe size gives the Canadian industry a great competitive advantage. They will say the pipe size is 56-inch diameter, which we are able to produce and in respect of which other countries will have difficulties. I know that the heads of Stelco and Ipsco have said: "Yes, we are confident we can produce and fulfill the contracts". I do not question that at all. We have a very efficient and competitive steel industry. As I will explain in later motions, we fear there will be unfair foreign competition which will undermine the ability of Canadian steel producers to bid competitively on the world market. Indeed, we may see the Japanese, West Germans or Americans, through all types of hidden subsidies, being able to offer lower bids than Canadian companies.

● (2102)

Also perhaps the government will be powerless to stop those bids without specific guarantees in the legislation before us. Certainly the presidents of Stelco and other steel companies are correct; they will receive a lot of the contracts. But "a lot" is a very nebulous phrase sometimes. That is why we say that we must not just look for the optimum, that we must look for the maximum. The maximum must be spelled out, as the Deputy Prime Minister has done, in terms of 90 per cent Canadian content.

The other amendment before us in motion No. 1 is to add a subclause to clause 3 to ensure that we do not run into the position somewhere down the road of requiring the federal government to provide financial backstopping for the company. What do I mean by that? That is a system whereby the company comes to the federal government and says: "Well, we have got the pipeline two-thirds built and we are running into difficulty raising the capital necessary to continue the construction of the line. Therefore, we would like some type of government backstopping or standing behind us in the money markets to ensure that we can raise the extra capital".

This is a very dangerous situation. When pipelines are built, experience indicates that the original estimates have a habit of escalating very rapidly. One has to think only of the Montreal Olympics and what the original costs were. The mayor of Montreal said that the Olympics can no more have a deficit than a man can have a baby. Yet we have ended up with the federal government providing all kinds of indirect subsidies and financial assistance in order to bail the Olympics out of the huge deficit it got into.

Mr. Nielsen: Mr. Speaker, I rise on a point of order. The hon. member for Sault Ste. Marie now is dealing with clause 3. As I understand it, that clause is not grouped with motions 1 and 11. Surely the hon. member should stick to motions 1 and 11 and not deal with his other amendments until they come up in proper order.

[Mr. Symes.]

The Acting Speaker (Mr. Turner): The hon. member for Yukon raises a good point of order.

Mr. Symes: Mr. Speaker, with all respect, motion No. 1, which I have moved and am now discussing, has two aspects. One deals with guaranteeing Canadian content and a new subclause (g). Perhaps I should read that for the benefit of the hon. member for Yukon (Mr. Nielsen). It reads as follows:

> to facilitate the efficient and expeditious planning and construction of the pipeline while at the same time ensuring that federal government financial guarantees of any kind will not be required in order to complete the project.

I am now addressing myself to the second part of my motion. I believe that is entirely in order.

Mr. Nielsen: I apologize. The hon. member is entirely correct.

Mr. Symes: I thank the hon. member. I was saying that we must be careful that we do not get into the trap of having public money bailing out the private pipeline company in the end. It is not Canadian consumers who will receive the Alaska gas; it is gas moving to the United States. There is some question that we will ever build the Dempster spur line to the Mackenzie Valley gas fields in light of the increased finds of natural gas in southern Alberta. Of course, this gas is approximately one-third the price of Arctic gas. Thus, the argument cannot be used that it is all right for public money to provide some financial backstopping to the company because we will receive some of this gas. That is not a guaranteed situation. Certainly it is untrue in the early years of the pipeline.

When the Alaska oil pipeline was completed, the original estimates had doubled or had more than doubled. We must look at the safeguard that the president of the United States ensured in legislation placed before Congress on this very matter. The Americans have a provision in their legislation relating to the pipeline to the effect that the government of the United States will not provide financial backstopping for the company in the future. In light of their Alaska oil pipeline experience, Americans are wise enough to have that kind of provision written into their legislation.

Nowhere in the bill before us do we see a similar provision. There is no commitment on the part of the government that it will not bail the company out if it runs into financial difficulties down the road. If the Americans found it wise in light of past experience to have such a clause in their legislation, I cannot fathom why our government has not provided such a clause to ensure that we do not fall into the trap of having to use public funds to bail the company out if the original cost estimates are exceeded.

These are the reasons for putting forward motion No. 1. I think it is important that the wording be strengthened to have the type of provision which guarantees the highest possible amount of Canadian content and Canadian job creation. We do not use wishy-washy words; we have stated it in black and white. We hold this government to that commitment by an act of parliament.

The second aspect of motion No. 1 is an inclusion in the legislation so that the government is bound by this provision that we do not get into financial guarantees; and if we ever come across that situation in the future, it will not be an executive decision by the government to commit public funds but the government will have to return to the House of Commons to get an amendment to the act. As responsible members of parliament, and as protectors of the public purse, that is something we should expect of this extravagant government across the way.

I commend to the House those two aspects of motion No. 1. Surely hon. members of the Conservative party, who are worried about the government's record in terms of past treaties, job creation and government expenditure, would support this motion, which provides some kind of legislative guarantee that the government will own up to its promises.

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, before dealing with motion No. 1 at report stage, perhaps I can indicate to all hon. members that the Deputy Prime Minister and President of Privy Council (Mr. MacEachen), who has been responsible for piloting this bill on the government side from the beginning of negotiations, will be feeling stronger tomorrow and will take his place as the minister responsible for the bill.

● (2112)

Some hon. Members: Hear, hear!

Mr. Faulkner: I know hon. members opposite are glad to see me in the House and will bear with me during this part of the proceedings; but at the same time I am sure they will be glad to see the Deputy Prime Minister back tomorrow.

An hon. Member: You are one of the best ministers in the cabinet.

Mr. Faulkner: That is right. The proposal put forward by the hon. member for Sault Ste. Marie (Mr. Symes) is really a proposal in parts. The first amendment proposes changing the words "ensuring the highest possible degree of participation" to "guaranteeing the highest possible degree of participation". In a second and different substantive part of the same motion, he deals with the question of whether there should be an explicit exclusion of federal government financial guarantees. I will attempt to deal with both of them briefly.

At the committee stage—and I am sure the hon. member for Yukon (Mr. Nielsen) will confirm this when he speaks shortly after I—these issues were dealt with extensively. They were canvassed thoroughly, and some of the arguments that were raised at the committee stage were ignored by the hon. member for Sault Ste. Marie. In proposing the first part of his motion, which deals with guaranteeing the highest possible degree of Canadian participation, he chose to ignore the fact that it would be in conflict with the generally competitive basis provision of the Canada-U.S. agreement. He also chose to ignore the point that was raised in committee that a provision of this kind would be in contravention of Canada's obligations under GATT.

Leaving aside those two rather important objections to accepting this particular proposal at the committee hearing, there was no request from the companies for such a provision. They seemed to have a great deal more confidence in their abilities to meet the target of Canadian content than does the hon. member for Sault Ste. Marie or, indeed, the New Democratic Party.

The companies have been quite explicit that they do not need the guarantees. They do not want this legislative monopoly, and, in fact, they are arguing against it. What they want is to be able to compete on fair, competitive terms, and they can do it. They do not accept the notion that because they are Canadian, somehow they cannot compete with the Americans, or that somehow there is going to be an insidious conspiracy of unfair competition that is going to render them "out of court". There are other ways of dealing with unfair competition, and it should be dealt with directly. So, Mr. Speaker, I find it unnecessary at the report stage to recanvass all the ground that was gone over exhaustively in the committee. The fact is that the companies do not want it. They are opposed to it. They do not think it is necessary, and, furthermore, it creates the additional problems which I have just mentioned.

The hon. member for Sault Ste. Marie went on to provide a fairly personal account of deals struck by governments in the past and the toughness of American negotiators. I think it is fair to say, without getting into a long historical argument with the hon. member for Sault Ste. Marie, that the deal which has been struck is a good deal. I am anxious to see the bill pass, and I do not want to create unnecessary obstacles to its passage.

The hon. member has indicated to us that he would like to see the bill pass. He represents a constituency which produces some steel. He knows the bill's passage is going to create employment. He probably knows in his heart of hearts that he does not need these legislative guarantees, these legislative monopolies, to create opportunities for his people and other people in Hamilton and Saskatchewan, particularly in Saskatchewan where there are some colleagues of his. The fact remains that the bill would create employment; it would create job opportunities for Canadians in many parts of this country. We should not try to compromise this bill now with amendments of this kind, particularly since the principal players are not requesting it. By any standard of analysis, when you look at the ability of Canadian companies to compete, they are able to do so.

Let me turn to the second part of the motion which is an additional clause 3(g). Very simply, what it provides is that there should be no federal government financial guarantees of any kind. First of all, there has been no request for federal financial guarantees from any corner. The witnesses who appeared before the committee said they are not asking for federal financial guarantees. In fact, the pipeline company even went further than that and said that if it had to have federal guarantees, it would get out. I am not sure that

wording is entirely accurate. The other point, which I think is more important, is that if a federal financial guarantee was ever required, it would come before parliament in the normal course of business.

For both those reasons, Mr. Speaker, I do not think it is necessary to include particularly in the second part of the amendment, the words "guaranteeing the highest" as proposed. I recommend that the House reject motion No. 1.

Mr. Erik Nielsen (Yukon): Mr. Speaker, if the hon. member for Sault Ste. Marie (Mr. Symes) had taken the trouble to look in the Oxford dictionary for the definitions of "ensure" and "guarantee", he would agree that the terms are synonymous. According to Oxford, "ensure" means "to make certain, to secure something to or for a person". "Guarantee" in the Oxford dictionary means exactly the same thing. So the motion with respect to changing the word "ensuring" in sub-clause (f) of clause 3 is mere grandstanding, as far as I am concerned.

The hon. member knows that his party is in a difficult position because they know the benefits of this pipeline to the west, apart of which enjoys, for the moment at least, a government of their own political stripe. It would have assisted greatly in the debate if the hon. member had been in attendance at the committee meetings. The companies involved in the building of this line have no fears whatsoever that the Canadian steel industry and Canadian labour will not be employed to the fullest possible extent. Indeed, they know that Canadian labour organizations want this bill, and they do not want it cluttered up or obstructed, which appears to be the course of the NDP at the moment.

The Canadian steel industry has expressed full confidence not only in being able to supply the steel for the Canadian section, but also in bidding successfully on the American portion of the line. I think that disposes of the grandstanding approach to changing the word "ensure" to "guarantee". It is a very feeble attempt at gaining media attention for something that is impractical.

The minister has mentioned the two reasons that this amendment is impractical, and it sharpens the differences between the position taken by the NDP and our own position. The NDP wants guarantees written into the legislation with respect to the Canadian provisions of the international agreement. Canadian labour does not want that. The Canadian steel industry does not want that. The Canadian pipe industry does not want that. Operating companies do not want that. So why is there all this grandstanding on the part of the NDP?

● (2122)

It has been our intention from the outset to assist the passage of this bill, but in doing so to ensure the legislation would be improved so as to guarantee that the best interests of Canadians would be served. In doing that, we gave very close scrutiny to the section of the bill dealing with Canadian content.

[Mr. Faulkner.]

When the bill was first introduced it was immediately apparent that there were several major omissions and that amendments would be required to rectify defects. The committee that was set up specifically to focus on an examination of the bill did an excellent job, in my view. It also did a unique job because this is the first time that a bill has passed through committee in terms of a negotiating process which resulted in no votes on clauses. This was because we got the most from our suggested amendments that we could possibly get from the government.

By far the most important omission was the absence of any guarantee to ensure the very admirable intention spelled out in the Canada-U.S. international agreement as to Canadian content—that is, the use of Canadian labour, materials and products. We, as much as they, wanted guarantees that these intentions would be carried out. The NDP took the unworkable and impracticable position that the bill should be amended so as to legislate that kind of guarantee.

That is impracticable and unworkable for two reasons. First of all, we are bound by an international agreement which we signed with the United States. Second, as the minister pointed out, it would offend GATT. Those two impediments are enough to destroy the suggested addition of sub-clause (g).

It is worthy of note that neither Canadian labour leaders themselves nor the steel and pipe producers in Canada wanted any such guarantees written into the bill. It also should be remembered—and this is for the benefit of the hon. member for Sault Ste. Marie—that Premier Blakeney of Saskatchewan, at the recent federal-provincial conference here in Ottawa, took a very strong stand that the pipeline legislation should not be obstructed by reason of the vital importance of the pipeline project to his province and his government, to say nothing of the national interest to be served and of the 100,000 man-year jobs that would be supplied in a time of high unemployment.

We on this side also wanted to achieve the admirable objective of guarantees with respect to Canadian content but our alternative was not the impracticable and unworkable alternative suggested by the NDP. Our alternative was set forth in the speech of our leader on August 14 last, when the project was first discussed. We wanted a parliamentary review. How much more preferable is the elective process than a civil service process for review. They suggested that a special committee should be set up comprised of civil servants but that has been ruled out of order. We wanted the elected representatives to do it by setting up a special committee, and the government has accepted that. They have gone a long way to meet our suggestions and have accepted that position.

The special standing committee on northern pipelines is going to be set up. It will review on a quarterly basis, or at least on a four-month basis—which is the extent to which I am prepared to negotiate—all aspects of the progress of the pipeline. All aspects, Mr. Speaker—Canadian content provisions, labour provisions, the orders and directions of the boards, the agreements that are reached, the contracts that are submitted. This committee is going to be hard at work looking

at every inch of the progress of that pipeline. It seems to me the government has done the right thing in accepting that suggestion, advanced by us in the first instance.

An hon. Member: Why do you not cross the floor?

Mr. Nielsen: Mr. Speaker, if I had crossed the floor as some members of the NDP suggests, we would have the bill in its original form and not in the improved form it is in now.

If the special standing committee on northern pipelines meets on a quarterly basis, we can assure that the terms of the agreement reached by our two countries are actually being achieved. The important additional responsibilities of that committee in its review process would be to review all the activities of the agencies, the boards, the designated officers and the agreements that are made, as well as the regulations that I am sure will be made by the hundreds. The government has agreed to establish that committee for the purposes of review.

With respect to the argument about financial backstopping, I think that is the most specious and empty argument I have heard from anyone familiar with the parliamentary process. There is no provision in this bill whatsoever which imposes a charge on the taxpayers of Canada. In order for that to happen, an amendment would have to be made to the bill. The hon. member for Sault Ste. Marie knows that very well. There is no need for us now to write in a negative provision in the bill to prevent that. If we reach that stage—which I do not expect to happen—the government would be bound to bring in a proposed amendment to the bill to permit backstopping. That is simply not going to happen.

Some 22 amendments to this bill were proposed in committee. Half of them were disposed of by the concession of the government in accepting the proposition to set up a parliamentary review process. Among the rest were some major amendments, such as setting up a monitoring process to be carried out by the committee that will be formed and relating to the complete absence of a native presence in the bill. The government has accepted in part our suggestions with respect to writing the native population affected into the bill. We had very serious reservations with respect to the judicial process. The government has literally accepted all of our recommendations with respect to those amendments.

There is something I cannot understand, however. The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) sat in on most of those meetings, agreed with every one of the amendments we presented, and agreed that they would achieve the objectives that his party is now attempting to achieve by these sham amendments—for that is what they are—for the purpose, I can only conjecture, of impressing the media.

The parliamentary review process that we have from the government now by way of a commitment is the very kind of guarantee we want. It will insist upon the implementation of the admirable objectives set out in the agreement.

An hon. Member: Go over there.

An hon. Member: Join them.

Mr. Nielsen: Hon. members tell me to go over to the other side, Mr. Speaker. I wonder which member over there will receive a telephone call from Premier Blakeney tomorrow telling him not to obstruct any more.

Their amendments are unacceptable. They are empty, they are specious, they are unnecessary, primarily because we have achieved the only practicable, workable solution with respect to seeing to it that the government lives up to its intentions and that the company lives up to its intentions by the monitoring process. This amendment to our Standing Orders will set up a committee of elected representatives of the people who will accept their responsibility.

Mr. Deputy Speaker: Order, please. The hon. member for Brant (Mr. Blackburn) is indicating that he wishes to ask a question. He can do so only if it is accepted by the hon. member who has the floor. Will the hon. member accept a question?

Mr. Nielsen: Certainly.

Mr. Blackburn: Mr. Speaker, I just want to ask one question of the hon. member for the Yukon. I assume he is well aware of the importance of this project in his part of the country. I think he gave the speech that he has just made a few weeks ago. The hon. member is talking about guarantees. Perhaps we should not have guarantees that it should be a competitive market situation.

● (2132)

I would like to ask the hon. member for Yukon if he knows or is aware of the fact that the steel industries and steel manufacturing concerns in Japan and Italy, to name two countries, are very heavily subsidized by their respective governments. When the bidding is being done for these contracts, is it possible for this House and this government to find out just how much public funds from those countries will be put into those contracts and those bids before those bids are placed. That is the crucial point. In Canada we can find out if there is any government subsidy with Stelco or Ipsco and so on, but I want to find out if there is any possible means, of which the the member is aware right now, by which we can find out in this country how much subsidy is given to the Japanese steel manufacturers and the Italian steel manufacturers so that they might just possibly underbid our own steel pipeline manufacturers.

Mr. Nielsen: Mr. Speaker, that question is very quickly and easily answered. I know the hon. member did not attend the committee meetings; he probably had other responsibilities. But if he read the committee reports and the bill he will see that the minister and the agency have the broadest possible powers with respect to the contracts that are let. Every agreement entered into must be submitted to the minister. Every agreement that is submitted to the minister must be submitted to the committee that is to be set up. It will not all happen at once, this project will take several years. So there will be an ongoing review by the elected representatives sitting in this

House that will form a special committee. If we see that the government is not meeting their objectives as to Canadian content, then a debate will arise in this House and the government will be accountable.

An hon. Member: Too late!

Mr. Nielsen: It is not too late if it is done on a quarterly basis. The steel orders or the pipe orders will not be placed for five-year projects inside of three months. That would be ridiculous. The monitoring process plus the powers of the agency, plus the powers of the minister as well as the powers of the governor in council, which are so broad and sweeping in this bill, provide that kind of guarantee. That is to say nothing of the fact that the Canadian steel industry itself, which must know the factors inherent in the bidding process, is confident that it can outbid any other steel industry, wherever it is, be it in Japan, Italy or anywhere else. The same applies to the pipe industry. I am satisfied with that kind of comfortable position with respect to successfully gaining the majority of the Canadian content for this project.

Mr. Blackburn: Mr. Speaker, I would like to ask the member for Yukon whether he can cite anything in the bill or from the committee hearings that would give the Canadian government the right to delve into and investigate how bids are set up in Japan or Italy. Is there anything in this bill that gives the Canadian government the right to go to the other two countries and find out whether those governments have subsidized their own steel industry, or to what extent they underbid our own?

Mr. Nielsen: Mr. Speaker, that is a very silly question. The government has no power to get into the internal affairs of another country. The power the government has and the power which the standing committee will have will be to look at the contracts—

An hon. Member: No way.

Mr. Nielsen: The hon. member asked me a question and I listened to him while he was asking it. I am sorry, Mr. Speaker, but I listened to the hon. member while he was asking the question and now I ask him to listen to the answer. The government and the minister will have the power to veto the contracts that are intended to be entered into. That is where the crunch comes. If the government approves a contract which the hon. member might think offends the intention spelled out in the international agreement, that contract comes before the monitoring committee of this House and then we will have a word to say about it if they fall down on their job—

An hon. Member: After the fact.

Mr. Nielsen: It is after the fact by three months. I emphasize the fact that all these orders are not going to be placed within three months. We will have ongoing responsibility to be critical of the government, to expose any failures that they may fall heir to with respect to Canadian content provisions on an ongoing basis. Quite frankly, it would be political suicide for them not to adhere to those Canadian content provisions in the light of that monitoring process.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have had some real difficulty this evening figuring out which party the hon. member for Yukon (Mr. Nielsen) belongs to. He has been defending the government legislation a lot more strongly than the government has.

An hon. Member: Much more effectively.

Mr. Nystrom: Perhaps he has been defending it more effectively; I am not saying that he has not. Perhaps the minister for sport and fitness should move over one seat and let the happy wanderer from the Yukon join the happy rancher from Crowfoot.

Some hon. Members: Oh, oh!

Mr. Nystrom: I think that is his objective—to run as a Liberal candidate in the next election campaign.

An hon. Member: He will soon be the unhappy rancher.

Mr. Nystrom: I am happy to see that the member from Edmonton is saying that the member for Yukon will soon be an unhappy rancher—

An hon. Member: I meant the member for Crowfoot.

Mr. Nystrom: The member for Yukon seems to be very content to argue in the House that if the government that he has so much confidence in makes a mistake we can rectify an error right here on the floor of the House. If we cannot rectify it in the House, we can do so in the committee. In other words, we can make a correction after they have made a mistake.

I for one do not have that much confidence in the Liberal government. First of all, their priorities may not be the same as ours. Secondly, if we refer the question to a committee, the government has a majority on that committee and there is no way of knowing if we in the opposition can do anything to change what has happened or to change their minds. The member for Yukon has been a member of parliament longer than I have. He should know that when the government gets into House committees hon. members are often frustrated by the majority that sits across the way. There are absolutely no guarantees that if the government is doing something wrong we on this side of the House can rectify it. I say that to the government members as well. If they happen to lose the election—and it might be very soon—when they are sitting in the opposition I am sure they would want more guarantees than are in this legislation to stop a government that is doing the wrong thing. I quote no less an authority than the member for Yukon's hero, the Minister of Industry, Trade and Commerce (Mr. Horner). The hon. member is defending the Minister of Industry, Trade and Commerce, who said on February 20 at page 3036 of *Hansard*, in response to points made on this side of the House about guarantees:

It should be noted that neither (11A) of the anti-dumping regulations nor the imposition of countervailing duties for reasons of export financing subsidies appear to have been tested as yet.

Then he says something that is crucial:

Moreover, the anti-dumping option would really only come into play after the fact,—

And I stress, Mr. Speaker, "after the fact". He continues:

—which renders its use, other than as a threat mechanism, somewhat ineffective.

Here is the Minister of Industry, Trade and Commerce saying that the anti-dumping provisions we have in this country are useless. He says they have been nothing more than a threat. Yet we have the member for Yukon saying that if we discover the government is not living up to its moral commitments—and really all we have in the legislation is moral commitments—then we can do something about it in the House.

● (2142)

If the Minister of Indian Affairs and Northern Development (Mr. Faulkner) had time to look at the bill, he would probably agree that we are giving a blank cheque to the minister. His own colleague said we do not have any mechanism to ensure that we will have Canadian content. The Minister of Industry, Trade and Commerce said that the legislation is ineffective.

The hon. member for Yukon is playing with words. He picks up a dictionary and gives us the definition of "ensure" and "guarantee". The two words are very similar. However, that is not the point we are trying to make in this debate. Our point is that we should legislate guarantees so that there are commitments in the bill to have Canadian content.

The hon. member for Sault Ste. Marie (Mr. Symes) is trying to be consistent in the amendment he is moving. Motion No. 9, which should be coming a little later, states in part:

—the level of Canadian content is at least 90% with respect to the origin of products, services and their constituent components,—

That means that 90 per cent of what goes into the pipeline is to be Canadian. That is part of the legislation. Just as we have legislation in Canada which states that every month old age pensioners will receive cheques and every year income tax will be imposed upon Canadian citizens and companies, so we should have legislation stating that 90 per cent of what goes into the Canadian pipeline must be Canadian.

The way the legislation reads now, a lot is left to the imagination of a minister. The ideology of a minister, even of the same party, or the sensitivities of that department's bureaucrats to negotiations going on vis-à-vis trade and so on, might play an important role as to how "guarantee" or "ensure" is interpreted.

All the legislation says in clause 3(f) is "to advance national economic and energy interests and to maximize related industrial benefits by ensuring the highest possible degree of Canadian participation in all aspects" of the pipeline. That may mean 90 per cent. However, it may also mean 25, 30, 40 or 50 per cent. We do not know what it will mean when it is not spelled out in the legislation.

The hon. member for Yukon referred to the premier of Saskatchewan. I spoke with Al Blakeney a week ago Saturday when the federal cabinet came to Regina about this question. He is indeed happy that the pipeline is going to be built and that the Ipsco plant in Regina can build some of the plant. If there is fair competition, he is sure that Ipsco can compete. They are efficient, have good management and can compete with anybody in the world. What he is afraid of is unfair competition as a result of subsidies given by American or Japanese steel producers in order to get a contract.

Mr. Nielsen: Does he endorse your amendments?

Mr. Nystrom: He endorses the philosophy of the amendments.

Mr. Nielsen: Does he endorse your amendments?

Mr. Nystrom: I am sure he would endorse the amendments word for word. He certainly endorses the principle of what we are trying to do, namely legislate a guarantee that my constituents, the constituents of the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) and others in Saskatchewan will have jobs. They want security. They want a guarantee in the legislation.

The government talks about the importance of Canadian content and Canadian jobs, as do the members of the Progressive Conservative party. Why not put in the legislation what we are all talking about? Why be chicken-livered and leave it open to the interpretation of a future minister and future department? That is not good enough for Canadians. This is an important project that is going to cost a lot of money.

We are doing a favour to the United States by providing a land bridge to take American gas from one part of their country to another. In return, the fancy diplomatic language in the bill is not good enough. Instead of just saying we are going to ensure something, we should spell out guarantees in the legislation. That is not asking too much.

If the government really means what it is saying, why not legislate those guarantees in a clear and explicit way so that the Canadian people know they have security in the future? Workers in Saskatchewan, Sault Ste. Marie or wherever the steel is produced will then know what the future holds for them, and the companies can expand their plants and facilities accordingly.

That is not a hypothetical situation in my province. Ipsco is owned in part by the government of Alberta and in part by the government of Saskatchewan. They applied for a DREE grant to expand their plant and facilities on the prairies. Part of the future of that plant depends on whether they get a contract to help build the Alcan line and how large a contract they receive. If we can have a specific guarantee that a minimum 90 per cent of the content will be Canadian, they could plan their business and activities and the province could do likewise. That makes good business and economic sense.

I am glad the hon. member for Saskatoon-Biggar has more sense than the hon. member for Yukon. If I understood him correctly, he said there would not be a Liberal elected there for years to come because of this type of legislation. It is this type of stupid legislation which hurts that party and makes people cynical about them at the federal level. I wish the hon. member for Saskatoon-Biggar would argue against the position taken by the hon. member for Yukon, who is defending the government.

The second part of the motion by the hon. member for Sault Ste. Marie is to ensure that the federal government will not have any financial obligation to the pipeline if at some time in the future more money is needed to complete construction. The hon. member for Yukon said there is no bill before the House which states that the federal government has to provide more money, that there is no mention in the legislation that more money will be needed, that there is no financial obligation, that everything will be okay. I have heard that argument many times in the past. The engineers and economists say a certain project will cost so much money. However, the final cost is much higher. I can think of many such publicly financed projects like Expo, the Olympics and the National Arts Centre, where the final cost was much higher. Many private projects cost much more on completion than originally estimated by architects and economists.

In this motion, we say that if there should happen to be this type of cost over-run, the Government of Canada, on behalf of the people of Canada, should not bear the responsibility of that over-run. That could be legislated very easily before we pass this bill. All we want from this government and this House is a commitment that in five or ten years, or how many years it takes to build the pipeline, the Canadian taxpayers will not be responsible for any deficit.

If the cost should be an extra $2 billion or $3 billion, we may see before this House a bill asking us to subsidize the pipeline. I remember many areas where the government has broken faith. The hon. member for Yukon is of the same mentality now as the hon. member for Crowfoot was a year ago when he was willing to forgive the Liberals for everything.

I remember the 1974 election. Many Liberals remember it with a certain amount of guilt. They promised they would never impose wage and price controls. They said the leader of the Conservative party was an evil man who was going to impose wage and price controls which would wreck the Canadian economy. They were certainly right about one thing; they ruined the Canadian economy. But it was not the Conservative party which brought them in, it was the Liberal party. It was the leader of the very party which one year prior to imposing controls reversed his stand and imposed them. In effect, they lied to the working people of this country. That is the type of integrity the government across the way really has. If they had that integrity then I do not know how the hon. member for Yukon can trust them when it comes to the pipeline.

• (2152)

Mr. Nielsen: I trust the parliamentary process.

Mr. Nystrom: The hon. member says he trusts the parliamentary process. How were we able to stop the government imposing wage and price controls through the parliamentary process? There was nothing we could do. We tried. We fought. There were massive demonstrations in this country, including one of the largest this country has ever seen, certainly in my day, by the trade unions and working people against the legislation. Questions were asked in the House and there were all kinds of debates, but we could not stop them. The Liberals had a majority and they did not listen to us. They imposed on us a bill we did not want. So how can we stop them bringing in a bill if they come back with another majority, hypothetically, and in a couple of years ask us to bail out the pipeline? Can anybody answer that question? How can we stop them? We cannot do it. If the Conservative party thinks we can, I should like to see them take that argument to the people.

Mr. Nielsen: It is up to the people at the polls.

Mr. Nystrom: A lot of us still have the memory of Mayor Jean Drapeau of Montreal.

Those are the two principal parts of the motion moved by the hon. member for Sault Ste. Marie. I suggest, in closing, that there are two main approaches we ought to be discussing in connection with this bill at the present stage. One is that we guarantee jobs so that we can build this country together from coast to coast. Surely we need some of that vision. In the second place, we find a very simple phrase in the motion which would guarantee to the Canadian people that they will not have to meet any financial obligation in the future to pay a cost over-run incurred by a private consortium which is building a pipeline across our country from one part of the United States to another.

Surely that, too, is a reasonable request, one which any reasonable Canadian would expect parliament to legislate on his behalf. The apologists for the oil companies, such as the hon. member for the Yukon, should be—

An hon. Member: Ashamed.

Mr. Nystrom: —ashamed of themselves. Or, perhaps, they will be getting up one day in parliament and saying: "I am sorry, we should have legislated those guarantees for the ordinary people of Canada because that is the job we were elected to do".

Mr. Young: Would the hon. member permit a question?

Mr. Nystrom: You are not filibustering, are you?

Mr. Young: No. I just want to ask the hon. member a couple of very direct questions. One thing he has asked this government to do is to guarantee jobs for people in this country. I just want to ask him if he thinks that anyone in this country—anyone—has a guaranteed job. First of all, you have to work. Nobody in this country has a guaranteed job. He made his

argument on the basis that the government should be provided guaranteed jobs to people—guaranteed content—and then he went on to say he was taking the part of the "little people" and trying to protect the taxpayers.

I just want to ask the hon. member if he will help the taxpayers of this country and come forward on behalf of his party and on behalf of those for whom he is asking for guaranteed jobs and guarantee to the people of this country that, first, the work will be done on time; second, that it will be high quality work; and, third, that there will be no strikes, prompt delivery of goods and that we will get the job done? Let the hon. member come forward and give those guarantees to the "little people" of our country—the taxpayers.

Mr. Nystrom: I think those are very good questions. The first one was whether anyone had a guaranteed job in this country. Well, Mr. Speaker, there are quite a few in the Senate and they are guaranteed from the time one is appointed to age 75. There are also quite a few other guaranteed jobs in this country.

An hon. Member: Through the Liberal party!

Mr. Nystrom: The second question the hon. member asked was whether there would be a good quality job done, whether the work would be done on time and whether delivery of goods would be made on time. I want to say very very simply, Mr. Speaker, that I have enough faith in the people of Canada and in the workers that they will do the job on time, that they will do good quality work, that they will provide good workmanship and that they will deliver the goods on time.

Mr. Young: I, too, have faith in the people!

Mr. Nystrom: I have that kind of faith in Canadians and that is why I am arguing that these things should be done by Canadians. I have that confidence.

Mr. Deputy Speaker: Order. If the hon. member wishes to continue with his answer he will have to get the consent of the House because his time has expired.

Some hon. Members: Question.

Mr. Deputy Speaker: Is the hon. member seeking the consent of the House to complete his answer?

Is the House ready for the question?

Mr. Nielsen: On a point of order, Mr. Speaker. Having regard to the grouping proposed, may I suggest we get unanimous consent to defer the votes on the various groupings until the end of the debate on the report stage?

Mr. Knowles (Winnipeg North Centre): That is in the rules, Mr. Speaker.

Mr. Deputy Speaker: The Chair will defer the vote. Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on the motion in the name of the hon. member for Sault Ste. Marie.

All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Pursuant to section 11 of Standing Order 75 the recorded division on the motion stands deferred.

Some hon. Members: Ten o'clock.

Mr. Deputy Speaker: The House will now proceed to the consideration of motion No. 3 in the name of the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty).

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo) moved:

Motion No. 3.

That Bill C-25, an act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be amended in paragraph 17(1)(*b*) by striking out line 44 at page 8 and line 1 at page 9 and substituting the following therefor:

"inces of British Columbia, Alberta, Saskatchewan, Ontario and Quebec nominated by the Lieuten-".

He said: Mr. Speaker, we could perhaps call it ten o'clock. I undertake that when I speak tomorrow on the motion I shall be every bit as brief as my hon. friend.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH AND WELFARE—OHIP—PREMIUM INCREASE PROPOSED IN ONTARIO BUDGET

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, we all know that this fourth session of the thirtieth parliament is drawing to a close—

Some hon. Members: Explain!

Mr. Haidasz: —and this may be my last opportunity to rise in this House to pursue my appeal of March 15 directed to the

Minister of National Health and Welfare (Miss Bégin), asking her to intercede with the minister of health of Ontario.

We are faced today with increased costs for health care. Both as a general practitioner from a working man's area in Toronto and as the federal member of parliament for Parkdale, I have been concerned about health services and health costs and I, along with my colleagues in this House in previous parliaments, have promoted health insurance. In 1957 we passed the Hospital Insurance and Diagnostic Services Act and in 1966 the Medical Care Act. In both of those measures the federal government entered a contract with the provinces to pay 50 per cent of the costs of hospitalization and medical insurance.

● (2202)

The people of Ontario were stunned a couple of weeks ago by the budget announcement that, effective May 1, 1978, OHIP premiums will be increased by 37.5 per cent. This excessive increase of health care premiums raises not only the cost of living above the AIB guideline of 6 per cent but is also a tax which is inequitable. Moreover, this increased premium comes at at time when hospitals are being forced to reduce their services because of cuts in the financial assistance provided by the provincial government.

An extra $271 million is expected to be raised to meet health costs in Ontario, but there is neither a guarantee nor a promise of improved service. Rather, there is the prospect of decreased service. The resultant huge premium will make health costs for Ontarians the highest contribution in Canada.

The fairest manner to obtain the money for health costs, I believe, would be taxes based on the ability of people to pay; or better, by cutting the fat and frills from various government programs. Six other provinces in Canada have eliminated health premiums completely and finance health costs with general revenues, claiming that there are fairer ways to get the money for such a need. In the remaining provinces, excluding Ontario, where premiums or their equivalent are in force, a much lower proportion of the total cost of health care is financed by them. In Ontario, however, we learn that it will be 34 per cent, whereas in Quebec the figure is 13 per cent and in Alberta only 10 per cent. It appears that Ontario has adopted an unfair and regressive policy. Why not divert some Wintario lottery funds to help meet the health costs of the people of Ontario?

This is not the time to raise taxes or premiums. It is, rather, the time for tax cuts and economic stimulation to ease unemployment, a duty of all provincial governments. We can endure a tax increase on alcohol, cigarettes or both because we can do without them, but we cannot do without health care or hospitalization when such are needed.

Since federal and provincial governments share responsibility for dealing with health matters in Canada, a formal structure has been established for federal-provincial collaboration and co-operation. The Government of Canada, as I mentioned, contributes approximately 50 per cent of the sharable cost of health and hospital services for the people of Canada. I therefore believe that the Minister of National Health and Welfare has a role to play in seeing that we not only have a good standard of health care from coast to coast, but also that the cost of that health care is kept within reasonable bounds. That is why I appeal this evening to the minister, through her parliamentary secretary, to do whatever she can to intercede before the minister of health of Ontario and the Ontario treasurer on behalf of the people of Ontario, who are faced with this 37.5 per cent increase in OHIP premiums.

[Mr. Haidasz.]

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I am pleased indeed to have this opportunity to respond to my friend, the hon. member for Parkdale (Mr. Haidasz), and to comment on the 37.5 per cent increase in OHIP premiums which was announced in the recent Ontario budget.

I believe it is important to put the Ontario budget decision to increase OHIP premiums into the proper perspective. The decision is far more closely related to revenue policy and budget policy than it is to health policy. It is, quite simply, a choice of the Ontario government that raising OHIP premiums is preferable to increasing taxes or allowing an increase in the Ontario deficit level.

● (2207)

The OHIP premium system is, in fact, a form of taxation. It has very little to do with the actual utilization of the health care system. A premium system, like a sales tax, is regressive in nature since for most of the population it does not consider the ability to pay for the family or individual subscriber. Indeed, with a premium of the size introduced in the Ontario budget, the percentage of a family's income devoted to paying OHIP premiums can be substantial. For example, for a family head with gross income of $10,000, who pays the full premium himself, over 5 per cent of his income will be devoted to the OHIP premium tax. This percentage decreases with increasing family income since the premium is the same for everyone. The only exceptions to this are the elderly, who are exempted irrespective of their ability to pay the premium, and the low-income, who receive premium assistance or waiver of premium.

As well, it would be interesting to know how much money is being spent by the Ontario government on the collection of premiums, since it must have a separate administrative mechanism for this task, independent of its participation in the personal income tax system administered by the federal government on its behalf.

However, Mr. Speaker, I wish to point out that if Ontario increases its OHIP premiums, it is not because of a decrease in federal contributions to the province. In fact, the federal contributions to Ontario for fiscal year 1978-79 will increase by $250 million, covering 90 per cent of the expected increase of $276 million in total health expenditures in Ontario. This illustrates that the federal government tries to avoid as much as possible the need to increase substantially the direct cost of health to people.

Furthermore, this recent decision illustrates a rather interesting change in policy for Ontario. In 1971 the Premier of Ontario announced important reforms to the OHIP premium system. One of the reforms which was highlighted at that time was a general reduction in premium levels. The 1978 version of reform announced by the same government is a general premium increase of 37.5 per cent. This change has taken place even though health costs in Ontario are consuming a lower percentage of the total governmental expenditures than was the case in 1970-71.

I do want to make several comments on the implications for the health programs per se, even though I view the OHIP changes—

Mr. Deputy Speaker: Order, please. That will be impossible because the allotted three minutes for the answer have expired.

TRANSPORT—MOVEMENT OF POTATOES FROM EASTERN TO CENTRAL CANADA

Mr. David MacDonald (Egmont): Mr. Speaker, our farmers, our marketing boards and even the provincial government have been on record for a long time regarding their views about the approaching crisis in potato transportation. I first drew this matter to the government's attention about 16 months ago, on November 30, 1976. Half a year later the Minister of Transport (Mr. Lang) got around to appointing a group to study the problem, in May, 1977. We still have no official word on new rail cars, and meanwhile the rail car unit or reefer car fleet of some 4,500 a few years ago has new been drastically reduced to some 700.

Finally, in July of last year the first report of the government group studying potato distribution was released. This group, headed by a senior official from Transport Canada, Mr. Nick Mulder, included a representative from DREE in Prince Edward Island, and made a valuable contribution to underline the present concern and growing apprehension about potato transportation.

In this group the Minister of Transport's own officials spelled out to him what Islanders have known for years about our potato industry. They told him that "the problems have become acute" in distribution; that "of late, because of cost pressures, the lean years seem to be outnumbering the fat ones" for our farmers; and that "the problems of potato distribution have been ignored too long" by government. If that is not enough to get action from this minister, when his own officials condemn his neglect of the industry, I do not know what will.

The only reason there was no crisis this season was the extremely low level of shipments from New Brunswick, thus meaning there were enough transportation vehicles available to move the heavy shipment of potatoes this season to market. The minister, to his credit, did upgrade the potato ports in the three maritime provinces, but on the single, most significant and immediate need of the industry, new rail cars, he has been absolutely silent, even though the first report was made in July of last year.

Last July the minister's own officials informed him that at least 170 new cars were needed for the next season. Rail will obviously continue to be the backbone of our potato distribution network, carrying some 85 per cent of our shipments to central Canada.

Two weeks ago, on March 7, the minister promised me in the House of Commons that an announcement on new rail cars would be made roughly within two weeks. His two weeks are up today. Today is an important day for me because it happens to be my daughter's birthday. Certainly I will remember the minister's failure to make an announcement by this date. If he has any regard for the situation in Atlantic Canada, surely he will live up to that commitment.

• (2212)

The Minister of Transport is not the only footdragger on this issue. I do not think it would be an exaggeration to say that Canadian National Railways has obstructed progress on this problem at almost every stage. Instead of constructive proposals for helping our potato industry, our supposed public railway has given excuse after excuse for washing their hands of the problem. Fortunately, the Mulder report shows up the excuses of CN for what they are—a sorry evasion of public responsibility by one of Canada's oldest Crown corporations. CN indicates that there are enough rail cars.

The report prepared last summer, after extensive consultations with informed potato industry representatives, indicated that at least 170 new cars are needed for the next shipping season alone. CN said that the new cars should not be its responsibility. The report referred to the following:

> . . . acceptance by transportation companies of the responsibility for supplying equipment which is properly designated and maintained for potato transportation . . .

Specifically it recommends that the new cars be ordered and paid for by CN. The report continues by indicating that CN should lower its rates and ensure stricter government control, inspection and maintenance of cars during the cold shipping season. In addition, the report shows that CN's claim that trucks will eventually replace rail cars is a lot of hot air. That is the only hot air CN has with respect to its reefer cars. The claim that trucks will replace rail cars is absolute nonsense, as every potato grower knows.

There is an example in the report which illustrates how unresponsive CN has been on this question. Canadian Pacific, which is a privately owned company, has agreed to lease and improve the extra rail cars needed for the short term, while CN simply continues to make excuses. Recently there was the further suggestion on an interim basis, as I mentioned to the hon. minister the other day, that some 300 cars were available at roughly one-quarter of the cost from Hanover Trust.

In my opinion, one of the most valuable conclusions of the government's report is the following statement:

> The federal government must provide the leadership and stimulus to resolve the major problems over the next few years.

We are still awaiting an answer from the minister. He is not present in the chamber tonight, but perhaps his parliamentary

secretary can finally indicate some action after 16 long months.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I am pleased that the hon. member for Egmont (Mr. MacDonald) raised this important question of the movement of potatoes which gives me an opportunity to point out briefly what the government is doing in this area.

For the past year, the federal government has worked with various potato dealers to improve the movement of that commodity from eastern to central Canada and also to export markets. Of course we had excellent co-operation, assistance and support from the P.E.I. Potato Marketing Board, the New Brunswick Potato Shippers' Association, the Canadian National, the Canadian Pacific, the Atlantic Provinces Truckers Association, the staff in the ports of St. John, Halifax and Prince Edward Island and also, of course, Mr. Speaker, the assistance and co-operation of the governments of Prince Edward Island and New Brunswick.

In working in close co-operation with them, Mr. Speaker, and in establishing the facts and the real needs we were able to reach a general agreement on the measures to be taken and to implement those measures for the following purposes. First of all, one of the prime goals was to reduce the rate of increase in freight rates applicable to potatoes. Second, one of the other goals was to provide more efficient trucking for potatoes. Third, we wanted to improve the port facilities, more particularly in the port of St. John and, finally, to provide a larger number as well as a better use and better quality of freight cars.

Last year, we also showed that there would be no shortage of cars in the current crop year, contrary to the alarm of an imminent crisis and shortage of cars expressed by opposition members, as indeed the hon. member for Egmont repeated tonight.

As a result of the above mentioned measures, the movement of potatoes from Prince Edward Island and New Brunswick to central Canada and export markets caused very little problems during the current crop year. Based on the facts that will be submitted to it by railways and shippers, the cabinet will make a decision in the coming weeks about the additional cars that will be required for the crop year 1978-79. The government is quite aware of the fact that additional cars will be required next year and that they will not be available unless specific steps are taken.

● (2217)

[*English*]

Once a decision is made on the cars for 1978-79, the working group on potatoes will continue to consider and implement other measures to improve the movement of potatoes. For example, they will be looking at further port improvements in Saint John and the need for additional cars two or three years from now, the possibility of increased use of containers and trucks, physical improvements at loading and unloading points, etc. By working closely with industry, the provinces and the carriers over an extended period, the government will deal with the many problems efficiently and effectively. The distribution system for potatoes has been improved by steps already undertaken; the acquisition of additional cars, and other measures to be implemented during 1978, will improve the system even further.

NORTHERN DEVELOPMENT—FRONTENAC COUNTY, ONT.—CONSTRUCTION OF TEMPORARY BRIDGE TO FACILITATE TRAVEL

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, due to my decision to retire from the House of Commons at the termination of this thirtieth parliament, this will probably be one of the last occasions on which I will use the adjournment session to voice questions and grievances raised by my constituents in Frontenac-Lennox and Addington before this House. This being so, I wish to thank you for the many past favours and your indulgence to me and my constituency.

My remarks tonight stem from my question of March 14, 1978, as reported at page 3751 of *Hansard*, where I asked the Minister of Indian Affairs and Northern Development (Mr. Faulkner) the following question:

> Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. I have in my possession a petition from 120 residents, including tourist operators, in the townships of Pittsburgh and Storrington, in Frontenac county, fronting on the Rideau River system, protesting the fact that with the construction of the new Brass Point bridge across the Rideau River, a detour of up to 30 miles will be necessary in the daily travel of the inhabitants and tourists, especially to and from Storrington, in order to gain access to Highway No. 15 and the Kingston area. My question is: why did this department not provide a temporary Bailey bridge to serve the public during the ten-month life of this $1.6 million contract, and avoid the extra energy, expense outlay and inconvenience to the people, to our tourist operators and to our American customers?

The minister on that day answered me as follows:

> Mr. Speaker, I will have to look into that matter and report to the hon. member.

And that was done. I recall that in sessions of our council at the municipal level petitions from constituents commanded the highest priority, and that also applies to this House of Commons. I have here in my hand the petition I referred to which is signed by about 120 constituents from Storrington and Pittsburgh townships, in which they complain of up to 30 miles of detour now required to gain access to highway 15 in the Kingston area during the seven months of construction of the new Brass Point bridge. Many of these petitioners are tourists and/or employees in the tourist industry. The petitioners feel that if there is no temporary crossing provided at the point of construction of the new bridge many of these tourist operators will lose their businesses or have to go out of business this summer and accept unemployment insurance as a result of the drop in business due to no thoroughfare. American tourists who patronize the other side of the Rideau River and the lake

areas of Storrington will not know how to reach their recreational destinations and will probably go elsewhere.

I thank the minister for his letter of March 20 in response to my question. I note that he suggests that I send him a copy of the petition which I received from the local residents and that the matters of a temporary bridge will be reconsidered. I have with me another copy of the petition which I send him now across the floor of the House.

● (2222)

I called today at the site of construction and I was very courteously received by the departmental men in charge and by the contractor. I was in touch from there by telephone with Mr. Ken Dick, the department's superintendent of investigation of construction at Cornwall, and Mr. Christakos, the Ontario regional director, and they stated they were only too glad to co-operate in something economically feasible that would help to solve the temporary transportation problem at Brass Point.

I thank the minister and his department for the action being taken to provide us with a new bridge at Brass Point, and for the action that I am sure will now be taken to provide either a ferry service or a temporary bridge to solve this problem.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): I am sorry, Mr. Speaker, to learn that the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack) does not intend to contest the seat for the next parliament. I think that we have differed on many issues at times, but I want to wish him well in his retirement and to say that I think he has been a tremendous ambassador for the constituency that he has represented so ably over the years. Indeed, tonight he is here at this late hour speaking on behalf of the concern of his constituents.

The hon. member might be interested, Mr. Speaker, to know that the Brass Point bridge, which is being reconstructed, dates from 1887 when it was built and paid for by the department of railways and canals. About 75 years ago, the original wood spans were replaced by four steel spans. Five years ago, the load limit of the bridge was reduced from five tons to two tons because an underwater investigation showed that the cribs, which were constructed prior to 1900, were not capable of supporting heavy loads. As a result, a decision was made to build a new bridge with a load limit of 15 tons, capable of carrying school buses, ambulances and fire-fighting vehicles.

The townships of Pittsburgh and Storrington were advised of the decision to build a new bridge and were invited to a meeting with the contractor. The matter of a temporary bridge was raised at this initial meeting. It was the consensus of that meeting that it was not practical to place a temporary crossing because of the length of the crossing, the depth of the water and the fact that vessels would have to be accommodated during the navigation season. Moreover, the cost of providing a temporary bridge has been estimated at more than $250,000.

In keeping with the minister's letter to the hon. member, and being in receipt of the petition he sent across the floor tonight, I will give him the undertaking that the minister and the department will have a further look at what alternatives might be available to solve this problem.

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

Motion agreed to and the House adjourned at 10:24 p.m.

HOUSE OF COMMONS

Wednesday, March 22, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

UNFULFILLED ORDERS FOR OLYMPIC COINS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the Postmaster General (Mr. Lamontagne) has had time to consider the motion I presented in this House on Thursday, March 16, concerning apparent bankruptcies and possible fraudulent activities relating to unfilled Olympic coin orders, and due to the fact that the Canadian public has a right to protection under this federally-legislated program, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the Postmaster General state in this House today what action the government intends to take, and when, to remedy this unacceptable situation.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

REQUEST DAIRY COMMISSION SPEED UP SUBSIDY PAYMENTS TO QUEBEC PRODUCERS—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to move a motion relating to a matter of urgent and pressing necessity.

In light of the negotiations in progress in Quebec between fluid milk producers and industrial milk producers and given the fact that their differences will probably not be ironed out for a few weeks; considering that the Canadian Dairy Commission has arbitrarily decided not to pay subsidies to the milk producers of Quebec as long as both opposing groups will not agree; and considering that this withholding of subsidies has the effect of penalizing all milk producers in Quebec, of adding to their financial problems and that it could very well force many of them into bankruptcy and incite producers to abandon that field of farm production, I move, seconded by the hon. member for Huron-Middlesex (Mr. McKinley):

That the House urge the Minister of Agriculture (Mr. Whelan) to direct the Canadian Dairy Commission to issue not later than April 1 the cheques which the milk producers of Quebec are entitled to and which should never be issued later than necessary because of protracted negotiations or legal hassles.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

LABOUR CONDITIONS

CALL FOR IMMEDIATE INSTITUTION OF JOB-CREATION PROGRAMS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. Considering that Premier William Davis of Ontario has urged the federal government to implement immediately job-creation proposals at the very time his own government has brought in a budget which totally rejects job-creation programs and, indeed, introduced a regressive health tax increase of some 37.5 per cent, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the Government of Canada and the provincial government of Ontario to adopt immediately full employment as their number one priority and immediately implement direct economic measures such as tax cuts and capital works projects as were announced recently in the budget brought down by the government of Saskatchewan.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

GOVERNMENT ADMINISTRATION

COMMITTEE TO RECOMMEND LENGTH OF PARLIAMENTS AND TIMING OF ELECTIONS—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I wish to move a motion, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. It arises from the uncontrolled, discretionary power vested in the leader of a discredited and useless administration to postpone an opportunity for the electorate to reject the government, which situation continues the existing state of chaos and confusion in the country. I move, seconded by the hon. member for Egmont (Mr. MacDonald):

That this House take steps to constitute a parliamentary committee to examine and report on the question of fixing the duration of parliaments and limiting the right of prime ministers to decide on an election date on the basis of partisan political expediency.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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MANPOWER

ALLEGATION MINISTER OF FINANCE USING INFLUENCE FOR JOB PLACEMENTS—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In the summers of 1976 and 1977, students from Shawinigan received preferential treatment in filling jobs in the mines at Flin Flon. Students arrived with their papers completed, thus bypassing the local Manpower counsellors and taking jobs that students in Flin Flon should have filled. Therefore, I move, seconded by the hon. member for Annapolis Valley (Mr. Nowlan):

● (1412)

That the Minister of Finance not use his office to influence the preferential placements of students from his constituency in Flin Flon this summer.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

EXTERNAL AFFAIRS

COMMITMENT OF CANADIAN PEACEKEEPING FORCES SUBJECT TO PARLIAMENTARY APPROVAL—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise on an urgent and pressing matter under the provisions of Standing Order 43. My motion concerns fears that the government is about to abandon the principle, reinforced by the Right Hon. Lester B. Pearson when he was in office, that no commitment of peacekeeping forces shall be made without the approval of this House by affirmative resolution. I therefore move, seconded by the hon. member for Victoria (Mr. McKinnon):

That as a binding principle of foreign policy, the government of the day, following the precedent set by a motion made by the former Prime Minister of Canada, the Right Hon. Lester B. Pearson on March 13, 1964, on the deployment of peacekeeping forces to Cyprus, shall not make a commitment of forces to a peacekeeping mission without the express consent of this House by affirmative resolution.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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INCOME TAX

SUGGESTED DEDUCTION FOR VOLUNTARY FIREMEN—MOTION UNDER S.O. 43

Mr. Jake Epp (Provencher): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to Standing Order 43. In light of the fact that volunteer firefighters risk life and limb at all hours of the day and night to provide fire protection and emergency services for in excess of 2,500 communities in all provinces and territories, and in light of the fact that towns and municipalities provide compensation to volunteer firemen for their donation of time and personal expense, while the Government of Canada allows them only $300 maximum for tax exemption purposes, which does not cover costs and acts as a disincentive to serve, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House acknowledge that due to inflation, the federal government deduction of $300 per year under the Income Tax Act is grossly inadequate and, further, that the allowable annual deduction for costs incurred by these community-minded volunteers be raised to the level of $1,000 per year.

Mr. Speaker: Presentation of such a motion, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

RESEARCH

APPOINTMENT OF CHAIRMEN TO RESEARCH COUNCILS—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the fact that the chairmen appointed to two research councils, the Humanities Research Council and the Natural Science and Engineering Council, have been individuals drawn from the bureaucracy and give the appearance, at least, of being partisan political appointments, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the government explain on motions why it has not heeded the advice of the research community in appointing researchers to these positions, and that when the Medical Research Council chairman is appointed, it be an individual drawn from the research community.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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STATUS OF WOMEN

PENSION EQUALITY FOR WOMEN—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Sault Ste. Marie (Mr. Symes), I move:

That this House calls on the government, now that it has heard again from the National Action Committee on the Status of Women, to expedite the introduction of legislation to establish equality for women, and that as a step toward this goal special emphasis be placed on pension equality, including full rights for homemakers under the Canada Pension Plan, equal pension rights for all women between the ages of 60 and 65 regardless of marital status, increasing the pensions paid to widows under various government plans to at least 75 per cent, and the continuing payment of pensions granted to widows regardless of any subsequent change in marital status.

Mr. Speaker: Presentation of such a motion for debate, pursuant to the Standing Order, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

TAX CUTS EFFECTIVE JANUARY 1, 1978

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance: I have given him notice of its general thrust. The question touches on the $3 billion tax stimulant which the minister has maintained was put in place as of January 1. Last Friday, when I asked him to explain to the House the form of this $3 billion tax stimulant, he was only able to indicate $700 million of what would be regarded as a tax cut effective January 1 this year. Having received notice, will the minister now indicate exactly where the $3 billion is expected to be?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the measures that were included in Bill C-11 at the end of December last were the stimulants to which I was referring. Indexation, which came into effect on January 1, accounted for $850 million. Then $730 million represented the $100 given to the seven million taxpayers for the first two months. Also, $100 million was the amount of credit for the creation of jobs—the bill was passed and became effective in February—and there was the $1.6 billion which was approved under Bill C-11, voted at the end of December. That is a package of $3.2 billion.

● (1417)

Mr. Stevens: A further question to the minister, based on the answer he has given. He referred to $850 million as a tax cut, but in fact it relates simply to the indexing of personal income tax. Would the hon. gentleman tell us whether it is not correct that $1.5 billion of what he claimed to be a tax cut effective on January 1 of this year did, in fact, become effective as long ago as January 1 or March 31 of last year? If he agrees with that proposition, why does he consistently maintain he must wait still longer to find out the effect of these measures?

Mr. Chrétien: I think that, technically, the hon. member is right when he says indexation was provided for previously in the law. One of the problems of indexation is that it amounts to a reduction in the amount of income tax people have to pay, but people do not realize this because it comes into play as a result of previous legislation. We are the only nation which has adopted such a system, and whenever there is a cut like that it means people have that much more money than in the previous year. It is only fair that a minister of finance should remind them of this. It is only fair we should repeat it, because the House voted in favour of this system continuing on an automatic basis. We have to tell the people that we have it, because in the United States they do not have that cut. We have it on an automatic basis; that is why I have to repeat it all the time.

Mr. Stevens: Since it is now established that the $3 billion to which the Minister of Finance was referring includes tax

measures taken by his predecessor and by his predecessor twice removed, and since he has only been able to identify $1 billion, at most, of the tax cut effective as of January 1, would he explain why he consistently refuses to bring in a tax stimulus equal to $2 billion, as we have been suggesting, bearing in mind that this would result in the gross national product being $7 billion to $8 billion greater than it would otherwise be? We are talking about the creation of between 100,000 and 200,000 jobs.

Mr. Chrétien: I am delighted to hear that the hon. member is willing to increase the deficit by $2 billion more than the present figure. When I bring down a budget, I shall be delighted to remind the hon. member of his statement.

Hon. Robert L. Stanfield (Halifax): May I ask the minister a question in a non-partisan way, purely for information? Is it his position that tax indexing amounts to a fiscal stimulus?

Mr. Chrétien: It is a stimulant because it changes the tax base in such a way that people have less tax from one year to another. This was an idea of the hon. gentleman when he was leader of the opposition and one we took from him. He has to recognize that this is a technique which has been used by Canada and not by the United States or other countries. We have to realize this and tell the public that when this automatic tax indexation is in place, people will have that much more money in their pockets.

• (1422)

Mr. Stanfield: Mr. Speaker, in view of the disastrous effects to the Canadian people when the Minister of Finance operates under a total misconception—

Some hon. Members: Hear, hear!

Mr. Stanfield: —I ask the minister not to take my word for it, but to get in touch with a former minister of finance, Mr. Turner, who, while a slow learner in this respect, eventually did learn that the indexation of personal income tax is not a fiscal stimulus but is merely a method of preventing an increase in the actual tax rate and a method of avoiding a drag on the economy. I therefore ask the minister if he would not mind getting in touch with Mr. Turner and having Mr. Turner explain this to him.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, I have a very good relationship with the former minister of finance.

An hon. Member: Which one?

Mr. Chrétien: When I talk to him, I will say that I heard about him from a former colleague of his, the hon. member for Halifax. I will be delighted to communicate to him the words of the hon. member.

[Mr. Stevens.]

MEASURES TO CREATE JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. Unlike the Premier of the province of Ontario, the Premier of Saskatchewan practices what he preaches.

Mr. Beatty: Socialism.

Mr. Broadbent: In the budget which was brought down in Saskatchewan on the same day Premier Davis brought in his monstrosity in the province of Ontario, the Premier of Saskatchewan followed up at least one or two of the minimal accomplishments which were achieved at the first ministers' conference in terms of job creation. In the budget brought in in Saskatchewan there was, in addition to the effects of indexation, a 9 per cent tax cut offered to the people of that province. In addition, the decision was made to invest some public money to create jobs now, and to produce energy down the road.

Those were two concrete measures to create jobs, which the first ministers' conference alleged it was concerned about. I would like to ask the minister, in all seriousness, why does he not take similar action, now, at the national level.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I said earlier that I will decide to have a budget at the right time. I am looking at all the opportunities everyone is offering. By not putting forward a budget, at least I am not subjecting the House of Commons and the people of Canada to the kind of budget the government of Ontario put forward, which increased taxes.

Mr. Woolliams: What about Lougheed?

Mr. Broadbent: In addition to saying what he is not going to do, will the minister give us some expression of opinion at this point about the general orientation? Would he not agree that instead of spending between $4 billion and $5 billion which we are going to spend in deficit, so to speak, next year in unemployment insurance pay-outs to people to do nothing, it makes a lot more economic as well as social sense to take a part of that $4 billion to $5 billion and put it into public sector investment to create jobs now? That would also benefit the public in other areas down the road.

[*Translation*]

Mr. Chrétien: Mr. Speaker, if that could be done automatically, things would be easy but I would be much surprised were the hon. member to agree to stop paying unemployment insurance as of tomorrow morning and invest those funds in public works. I suggest that the transfer is not done automatically and that there is a span of time between the two. We have employment incentive programs amounting to $600 or $700 million and administered by the Department of Employment and Immigration. Those programs are monitored on a permanent basis and if we feel we can put more people to work by expanding the budget of this department, we will be glad to do so. But it would be impossible to stop paying unemployment

insurance for the time being. The leader of the New Democratic Party would certainly the first to complain about such a move.

[*English*]

Mr. Broadbent: Mr. Speaker, the minister knows full well that I am not suggesting he transfer funds from one area to another. The point I am making is that public sector spending, like unemployment insurance pay-outs, in some ways is money down the drain, economically. It produces no jobs, but investment does produce jobs. If I understand the minister's argument correctly, he is saying that the government is still waiting to see the effects of his mini-budget in the fall and those of the earlier budget last year.

● (1427)

Considering that almost every economic forecasting group, including most recently the Conference Board, have said that unemployment will increase this year and the growth rate is going down, will he make a commitment, now, to reduce taxes and have some public sector investment in job-creation projects before the next election is called?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I do not know when I will present a budget. I am now considering all proposals. Of course, projections made by the Conference Board went down from 5 to 4.5 and I am taking note of it. I only want to point out to the hon. member that it is nevertheless an increase in the level of economic growth which was at 2.5 last year. Even the Conference Board has now established that the economic growth will be at least 4.5 and if we can further stimulate the economy we will do so when we introduce a budget.

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AGRICULTURE

INQUIRY WHETHER DAIRY POLICY WILL BE ANNOUNCED APRIL 1

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, in the absence of the Minister of Agriculture, I should like to direct my question to the Parliamentary Secretary to the Minister of Agriculture.

Considering that the House will adjourn today and that surely we will not be sitting before March 31 since we are not expected back until April 3, and considering that the government's dairy policy is usually announced by March 31 at the latest, can the Minister of Agriculture tell the House if the government's dairy policy will be made public during the recess before the beginning of the year which starts on April 1?

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the dairy policy will be announced as soon as possible and will be known to the people and the farmers in the next few days.

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

Considering the importance of that industry in Canada and the rather large quantities of imported cheese in past years when the minister assured us that imports would not exceed 50 million pounds, is the minister in a position to tell us whether our dairy industry has improved to the extent that an appreciable reduction of imports can be expected to compensate for reduced consumption anticipated in the months to come?

Mr. Caron: Mr. Speaker, the dairy policy as a whole is now under review. Several suggestions have been made by members on both sides to allow that dairy policy to maintain normal production. Many representations have been made and, as will be seen in the forthcoming announcement, we are waiting for all the suggestions made with respect to the 1978-79 dairy policy.

Mr. Lambert (Bellechasse): Mr. Speaker, can the parliamentary secretary tell the House whether there have been consultations with the producers' offices, either in Quebec or in the other provinces, with a view to reaching an agreement paving the way for announcing a dairy policy that would be satisfactory to the producers of both manufacturing and whole milk?

Mr. Caron: Mr. Speaker, with regard to consultations with the provincial federations, the hon. member for Bellechasse surely knows that the dairy policy is formulated jointly by the management committee and the Canadian Dairy Commission on the basis of recommendations by the provincial federations. I can assure the hon. member that the dairy policy for 1978-79 will be at least as good if not better than the one we had this year.

* * *

[*English*]

ARTS, LETTERS AND SCIENCES

HONORARY DEGREES AWARDED TO MEMBERS OF ROYAL FAMILY

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. I make no apology for asking the question, because we will be adjourning until April 3 which will be too late for a decision to be made that is of interest to universities across Canada. I would ask the minister first whether the decision was made by cabinet that no honorary degrees should be given to any member of the Royal Family without the consent of the Prime Minister of Canada?

• (1432)

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I do not know anything about this topic and cannot report to the right hon. member. I will inquire, but I have not heard of such a thing, inside or outside cabinet.

Mr. Diefenbaker: Mr. Speaker, the minister's reply would indicate, therefore, that the decision was made by the Prime Minister himself, and it also reveals his primacy.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, I will bring a particular case to his attention because I know now, the cabinet having had nothing to do with it, who made the decision. Various universities are concerned about the fact that the government refused to permit the Governor General to pass on a message from the University of Western Ontario in which a request was made to have the Prince of Wales given an honorary degree during the centennial celebrations of that university. Some nine or ten months passed. The Minister of Labour may be able to answer this question; he is mumbling. That would be the most intelligent contribution he has made.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I would ask the Acting Prime Minister why, after a lapse of several months with no reply ever given, the request was turned down by verbal decision? Why was that done? The minister does not know, because the cabinet had nothing to do with it; but will he ascertain why the Prime Minister made the decision—and he must have done so?

This is just another example of the erosion of the monarchy which has taken place over and over again with the assistance of the hon. minister sitting behind the Minister of Finance. He has been one of the greatest offenders in this country.

Mr. Chrétien: Mr. Speaker, I cannot subscribe to what the right hon. member says. Her Majesty the Queen has come to Canada, since the Prime Minister has been in office, much more often than she came when the right hon. member for Prince Albert was prime minister. He should be the last one to ask me that type of question, because he knows very well that the adviser to Her Majesty the Queen of Canada is the Prime Minister of Canada.

Mr. Diefenbaker: Oh, is that right?

Mr. Chrétien: Whenever there is such a request, there is communication with the Queen and the decision is made as to how often the Royal Family should come to Ottawa. I do not think Canadians have been deprived at all of royal visits during the last few years.

Mr. Diefenbaker: Mr. Speaker, everything was answered but the question. What business did the Prime Minister of Canada have to direct the Governor General not to forward that letter from the University of Western Ontario and hold it silent for several months?

[Mr. Diefenbaker.]

Some hon. Members: Oh, oh!

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[*Translation*]

FINANCE

DATE OF INTRODUCTION OF AMENDMENTS TO BANK ACT

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, can the Minister of Finance tell the House why he did not table the amendments to the Bank Act since he promised the House to do so before the end of March and today is the last sitting day this month? In addition, can he tell the House when he hopes to table those amendments?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am sorry to report to the hon. member that unfortunately the bill is not ready, and it has yet to go to cabinet. As soon as it has come back from cabinet, I shall table it in the House.

[*English*]

DRAFTING OF BILL TO AMEND BANK ACT

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, since the indication in the past has been that the drafting of these bills presented certain problems, could the Minister of Justice, who has responsibility for drafting legislation in his department, advise the House of the particular difficulties in the drafting of this legislation which has been in his hands for months? If this is so difficult, will he accept some official aid from the opposition in preparing this bill?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I cannot answer the question in full, for very obvious reasons. I would assure the hon. member that the cabinet, at the insistence of my colleague, the hon. Minister of Finance, some time ago directed that the drafting of the Bank Act bill be given top priority in the Department of Justice. From that point of view it has been, and is being, given that priority. I would hope my department will be able to produce very quickly to my colleague a print of that bill.

An hon. Member: Before the banks close?

Mr. Basford: I note the hon. member's offer of assitance in the drafting. I would have to check his legal credentials very carefully for offering such advice. However, depending on the outcome in Edmonton of the next election, he may have an opportunity in committee, as a member of the opposition, to offer his advice on the quality of the bill.

PUBLIC SERVICE

RELOCATION AND DECENTRALIZATION

Mr. Hugh Poulin (Ottawa Centre): Mr. Speaker, I should like to direct my question to the Minister of Public Works. In view of the principal conclusions of the main recommendations of the Woods-Gordon report on relocation and decentralization of the public service, and in view of the many representations by individuals and groups to the Minister of Public Works, I should like to ask whether he is prepared to recommend to his cabinet colleagues any policy which would redress in total or in part the adverse effects being occasioned the central core of the city of Ottawa by the relocation and decentralization of the public service.

In addition, Mr. Speaker, would any such policy include a slowdown of the move to Hull until there is a modest rate of growth in the public service, namely, 2 per cent or 3 per cent, and a committment on behalf of this government to continue to rent at least 50 per cent—

Some hon. Members: Order.

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, the hon. member knows we have met with representatives of the Building Owners and Managers Association. We have given an undertaking concerning the space we will continue to lease beyond the completion of the move to Hull. We will do our utmost to try to keep the percentage of occupancy in the various buildings concerned at 50 per cent, but we do not believe we can stop the move. We think we would be accused by the Auditor General of irresponsibility if we held Crown-owned buildings vacant when leases had in fact expired.

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THE CANADIAN ECONOMY

TAX CREDIT PROGRAM—REASON PROGRAM NOT IN PLACE

Mr. James A. McGrath (St. John's East): Mr. Speaker, in the absence of the Minister of Employment and Immigration, I will direct my question to the Minister of Finance. Notwithstanding the assurance the minister gave the House that the employment tax credit bill would be in place by March 1, we now know that because of technical difficulties the booklets designed to assist businessmen to take advantage of the program will not be ready until the end of April. Can the minister please explain why this bill, so important to the one million plus unemployed Canadians, is not ready and in place now in accordance with the assurance he gave the House when the bill was passed?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the Minister of Employment and Immigration gave the House of Commons the assurance last week that the program was in place and that applicants could file their applications with the department; and as well as that, there are officers in every branch of his department to give explanations to the people who want to take advantage of the program.

Mr. McGrath: Mr. Speaker, in view of the fact that senior officials of the Department of Employment and Immigration have informed us that these booklets, so necessary to assist businesses that wish to take advantage of this program, will not be ready until the end of April because of technical difficulties, in view of the fact that application forms are only now going out into the field, and because of the importance of the bill to the unemployed people of this country, I ask the minister whether he is now able to give the House his assurance, for what it is worth, that the bill will be in place before the end of March?

Mr. Chrétien: Mr. Speaker, of course I can give that commitment to the hon. member: the bill has been in place since March 8, two weeks ago.

Mr. McGrath: Mr. Speaker, I ask the question again. The minister is playing with words. I am talking about the implementation of this important bill. We know it has been passed by parliament. That places the onus upon the government to implement it. Would the minister give the House the assurance that this bill will be implemented before the end of March, or give an explanation as to why not?

● (1442)

Mr. Chrétien: Mr. Speaker, I said the bill has been in place since March 8. People can file applications if they want to benefit from the program. This is the word received by the House of Commons from the Minister of Employment and Immigration.

GOVERNMENT CASH REQUIREMENTS FOR FISCAL YEAR 1978-79

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is for the Minister of Finance. My colleague, the hon. member for York-Simcoe, asked the minister on March 17 about the level of Crown corporation borrowings in the coming fiscal year in addition to the government's cash requirement of $11 billion. Now that the minister has had an opportunity to inquire, could he tell the House the anticipated borrowings of Crown corporations for the next fiscal year?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not have the figure available at this moment. Some of the financing for Crown corporations is not decided as yet, and I am not in a position to give the final figure.

Mr. Kempling: A supplementary question, Mr. Speaker. We are endeavouring to determine the total indebtedness of the Government of Canada, given its tendency to monetarize the increasing amount of debt in the country. We have noted that Statistics Canada, in a recent release, indicated that our balance of international payments was $42.3 billion, or over $2,000 for every man, woman and child in Canada.

Can the minister advise whether he is going to reveal this information on motions, whether it will be as a notation in a budget, whether we will get it from Treasury Board, or will we have to ask the Auditor General to make a special report on this matter?

Mr. Chrétien: Mr. Speaker, those figures are made public when we present our budget.

Mr. Clark: When is that?

Mr. Chrétien: We will be presenting a budget. If the hon. member wants to put a question on the order paper, I will see if I can reply.

An hon. Member: When is the budget?

Mr. Chrétien: Soon.

DISCOUNTING OF LOAN FLOATED IN NEW YORK

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is also for the Minister of Finance. As the loan that the government is now floating in New York is already being discounted, may I ask the minister if he anticipated this unusual and disconcerting event?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the dealers who handle the bond issue which went on sale this morning report that it has been very well received in the marketplace.

[*English*]

Mr. Ritchie: A supplementary question, Mr. Speaker. In view of the further loss of $400 million in foreign reserves so far this month, does the government intend to have further foreign borrowings, especially as the Prime Minister will be delivering his "We are broke; let's be kind to the bankers" speech tonight in New York?

Mr. Chrétien: First, Mr. Speaker, the hon. member is using figures that do not exist.

Mr. Stevens: We have not been wrong yet.

Mr. Chrétien: We will reveal at the beginning of next month the amount of reserves we have. In the middle of the month there is no such figure being circulated.

[Mr. Kempling.]

[*Translation*]

OFFICIAL LANGUAGES

INQUIRY WHETHER GOVERNMENT APPROVES HON. LAURIN'S STATEMENT ON EDUCATION OF OFFICIALS' CHILDREN

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, my question is directed to the Acting Prime Minister. Following last Saturday's visit in the Eastern Townships of Quebec Cultural Development Minister Camile Laurin, and his statement regarding the federal decentralization program to the effect that the government of Quebec would be willing to give federal civil servants coming into Quebec six years during which they could send their children to English schools, could the Acting Prime Minister tell the House if he has read the text of Mr. Laurin's statement and if the federal government agrees with that suggestion?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, yes I have read Mr. Laurin's statement. Regarding the move to Sherbrooke, our request that the Quebec government allow public servants affected by that move to send their children to English schools is the same as the request we make to other provincial governments whenever there is decentralization: we require that they provide French education to public servants moving to their cities. The request is the same for the province of Quebec as for all other provinces; furthermore the move will not occur for another six months. It is the government's intention to decentralize over a long period of time and public servants have the right to send their children to schools teaching in their mother tongue if they want, otherwise, pursuant to the commitments given to the House, we will not allow decentralization.

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[*English*]

EXTERNAL AFFAIRS

MIDDLE EAST—CANADIAN PEACEKEEPING FORCE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Acting Prime Minister. Would the minister comment on the veracity of the front page story in the *Globe and Mail* today concerning the commitment of troops to Lebanon. The article quotes the Prime Minister as saying:

Canada, if asked, will send a battalion of combat troops into southern Lebanon.

Is the Acting Prime Minister in a position ot inform the House whether that statement is the policy of the government?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I did not read the statement made by the Prime Minister. I know the Prime Minister had discussions with the Secretary General of the United Nations yesterday, and that he is prepared to help in the circumstances. There was an exchange

of views on the help we can offer concerning this problem but no definite decision was made one way or another.

[*English*]

PEACEKEEPING FORCE—APPROVAL OF PARLIAMENT BEFORE COMMITMENT MADE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, in the absence of the Secretary of State for External Affairs, I will direct my supplementary question to a minister who is certainly interested in this matter, the Minister of National Defence.

As the Prime Minister's statement makes no mention of parliamentary approval or consultation before committing our troops to a new peacekeeping task, and runs counter to the precedent established when parliament approved the peacekeeping mission in Cyprus and the observers mission in Viet Nam, as well as making a total mockery of the blandishments of the Secretary of State for External Affairs during the past two days, will the minister assure the House that any commitment made will be subject to approval by a resolution of the House of Commons?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I really cannot comment on the press release itself. Certainly, as the Secretary of State for External Affairs said yesterday, there is no reason to hold back at all: we want full and frank information on this question.

In so far as specific parliamentary approval is concerned, I think it would be difficult to make that commitment because one might have to react to particular circumstances. It is rather hypothetical today, because the only forces we have been asked to supply and which we are supplying are those offering logistic support. That has been announced and some of those troops are already serving in that role. The forces needed for the peacekeeping operation have largely been committed. There is no indication that we will be asked to serve in that role at this time, even though in a general review one could say that we have troops ready and available and quite capable of doing that job.

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THE CANADIAN ECONOMY

LEGISLATION TO AMEND BANK ACT—ECONOMIC PROJECTIONS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, we know that the Prime Minister keeps information from the public; we did not know until today that he also keeps it secret from his colleagues.

My question is to the Minister of Finance and it relates to the economic business and to the Bank Act that is being delayed by this government. It has now been established that the Department of Justice is drafting the bill. I presume the Minister of Finance has instructed the lawyers of his department on what he wants in the legislation. Would the minister tell the House now, as a matter of policy, whether it is the intention of the government to bring within the provisions of the Bank Act the caisses populaires and credit unions of Canada?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this will be known when we table the bill.

Mr. Clark: A supplementary question. I have another question about economic business that is being delayed by this government so that Canadians will not know what they plan or do not plan to do about the Canadian economy. The minister has admitted today that his claim about the amount of fiscal stimulus was false. It is clear that all the projections, both in his statement of October and in the budget of March last year, are incorrect.

We have a situation where uncertainty is being created by the statements of a minister which are false, and the projections of a minister which are wrong. In light of that uncertainty, will the minister reconsider his refusal to give some guidance to the Canadian economy? Will he not give a commitment now for an early date on which this House may receive a budget from this government?

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, the only final decision I have made about a budget is that there will be no budget before the end of this month. I asked to wait until April or May, depending on the circumstances, and I will advise the public accordingly.

As far as projections are concerned, I would like to say to the Leader of the Opposition that in December the president of the Conference Board of Canada—who now is planning to be defeated as a Tory candidate—predicted exactly the same figure that I did, 5 per cent growth. The same day this gentleman announced that he was to run for the Tories, the Leader of the Opposition said that nobody believed my prediction. I would like to tell him that his own candidate was in complete agreement.

Mr. Clark: A further supplementary, Mr. Speaker. The minister knows that events have also passed him by in that regard. We have a situation now where there will be no budget and no revised Bank Act. Will the Minister of Finance tell us, at least, whether he and his government are prepared to respond to the request of the Premier of Ontario and to the request that I am sure is shared by the other provinces? Is he now in active consultation with the ministers of finance of the provinces, five of whom have already brought in budgets since the February meeting—the province of Quebec being the sixth province that will bring in a budget, leaving this government virtually alone in its refusal to bring in a financial statement and budget—and will the minister tell us whether there is an intention on his part, in the absence of a budget, in the absence of a Bank Act, in the absence of any other economic activity, to at least convene a meeting of the ministers of finance next month?

• (1452)

Mr. Chrétien: Mr. Speaker, I would rather have no budget at all than have budgets like the ones proposed by the Tory government of Ontario—

Some hon. Members: Hear, hear!

Mr. Chrétien: —and the Tory government of Newfoundland, both of which have increased taxes. I find it unbelievable that the Premier of Ontario is sending telegrams asking this government to stimulate the economy, when less than two weeks ago he increased taxes for the people of Ontario by $350 million.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, will the minister answer the question? Is the minister now in active consultation with the ministers of finance of the various provinces, with an eye to convening a conference of the provincial ministers of finance next month so that there can be some agreement on general economic policy?

Mr. Chrétien: Mr. Speaker, I had consultations with the ministers of finance about a month and a half ago. Because their deficits are less than the federal government's I asked them to stimulate their economies. I recognize that the minister of finance for Saskatchewan agreed with my argument. But as far as the Tory governments of Ontario and Newfoundland are concerned, they were not too positive about it. I am ready to meet them, but if they are as responsive as they have been so far, in increasing taxes, it is better for me not to ask them.

* * *

NATIONAL SECURITY

LEGALITY OF TASKS PERFORMED BY SECURITY SERVICES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General. Since there are now, despite ministerial denials earlier, several illegal acts on the record by the security service, has the Solicitor General satisfied himself that no illegal acts have been committed, directly or otherwise, by the Security Planning and Analysis Branch since its creation a few years ago? Can we have his unequivocal assurance on this score, in the same way as his predecessor assured the House and the country with reference to the conduct of the security service, with so little basis in fact?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am sure the hon. gentleman knows what the responsibility of the Security Planning and Analysis Branch is, and that it is not an operational branch. Unless he has some indication of specific areas where lack of operational ability could lead someone into trouble, I would have to indicate that his allegations are completely unfounded.

Mr. MacKay: Mr. Speaker, I am always ready and willing to assist the Solicitor General. Since this group has, and has had, individuals employed, such as Messrs. Cobb, Armit, Banning and Schultz, among others, who have in the past been operational, does he still maintain to the House and the country, unequivocally, that the Security Planning and Analysis Branch is purely and simply a passive and non-operational analytical group, as has been maintained up to this point? Is that what he is telling the House unequivocally?

Mr. Blais: Yes, Mr. Speaker. Indeed, I might point out to the hon. gentleman that if he is relying on the story which appeared in the *Globe and Mail* this morning—he referred to one gentleman who was mentioned in that particular story—he is, in fact, a gentleman who did have a role in terms of security planning which is a role he played, as well, when he was involved in "G" branch, dealing not with operations but with security planning.

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[*Translation*]

AGRICULTURE

REVISION OF SUBSIDIES TO QUEBEC MILK PRODUCERS—GOVERNMENT POSITION

Mr. Raynald Guay (Lévis): Mr. Speaker, my question is directed to the Parliamentary Secretary to the Minister of Agriculture. Following the numerous representations which have been made, I would like to know whether there are new developments on the withholding of subsidies to milk producers in Quebec and all over Canada?

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, considering the conflict between both federations in Quebec which resulted in a quota surplus of 2 per cent on the production market, the chairman of the Canadian Dairy Commission decided to hold back subsidies to milk producers for January 1978. I must assure the hon. member that since last Friday there were many negotiations between the chairman of the Canadian Dairy Commission and both federations, and the Canadian Dairy Commission decided unilaterally that if both groups have not come to an agreement by tomorrow evening, it would issue the cheques to industrial milk producers in Quebec.

* * *

[*English*]

NATIONAL SECURITY

REVIEW OF CORRESPONDENCE WITH RCMP AGENT

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct my question to the Solicitor General. It is supplementary to the question put by the hon. member for Central Nova, as well as earlier questions that were asked of the minister on this topic.

Has the minister now reviewed the voluminous correspondence concerning the RCMP agent whose case was brought forward last week? I know the minister has studied it. The correspondence included a letter from the minister's department to the agent, captioned "Recommendation for citizenship", and another letter from the Solicitor General, who wrote on December 22 last year: "I have been in contact with the minister of immigration, the Hon. Bud Cullen, and have made representations on your behalf. I expect you will be contacted shortly." I would like to ask the minister, now that his memory has been refreshed once again, what he has been doing on this case. Has he discussed this matter with the Minister of Employment and Immigration, and what action are they planning to take?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, of course, the hon. gentleman, from his question, recognizes the sensitivity of the file concerned. I am sure he would not want me at this time to comment on the actions I intend to take. I would indicate to the hon. member that I have received representations from the hon. member for Central Nova, and from him as well, in terms of this question. I am dealing with this matter very seriously indeed, and I will be communicating with him, as well as the hon. member for Central Nova, in due course.

Mr. Epp: Mr. Speaker, I would like to ask the Solicitor General, in view of the renewed interest that the security branch has taken in this case, whether he could indicate to the House if there are written contracts of any nature with the agent in question?

Mr. Blais: Mr. Speaker, I would not comment on that information at this time. I would indicate that it is not a question of renewed interest; it is a question of ongoing interest.

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GRAIN

REQUEST FOR PROGRESS REPORT ON NEGOTIATIONS FOR NEW INTERNATIONAL GRAINS AGREEMENT

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the mnister in charge of the Canadian Wheat Board. It is a matter of great interest to Canadian farmers. My understanding is that negotiations for a new international grains agreement were originally to conclude by the end of March or thereabouts. I would like to ask the minister in charge of the Canadian Wheat Board what progress is being made. Can he tell us in general the position Canada is now taking in these negotiations?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I should limit myself to saying that progress is being made in resolving some of the major differences between principal participants. It is anticipated now, however, that the agreement will not be concluded during this set of negotiations but, rather, that in a matter of weeks another meeting will be held to conclude the agreement.

● (1502)

Mr. Nystrom: Can the minister confirm that the government of Canada is taking a position of supporting reserve stocks without supporting a reserve price range for the sale of grain at the same time; in other words, a minimum-maximum price.

Mr. Lang: Expressed that way, Mr. Speaker, I think the question is somewhat misleading. It is our position that reserve stocks can be a very important part of an agreement. Of course, having those reserve stocks would involve having a bottom price or a low price at which stocks would have to be accumulated, and then they would be held off the market until a high price or a top price was achieved.

There is some difference of view among countries as to whether, at that bottom price or top price, in addition to the reserve action and other action, there should be certain commitments to supply over and above the reserve. We have not taken the position that that would be very workable and that, in fact, the reserve and other forms of action at those levels of price are the way to get a decent return for our producers.

* * *

THE CANADIAN ECONOMY

ACTION TAKEN BY GOVERNMENT ON "BUY CANADIAN" POLICY

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a straightforward question for the Minister of Finance which I hope will elicit a straightforward answer regarding Premier Davis' letter to the Prime Minister of Canada. Premier Davis mentioned a number of areas in which there was agreement at the federal-provincial first ministers' conference for action to get the Canadian economy back on track and create new jobs. I ask the minister, what action has been taken by the government since the first ministers' conference to implement the agreed upon "Buy Canadian" policy, and also to provide new incentives for industrial research and development in Canada?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the Prime Minister was to write all premiers following the conference for a follow-up on those propositions. Of course, there was discussion in our government about research and development. However, I do not have anything to announce on that matter at this time.

Mr. Beatty: May I ask the minister about two other areas in which there was agreement between the provinces and the federal government on which Premier Davis feels there has been no action? Has any action been taken on the proposal to get the unemployed back to work by putting them to work on such projects as badly needed sections, rebuilding railroad beds, grade separation, and by taking action to protect Canadian jobs under the auto pact?

Pages

Mr. Chrétien: On the first proposition, Mr. Speaker, it is very easy for the Premier of Ontario to say that we should do that. However, when we had a budget a few weeks ago, he did not move very substantially to reduce the level of unemployment in Ontario. We will look at the problems within our jurisdiction in the spirit of the agreement of the first ministers' conference last February. It has only been a month; we have not had time to put the programs in place.

* * *

[*Translation*]

THE ROYAL ASSENT

Mr. Speaker: Order, please. I have the honour to inform the House that on March 22, 1978, a communication has been received which is as follows:

Rideau Hall
Ottawa

March 22, 1978

Sir:

I have the honour to inform you that the Hon. Louis-Philippe Pigeon, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the twenty-second day of March at 5:45 p.m. for the purpose of giving Royal Assent to certain bills.

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

* * *

[*English*]

HOUSE OF COMMONS

EMPLOYMENT OF UNIVERSITY STUDENTS AS PAGES

Mr. Speaker: Before recognizing the hon. member for Winnipeg North Centre (Mr. Knowles) on a question of privilege of which he has given the Chair notice, may I take three minutes to advise the House, before rising later in the day as has already been ordered by the House, of activities that have taken place which I think will be of interest to hon. members with regard to the employment of pages in the House of Commons.

Some hon. Members: Hear, hear!

Mr. Speaker: The reason I preempt the time of the House to do this now is because it will relate to some interest members will have relative to possible enrollment dates at universities. I thought I should take a moment to explain this to members, because during the recess information will be going out about it. I thought hon. members ought to be the first to know.

[Mr. Beatty.]

Since coming here it has been an interest of mine, and many others have shared it and many others had it long before that time, that we find a way to encourage young Canadians to participate in the House of Commons by serving as pages here. That was attempted at the high school level and faced great difficulty because of discrepancies and differences in various academic programs throughout the provinces.

A couple of years ago I asked the Clerk of the House of Commons to attend in Washington to examine the system there. He did, and returned with a very thorough report which was referred to the Members' Services Committee. The members of that committee worked very diligently on the project, with great interest, and came up with what I think is an excellent idea. I hope all members will share it. It is that the program, instead of being operative at the high school level, be operative at the first year university level, which facilitates provincial interchange much more easily and enables residents away from home to lead a much more normal course of life.

Having given approval to that basic idea, we are attempting now in some hurry to implement, at least partially, this program before September, which will involve possible enrollment by students in two Ottawa universities, whose co-operation we have received throughout and for which we are very grateful.

I want to assure hon. members on a couple of counts. First, this program will be phased in in such a way as to ensure that all of those who have served so faithfully and well as pages will not in any way be prejudiced or jeopardized in the employment they have enjoyed here.

Some hon. Members: Hear, hear!

Mr. Speaker: The obvious advantages bear some repetition. We will now be able to secure, in addition to this cross-Canada participation, young people for a year of university, for which they will work as pages and receive a full salary which will enable them to finance their education.

We will, of course, benefit from that kind of participation. We will benefit from being able to do something that is long overdue here, that is, to employ an appropriate number of female pages in the House of Commons.

Some hon. Members: Hear, hear!

Mr. Speaker: May I at the same time indicate that we will be giving, in the process, some serious consideration, and I hope that hon. members do not rebel at this, to altering the uniform being worn by pages in the House. While we feel we must maintain the dignity required in the Chamber, it will reflect something that is a little more in keeping with modern times. We have in mind something in the nature of a blazer in the House of Commons green colour, with an appropriate crest, and grey flannels for the boys and skirts for the girls. However, we will receive suggestions from members on that.

I expose this to the thinking of members at this time, first to thank all of those who have been involved in working on this project with such great interest. That includes the Clerk of the

House, the Members' Services Committee, and the universities from which we have had cooperation.

I invite from all hon. members suggestions as to worthy candidates. We would expect that, while they need not necessarily be fluently bilingual, they would certainly have sufficient capacity in both languages to serve in the House which, of course, is a requirement familiar to all hon. members.

I look forward to co-operating with hon. members. I hope as well to elicit the co-operation of various provincial Speakers who probably have already received suggestions regarding pages whom they would like to employ but are unable to employ in some of the provincial legislatures. We will endeavour to make participation in the program as broad and universal as possible.

Some hon. Members: Hear, hear!

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PRIVILEGE

MR. KNOWLES (WINNIPEG NORTH CENTRE)—ARCTIC WINTER GAMES—ALLEGED INTERFERENCE IN ELECTORAL NOMINATING PROCESS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege of which I gave Your Honour the required notice under Standing Order 17(2). My point of privilege relates to certain things that have been happening and may still be happening to my friend and colleague, the hon. member for Northwest Territories (Mr. Firth). I have indicated to you, sir, the nature of the matter, and I have also discussed it with the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo).

Some time ago, back on February 13, a letter was written to the hon. member for Northwest Territories by the president of the 1978 Arctic Winter Games Host Society which read as follows:

Dear Mr. Firth:

The 1978 Arctic Winter Games will be held in Hay River and Pine Point from March 19 to 25, 1978. The games will be officially opened by Mrs. Iona Campagnolo, Minister of State for Fitness and Amateur Sport, at 2 p.m., in Hay River, on March 19, 1978.

We would be most pleased to have you come to Hay River for the Opening Ceremonies, and to participate in the various activities at Hay River and Pine Point.

We would appreciate your early advice on this matter in order that we might make the necessary arrangements with respect to accommodation.

Yours very truly

D. M. Stewart

On February 27 my friend and colleague replied to Mr. Stewart's letter in these words:

Dear Mr. Stewart:

I would like to thank you for your kind invitation to be part of the Opening Ceremonies and to participate in the various activities at the 1978 Arctic Winter Games, to be held in Hay River and Pine Point from March 19 to 25.

I would be more than pleased to attend and should be arriving in Hay River on March 18.

With kindest regards

Sincerely yours,

Wally Firth, M.P.
Northwest Territories

• (1512)

That is where my hon. friend is today. Someone might ask whether this matter should not stand until he returns, but in my view when an affront is offered to one member of this House it is an affront to all of us.

I feel there has been an affront, and a certain amount of intimidation which I regard as rather serious. The invitation was quite clear. The hon. member for Northwest Territories was to take part in the activities connected with the Arctic Winter Games, particularly the opening ceremony at Hay River on Sunday, March 19, at 2 p.m. However, after that invitation had been extended and accepted there were certain telephone calls.

My information is that it was either Mr. Stewart himself, the Mayor of Hay River, who is also an official connected with the games, or someone from his office who telephoned to the office in this building of the hon. member for Northwest Territories and also to the office of my leader, the hon. member for Oshawa-Whitby (Mr. Broadbent). A complaint was made that the hon. member for Northwest Territories would apparently be attending the Northwest Territories NDP nominating convention which would be held in Hay River during the time the Arctic Winter Games were taking place. What is wrong with that, I do not know.

Of greater concern to me than the affront to the hon. member is what seems to me to be intimidation with respect to the election process itself. This, indeed, is the serious matter which I raise. The information given by Mr. Stewart or his office to the office of my hon. friend and to the office of my leader was that unless the nominating convention were cancelled, his invitation to take part in the opening ceremonies and to participate in activities connected with the games would be cancelled.

Some hon. Members: Shame!

Mr. Knowles (Winnipeg North Centre): When my hon. friend refused to have anything to do with such a cancellation, pointing out that it was not he who was arranging the convention but the New Democratic Party in the Northwest Territories, the word came that unless the convention were postponed the invitation would be cancelled.

Furthermore, arrangements had been made for the convention to be held in a room in one of the schools in Hay River. That reservation was cancelled when the Northwest Territories NDP refused to postpone the convention. The convention is to be held tonight in the basement of the Caribou Inn, which is privately owned and completely separate from any governmental ties. As far as I know, plans are going ahead for the convention to be held this evening.

As it turns out, the invitation to Sunday's event was, in fact, cancelled. My hon. friend from the Northwest Territories turned up at the opening ceremonies on Sunday afternoon at 2

o'clock and, although he still held his card telling him which seat he could occupy, the list of persons who were to be present at that ceremony did not include his name.

Some hon. Members: Shame!

Mr. Knowles (Winnipeg North Centre): The Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) was there—she is present in the chamber today—and my hon. friend from the Northwest Territories told me that after the occasion was over, when he saw her, she said to him "Wally, if I had known you were here I would have mentioned you".

Some hon. Members: Oh!

Mr. Knowles (Winnipeg North Centre): My hon. friend believes the reason the minister did not know he was there was because his name was not on the list of invited guests. Although many officials at the territorial and municipal level were introduced, the hon. member for Northwest Territories was not introduced or mentioned in any way.

In addition, there was a reception of the usual kind given by the government of the Northwest Territories in Hay River on Monday night, to which anybody who had any kind of official status at the territorial or municipal level was invited. Also invited were former representatives of the Northwest Territories and at least one former member of parliament from the Northwest Territories. A former Governor General was there, too. All these people were invited, but the hon. member for the Northwest Territories was not.

An hon. Member: A shameful Grit trick!

Mr. Knowles (Winnipeg North Centre): My friends in the Progressive Conservative party are trying to put the blame on the Minister of State for Fitness and Amateur Sport. My hon. friend from the Northwest Territories does not do that. He thinks she is on his side and that it is the local people, in charge of a project funded by government money, who are snubbing him and, what is worse, interfering with the election process.

I do not mind snubbing. I can take it. We all get it now and then. It is part of our occupation; our skin is not that thin. But when an invitation is rescinded and everyone else is invited, and when an hon. member who represents the largest constituency in Canada is not invited to a ceremony in his own constituency, it becomes an affront which I am sure the Minister of State for Fitness and Amateur Sport will not condone. In fact, I suspect she will be the first to extend an apology to the hon. member for Northwest Territories when he returns.

What I think is really serious is that local people who are operating a function which is largely, if not wholly, funded by federal money, should use their position to intimidate a person or group of persons in connection with the election process. At that point it becomes a matter of privilege as far as this House is concerned.

I suppose it may be said that the New Democratic Party in the Northwest Territories is taking advantage of the fact that many people have come in from all over that vast area and decided that it would be a good time to hold a convention. I think this makes good sense. It probably means saving money, because people might make the trip only once, rather than twice. And to suggest that a convention held in the basement of a motel in Hay River would interfere with the carrying on of the Arctic Winter Games is utter nonsense.

On the other side of the coin, persons like Mr. Stewart, who is president of the Arctic Winter Games Host Society and Mayor of Hay River, by taking these various steps to interfere with the election process are probably infringing the Canada Elections Act itself and this, consequently, is a case of privilege as far as hon. members here are concerned.

• (1522)

The things which have happened are too many for this to be accidental. There was the written invitation. It was not just one of those printed cards which might go to anyone. It was a personal letter. There was an acceptance. Then there was the telephone call saying that unless this convention was postponed the invitation would be rescinded. There were calls not only to the hon. member's office in this building but also to the office of the leader of this party. Then there is the fact that the name was omitted from the list of those attending the opening Sunday afternoon. There is the fact that there was no invitation to attend the reception held by the government of the Northwest Territories on Monday night. As I say, these things add up to an attempt to dissuade a member of this House from pursuing his rightful privilege of being a candidate for nomination for the next parliament.

I felt this matter should be raised without further delay. Obviously, Your Honour would not want to rule until the hon. member himself has returned from the games, and I hope he will be re-nominated tonight. Your Honour would want to look into this, as would the Minister of State (Fitness and Amateur Sport), perhaps the Minister of Indian Affairs and Northern Development (Mr. Faulkner), and perhaps also the Deputy Prime Minister (Mr. MacEachen), who is in charge of the Canada Elections Act. However, I decry in the strongest terms this kind of interference on the part of local officials. Your Honour might, under normal circumstances, tell me to complain to those officials up there, but the fact is they are operating a function which is funded by the federal government.

I decry, in the strongest terms I can use, these practices which interfere with the rights of any citizen but particularly with the right of a member of this House of Commons to seek re-nomination so that he can return to this House. It is a matter which is the cause of a great deal of concern in the north. I have had read to me some of the things that are appearing in the newspapers. There is a feeling that there was an element of discrimination against the hon. member in his own person for certain reasons which I need not state, and I think the matter should be cleared up.

I am a little sorry that my friends to my right seem to think that the blame should be put on hon. members opposite. I do not want to blame the hon. minister opposite. I want her help. The hon. member for Northwest Territories says the minister was most kind to him when she spoke to him Sunday afternoon after the event was over, and I am sure she would not condone what has happened, but I hope somehow this matter can be sorted out and, if the time comes when Your Honour feels that either I or the hon. member for Northwest Territories has a prima facie case of privilege, either he or I will be prepared to make the necessary motion to refer to the Standing Committee on Privileges and Elections the specific matter of certain officials interfering with the election process.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the chief magistrate of one of the host cities of the Arctic Winter Games has certain privileges in the administration of his city, but I do not believe it is our purpose to determine the scope of those administrative duties here.

I would like to note that there are two separate matters at issue in the question of privilege raised by the hon. member for Winnipeg North Centre (Mr. Knowles), and I thank him for giving me the information he did at the beginning of the question period. The first is the alleged lack of recognition by the games organizers of the presence of the hon. member for Northwest Territories (Mr. Firth) at the opening ceremonies. The second point, I believe, is whether it was appropriate for the hon. member for Northwest Territories to use the assembly, for which all travel costs had been paid by the people of Canada, as an occasion at which to hold his nominating meeting for the next federal election in the Mackenzie constituency.

On the first point I would like to point out that there was a great deal of informality at the opening ceremonies of these games. The dais was crowded with honoured guests. Indeed, it was overcrowded with honoured guests, many of whom were not accorded public recognition in other than general terms.

As the hon. member for Winnipeg North Centre mentioned, I in fact did see the hon. member for Northwest Territories immediately after the ceremonies concluded. He was taking pictures from the front part of the dais, as he had moved himself from the seat he had, closer to the second row. The hon. member approached me, and I told him that if I had known he was there I would have recognized him in my preamble, as I certainly would have. However, I would like to note that there was no introduction of guests on the program. There was a spoken program. A man was acting as M.C.

Also on the platform was the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Milne), and he was not introduced either. I am sure that the parliamentary secretary was not being intimidated because he intended to have his nominating meeting for Peel-Dufferin-Simcoe as part of the opening of the Arctic Winter Games.

On the second point, which I feel is the more important point, the propriety or lack of it with regard to using the Arctic Winter Games as a vehicle for a collective meeting of northerners for a nomination meeting, I can only say that hon. members opposite have frequently said to me that they wish to see less involvement of politics in sport.

I am absolutely not in a position to comment on what was said between the mayor of Hay River and the hon. member for Northwest Territories. I have no way of establishing what was said in that conversation or if, indeed, it took place, as I am quite sure the hon. member will tell me when he returns. What one individual says to another is quite beyond the realm of purview of my ministry. However, just before making this statement I confirmed that the hon. member for Northwest Territories was and is a fully accredited official of the Arctic Winter Games. In addition, the Arctic Winter Games organizing committee has the hon. member registered as a V.I.P. of the society, which, I understand, grants him automatic inclusion in all events.

I regret very much that any slur might be cast upon the Arctic Winter Games, and I know that is not the intention of the hon. member for Winnipeg North Centre. The Arctic Winter Games is the largest event of this type in the world above the 60th parallel, and since more than 600 athletes from Alaska, Yukon, and the Northwest Territories, organizers and volunteers, are all involved, I do not believe any of them should suffer because of the politicization of superb hospitality and fellowship for which these games are famous. I regret that the hon. member for Northwest Territories feels that a discourtesy has been done him, and I hope that we may look forward to the next Arctic Winter Games in 1980 in Whitehorse without any such charges of political opportunism being levelled.

Mr. Erik Nielsen (Yukon): Mr. Speaker, I will be brief. I cannot understand what all the fuss is about. I think the question of privilege is quite spurious. I can see nothing wrong with the holding of a convention, whether it be at the Arctic Winter Games, at the Sourdough Rendez-vous or anywhere else. The question is one of popularity between a local member of parliament and local officials. I can only express my disappointment.

The minister has said that the hon. member for Northwest Territories (Mr. Firth) is a fully accredited official of the Arctic Winter Games. I was not even invited, and yet my constituency is very vitally involved in this event of such magnitude, as the minister describes it, above the 60th parallel.

I can see nothing wrong in what has happened. As I say, it depends entirely upon the popularity of the hon. member involved with his own local officials, and perhaps he should improve his p.r. The Liberals held a convention in the middle of the Sourdough Rendez-vous a few years ago. I found nothing wrong in that.

Before I resume my seat, Mr. Speaker, with respect to Your Honour's announcement on the question of pages for the House of Commons—and I cast no reflection on Your Honour's announcement in this respect—the territories were omitted, and they should be included.

Mr. Speaker: On that last point, just to set it aside, I attempted to do this orally in a very quick way. The intention is to seek—and I did not get into numbers—36 pages in that respect, three from each of the areas, the ten provinces and the two territories.

● (1532)

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I would like to address myself to two questions that have been raised during the question of privilege. I must say that I was quite disappointed in the minister's response to what I thought was a very courteous and generous presentation of the issue by the House leader of my party.

The issue raised by the hon. member for Winnipeg North Centre (Mr. Knowles) in terms of holding a convention for any political party in Canada was that there should not be any kind of intimidation by any local group in this country, particularly a local group that has been federally funded, and that could inhibit that process. The local group concerned, if I understand it correctly, was appointed by the minister who spoke on the issue, intimidated—and I will use it openly—the member for the Northwest Territories (Mr. Firth), who happens to be, and it has not been mentioned, a Metis in this country. For that reason, he happens to be a little more sensitive maybe than the rest of us when he is subjected to what most of us could call a put-down by the white majority.

I think it is useful for us to discuss this issue, but not so naively as to assume that a minority feel just the same as the rest of us when they are confronted by such a situation. The hon. member for the Northwest Territories, in my view, very appropriately, in terms of the interests of the people he represents in that part of Canada, decided to have a political convention. It is true that he chose a time when a lot of people were coming in for another function, and it is true that they were going to be using public funds for that convention. I would like to point out to the minister that most of these people might not have been able to come the hundreds of miles to a political convention if such had not been the case.

The minister, who sort of oozed her way around the point that perhaps the hon. member for the Northwest Territories was inappropriately having a convention at that time, was incorrect. It was quite the contrary. I would like to see all of the political parties—and I am not making a criticism of the other parties—seize such opportunities, in a part of the country where most people are too damned poor to attend a political convention. Rather than seeing it as a fault, Mr. Speaker, I see it as a virtue.

The member for the Northwest Territories—and let us not be naive about that either—is going to get the nomination. He has done a good job, and there is no local opposition to him for the nomination. All he wanted to do was take advantage of the event and schedule the convention when it was going to be open to a lot of people who are in the main poor and spread over hundreds and thousands of miles. What happened was that a local official, for God knows what reason, but certainly not a good reason, attempted to intimidate that member and said, "No, you can't have this convention at this time or we are going to strike you off from the official list of participants in the opening of these important games."

I say that is wrong. There was nothing wrong with the scheduling of that meeting. I repeat, I would be happy if all the political parties of Canada could schedule their meetings at a time when people could attend. Once again, it was poor people in the main. I resent the minister getting up, and instead of replying with some courtesy to what I took to be a courteous and generous comment by the House leader of my party and, indeed, courteous comments of the member for the Northwest Territories himself, implying that it was inappropriate for him to have a convention at that time. That kind of suggestion on her part, to put it euphemistically, was less than gracious.

I do not want to take up the time of the House. As the hon. member for Winnipeg North Centre stated, it is a ruling that you will have to make, Mr. Speaker, and it should probably be left over to a later date when the hon. member is back in this House. I wanted to make the comments that I did today because, instead of responding in an appropriate way, the minister who entered into the debate did just the opposite. Instead of coming to the defence of an hon. member in this House, who is trying to do his job in a democratic fashion, the minister brought up a spurious point and hurled irrelevant abuse in his direction.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, if I may make a very short contribution to the question of privilege, there is nothing wrong with any member of parliament taking advantage of a public occasion to hold a nominating convention. That is not a bad thing to do, and the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) ought not to give umbrage to an hon. member doing just that.

The Minister of State for Fitness and Amateur Sport did not take advantage of the suggestion of the hon. member for Winnipeg North Centre (Mr. Knowles) that perhaps the other ministers involved would like to take part. If it is to be an issue—and the issue for you to decide is whether it is a question of privilege at all—we had better have all of the facts, including those of the hon. member for whom the nominating convention is alleged to have caused such great difficulty that the mayor of Hay River may have taken what I regard as a most unusual step. We are not here to determine the privileges of the members, and I think it might be appropriate to listen to the hon. member before we go any further. I suggest to you, Mr. Speaker, that there are some considerable doubts as to whether it is a question of privilege.

I want to point out, however, that the New Democratic Party has successfully used up 37 minutes of time on this issue whereas we could have been dealing with the bill involving the northern pipeline.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I do not intend to use up any more time except to say that it is important to this country

as a whole, particularly with respect to a matter that can be argued later, that we get to dealing with the bill on the northern pipeline, which can have some significance for the country and which, hopefully, we may be able to deal with in all final stages before the House rises at six o'clock today.

Mr. Speaker: Order, please. There has been rather lengthy discussion on this matter today, particularly in light of the fact that it remains to be established whether the matter does touch privilege. There are some serious concerns about it, and it is a very substantial matter. However, it does appear to relate to events outside the House essentially, and also to nominating conventions.

I am fascinated by the argument made by the hon. member for Winnipeg North Centre (Mr. Knowles) initially, which does not come to the assistance of his general proposition, but which is that since members of the House as elected members really have no propriety or property in the nominating process, but it is that of a party, it may be a grievance among the local officials and the New Democratic Party of that particular area. It is difficult to extend it to members of the House because, in fact, the member of the House has no more right to be at that nominating convention as a candidate than any other candidate, who in this case does not exist.

In any event, I am not making a final ajudication. I simply say the matter is complicated, and if it is to be established as a question of privilege it would have to be done so on the basis of the intervention, that has been suggested, by the hon. member for the Northwest Territories (Mr. Firth). Accordingly I agree with those who have suggested that the matter ought to stand over until the hon. member himself is here and has had the opportunity to give us the benefit of his presentation. Perhaps then there may be contributions by other hon. members.

I have received notice of what I think may be an acceptable and very brief question of privilege by the Postmaster General (Mr. Lamontagne).

* * *

[*Translation*]

PRIVILEGE

MR. LAMONTAGNE—POSTAL SERVICE

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I rise on a question of privilege. I shall be brief, because the bill dealing with the pipeline is more important. When a reputation has been attacked, I feel it is sometimes necessary to set the record straight and make public concrete evidence to dispel certain allegations.

Ever since I was elected to the House of Commons, I have noticed that hon. members are used to asking questions about the Post Office, the mail delivery, and that they often include in their preambles comments which are sometimes unfair and generalizations which smack of demagogy. They recall incidents which may have unduly undermined the confidence the Canadian public should have in the Post Office Department.

[*English*]

You will remember the incident of an offering to my predecessor, which was a Christmas cake that was accidentally damaged. You will remember the story—

An hon. Member: What is the question of privilege?

Mr. Lamontagne: I will come to it, sir.

There was an accidental mail spillover on Highway 401 that was made into a horror story, and yet was purely an accidental incident. Even yesterday the hon. member for Yukon (Mr. Nielsen) gave me a bundle of misdirected mail which arrived in the Yukon instead of Montreal. It, too, probably was an accidental incident.

Such stories tend to have an effect on our management and a great majority of our workers. I would like to mention something which happened in the last few days which indicates that the Post Office does not do everything wrong.

• (1542)

A few days ago I received a letter from Montreal. As usual, it took only one day to come from Montreal to Ottawa. The letter will confirm this.

[*Translation*]

I am sending you, under separate cover, the traditional Easter egg.

This Easter gift was in a way a show of confidence in the Post Office.

[*English*]

Mr. Speaker, this being the start of Holy Week, a time when all the faithful show compassion and generosity, it is my intention, with the permission of hon. members, to deposit this egg and a copy of the letter in the National Post Office Museum. This will reassure all Canadians, especially those in Toronto and Montreal, that not only is there great hope in the future for the Post Office—

Some hon. Members: Order, order!

Mr. Speaker: Order, please.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEE OF THE HOUSE

JUSTICE AND LEGAL AFFAIRS

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I have the honour of presenting the third report of the Standing Committee on Justice and Legal Affairs.

House of Commons

LABOUR, MANPOWER AND IMMIGRATION

Mrs. Ursula Appolloni (York South): Mr. Speaker, I have the honour to present the first report of the Standing Committee on Labour, Manpower and Immigration, in both official languages.

* * *

PUBLIC SERVICE

TABLING OF ANNUAL REPORTS RESPECTING SUPERANNUATION ACT AND SUPPLEMENTARY BENEFITS ACT

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, on behalf of the President of the Treasury Board, and pursuant to Standing Order 41(2), I take pleasure in tabling, in both official languages, the 1976-77 annual report on the Public Service Superannuation Act, and the 1976-77 annual report on the Supplementary Benefits Act.

* * *

HOUSE OF COMMONS

MEASURE RESPECTING DURATION OF PARLIAMENTS

Mr. Douglas Roche (Edmonton-Strathcona) moved for leave to introduce Bill C-429, respecting the duration of every House of Commons.

Some hon. Members: Explain.

Mr. Roche: Mr. Speaker, I can explain this bill very briefly. Its purpose is to standardize the time for federal elections in this country so that a general election would be held every four years on the third Monday of June. In the event that a government loses the confidence of parliament, then an election would be held immediately, and thus parliamentary democracy would be preserved. The present system during majority parliaments turns election dates into protracted guessing games that disrupt the normal flow of business both within and without parliament. The selection of the election date ought not to be at the political whim of the Prime Minister, but should be fixed in law for the good of the country.

Mr. Speaker: Order, please. With some procedural reservations about whether that has to do with the duration of parliament or the duration of the House of Commons, I am prepared to put the motion.

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

[Mr. MacGuigan.]

CANADA STUDENT LOANS ACT

MEASURE TO AMEND

Hon. John Roberts (Secretary of State) moved for leave to introduce Bill C-37, to amend the Canada Student Loans Act.

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

* * *

CANADA COUNCIL ACT

MEASURE TO CHANGE COUNCIL NAME

Mr. J. M. Forrestall (Dartmouth-Halifax East) moved for leave to introduce Bill C-430, to amend the Canada Council Act (Killam-Dunn).

Some hon. Members: Explain.

Mr. Forrestall: Mr. Speaker, the explanatory notes with respect to this are very brief. It is in recognition of the contribution to the establishment of the Canada Council by two great industrialists and Canadians, Mr. Killam and Mr. Dunn. The purpose of this bill is to recognize, as I have indicated, the special and significant contribution of the late Sir Isaac Walton Killam and the late Sir James Dunn, two Canadian industrialists and philanthropists, which made possible in a very significant way the establishment of what is now the Canada Council. This bill would change the name of the Canada Council to the Killam-Dunn Council.

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

MEASURE TO CHANGE COUNCIL NAME

Mr. Fred McCain (Carleton-Charlotte) moved for leave to introduce Bill C-431, to amend the Canada Council Act (Killam-Dunn).

Some hon. Members: Explain.

Mr. McCain: Mr. Speaker, the introduction of this bill is for a purpose parallel to that of the hon. member for Dartmouth-Halifax East (Mr. Forrestall). It is in recognition of the fact that these two gentlemen, who were born in the Atlantic area, contributed to Canada's welfare and in turn contributed indirectly, but by the will of parliament, to the formation of the Canada Council. Their names should be remembered as the Canadians who created this fund. Therefore, it should be named the Killam-Dunn Foundation.

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

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 935, 1,082, 1,112, 1,118, 1,166, 1,200, 1,244, 1,301, 1,344, 1,345, 1,346, 1,347, 1,348, 1,349 and 1,350.

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

[*Text*]

REACTIVATION OF BOUNDARY BAY AIRPORT

Question No. 935—**Mr. Friesen:**

1. Does the Department of Transport have any plans to re-open Vancouver's Old Boundary Bay Airport and, if so, what type of aircraft would have the use of the facility?

2. (a) What is the estimated cost of bringing the facility up to standards (b) on what date would the work begin and what is the estimated length of time it would take to complete?

3. What amount was spent on the Airport in each of the past ten years by (a) DND (b) DOT (c) PW (d) S&S?

4. Approximately, how many light aircraft per month could be diverted to this location from Vancouver International Airport facilities?

5. What is the nature of negotiations with the municipality regarding increased use of municipal facilities i.e. roads etc. as a result of the ugrading?

6. Will the local municipality have to bear the cost to maintain access to the facility and safety procedures for those using the beach area?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Transport Canada and the Departments of National Defence, Public Works and Supply and Services as follows: 1. Transport Canada is investigating the possibility of reactivating a portion of the Boundary Bay Aerodrome to accommodate piston engine and turbo-prop aircraft weighing less than 12,500 lbs. gross take-off weight.

2. (a) Preliminary cost estimates, which are currently under review, range from one to six million dollars depending on the standards to which the airport will be reactivated. (b) Reactivation of Boundary Bay Airport must await the completion of an Environmental Impact study for which the completion date is presently unknown, as well as a study of the financial impact upon present general aviation users of Vancouver International Airport. Therefore the proposal to reactivate Boundary Bay has not yet been approved. For these reasons, it is unlikely that any major reconstruction program would start before April 1, 1979, and would probably require up to two and a half years to complete.

3. (a) Old Boundary Bay airport was vacated by DND in 1971, and no financial records were retained except for data associated with caretaker—security service, which amounted to $33,000.00 during the fiscal year ending March, 1972. (b) Transport Canada has invested no Capital funds at the site since taking over the administration of the Aerodrome in June, 1972. The only identifiable O&M expenditure was a water bill in 1973 for approximately $30,000. (c) Public Works—None. (d) Supply and Services—None.

4. It is estimated that 50,000 aircraft movements (i.e. landings and take-offs) per year could be diverted from Vancouver International Airport to the Boundary Bay Airport. These movements can be attributed to approximately 150 aircraft that could be relocated from Vancouver International Airport to Boundary Bay.

5. Transport Canada has held preliminary discussion with the Municipality, the Corporation of Delta, on matters related to the demand for water, sewer and road facilities which may result as the aerodrome is reactivated. In addition, we have held preliminary discussions with the Municipality on the subject of the latter operating the proposed airport.

6. The cost of maintaining the access road to the Airport from the municipal road bordering the site will be the responsibility of the operator of the Airport (i.e. Transport Canada or Corporation of Delta). All aviation safety standards will be enforced.

NATIONAL FILM BOARD—MRS. JOCELYN PELCHAT-JOHNSON

Question No. 1,082—**Mr. Cossitt:**

1. Is Mrs. Jocelyn Pelchat-Johnson employed with the National Film Board and, if so (a) in what position; (b) what are all the qualifications that she possesses for her present job; (c) was she appointed to her present position by means of a competition and (i) if so, what are all the details of the competition including dates, etc. (ii) if not, for what reason; (d) is the government aware as to whether or not Mrs. Johnson holds separatist views?

2. Is the government aware that she is the daughter-in-law of the former Premier of Quebec, Mr. Daniel Johnson?

3. Is it government policy to permit government agencies, such as the National Film Board, to employ persons with separatist viewpoints?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1. (a) Yes, her title is Chief of Information and Promotion. (b) In addition to having academic training in law, Mrs. Pelchat-Johnson had also acquired relevant experience in films, as she had, until she joined the National Film Board, been the assistant to the President of Faroun Films, one of the largest film companies in Quebec. She had also been in charge of the technical aspect of the Montreal Film Festival. It should be pointed out that Mrs. Pelchat-Johnson started to work for the NFB on September 3, 1975 as a distribution officer for the Commercial Division, Television Section, and was selected in a competition open to persons outside the Public Service. At that time, there were two vacancies and Mrs. Pelchat-Johnson was selected for one of them. (c) No. Because appointments at a certain level are at the discretion of the Division Director. However, a number of persons within the Public Service were approached about the position, and it was Mrs. Pelchat-Johnson who was finally appointed. (d) Our employees' political views are not among the criteria we consider when we hire them.

2. Yes, the selection board members who interviewed the candidates knew that Mrs. Pelchat-Johnson was married to Daniel Johnson Junior, the son of the former Premier of Quebec.

Order Paper Questions

3. The NFB's hiring policy does not discriminates on the grounds of sex, religion, social status or political views. Competence is always the key concern in hiring.

EXPENDITURES BY DEPARTMENT OF THE SOLICITOR GENERAL IN CONSTITUENCY OF NICKEL BELT

Question No. 1,112—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of the Solicitor General and those agencies that report to it?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): By the Ministry of the Solicitor General:

Canadian Penitentiary Service and National Parole Service

Fiscal Year	Total Expenditures
1970-71	Not available
1971-72	Not available
1972-73	$123,570.16
1973-74	$120,069.00
1974-75	$155,586.84
1975-76	$147,072.58
1976-77	$205,356.38
April 1, 1977 to Dec. 31, 1977	$206,633.00

Royal Canadian Mounted Police

Fiscal Year	Total Expenditures
1970-71	$143,900
1971-72	$142,600
1972-73	$161,000
1973-74	$135,600
1974-75	$265,100
1975-76	$323,200
1976-77	$498,500
April 1, 1977 to Dec. 31, 1977	$293,100

Ministry Secretariat
National Parole Board

Nil

EXPENDITURES IN CONSTITUENCY OF NICKEL BELT BY DEPARTMENT OF PUBLIC WORKS

Question No. 1,118—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Public Works and those agencies that report to it?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology):

Fiscal Year		$
1971/72	—	55,318
1972/73	—	66,764
1973/74	—	56,112
1974/75	—	70,713
1975/76	—	233,211
1976-77	—	185,246
1977/78 (to December 31, 1977)	—	223,748

Information prior to April 1, 1971 is not available as per the Government of Canada's General Records Disposal Schedule.

[Mr. Roberts.]

CONTRACT WITH FINANCIAL COLLECTION AGENCIES

Question No. 1,166—**Mr. Cossitt:**

1. Did Financial Collection Agencies, 170 Metcalfe Street, Ottawa have a contract or arrangement with the Department of Finance for collecting unpaid student loans while such loans were under the administration of the Department?

2. Since December 1, 1977, does Financial Collection Agencies have a similar contract or arrangement with the Department of the Secretary of State and, if so (a) what are all the details concerning the contract or arrangement (b) what fees were paid to Financial Collection Agencies since their services were engaged and what percentage of the amounts collected back did the Company retain?

3. Did the Department of Finance or any other person in the government permit Financial Collection Agencies to use the government telephone system for working on such collections and, if so (a) what is the name and job designation of the person giving such authority (b) over how long a period of time did this last (c) what would be the estimated amount saved by Financial Collection Agencies by using the government telephone lines?

4. Were or are Financial Collection Agencies under instruction by the government that they could not use their own solicitors but must use the names of solicitors furnished by the government when legal services are required and, if so (a) what is the name and job designation of the person or persons giving such instructions (b) what are the names and addresses of all lawyers furnished to Financial Collection Agencies by the government and did the Department of Justice play any part in this matter?

5. (a) What are all the reasons Financial Collection Agencies were not permitted to use their own solicitors (b) who paid the legal fees and, if paid by the government, what was the total amount paid to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Deparment of Finance and the Secretary of State as follows: 1. A contract between the Department of Finance and Financial Collection Agencies Ltd. of Montreal concerning the collection of defaulted Canada Student Loans was negotiated in 1975 to cover the three year period ending December 31, 1978. This company has one of its branches at 170 Metcalfe Street, Ottawa, Ontario.

2. The contract between the Department of Finance and Financial Collection Agencies Limited continued in effect upon transfer of the program to the Secretary of State. The Public Service Rearrangement and Transfer of Duties Act under which the transfer was effected provides for continuation of any contracts in effect at the time of transfer. (a) Under the terms of the Contract, Financial Collection Agencies Limited are required to make their best effort to effect collection of all delinquent student loan accounts and to pay to the Government all amounts so collected. The contract requires the government to pay to Financial Collection Agencies Limited a fee equal to 25 per cent of amounts collected. The existing contract expires on December 31, 1978. (b) Since December 1, 1977, fees totalling $193,400.24 have been paid to Financial Collection Agencies Limited (subject to adjustment on reconciliation). As indicated in (a) above the Com-

pany does not retain any of the funds collected but receives a fee for its services.

3. No.

4. No. (a) Not applicable. (b) Legal action when required is taken by Department of Justice lawyers or lawyers appointed by that Department to act on behalf of the Crown (see 5 below).

5. (a) The Canada Student Loans Program Administration is under instruction by the Department of Justice to send all cases for litigation to that Department pursuant to the Department of Justice Act. (b) Only recently have agents been appointed by the Department of Justice to act on behalf of the Attorney General and, hence, no legal fees have yet been paid.

EXPENDITURES ON PRIME MINISTER'S TRIP TO ONTARIO

Question No. 1,200—**Mr. Cossitt:**

1. With reference to the Prime Minister's trip to certain Ontario points commencing on or about January 19, 1978 (a) what was the total cost to the taxpayer, including transportation, accommodation, food and drink for the Prime Minister and all those accompanying him on the trip (b) what specific government aircraft were involved in this entire operation and what was the total cost (c) what are the names and job designations of all those accompanying the Prime Minister at any time during this trip?

2. Did the Prime Minister during such trip order a government aircraft into the air to inspect the weather at a further scheduled stop and, if so at what cost?

3. Did the Prime Minister's schedule include attendance at various gatherings supported by the Liberal Party?

4. Will the government seek reimbursement from the Liberal Party of Canada for a share of the cost of the trip and (a) if so (i) what amount will be billed to the Liberal Party and how was the amount arrived at (ii) on what date (b) if not, for what reason?

5. Is it government policy to permit the Prime Minister the use of government aircraft and also taxpayers money on trips of a political nature?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Transport Canada and the Prime Minister's and Privy Council's Offices as follows: 1. (a), (b), re cost, and (c): See reply to Question No. 2,881, page 8266 of *Hansard* for October 17, 1977. (b) re type of aircraft: See Flight Details below.

2. No. Flight details: Minister, Rt. Hon. P. E. Trudeau; Type of Aircraft, Viscount; Dates, January 19-21, 1978; Point of Origin, Ottawa; Stops, Hamilton-Toronto; Termination/Destination, Ottawa.

3, 4 and 5. See reply to Question No. 2,881 answered October 17, 1977.

NON-PROFIT HOUSING DEFICITS

Question No. 1,244—**Mr. Herbert:**

Does the government accept, as part of any possible deficit on non profit housing, the inclusion of municipal and school taxes in cases where the provincial government has refused exemption from these taxes for such a project and would the federal coverage of 50% of any operating deficits cover the taxes which may be included in such deficits?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: Non-profit housing, financed under the terms of Section 15 and 15.1 of the National Housing Act, is intended to operate on a full recovery basis. Deficits in the operation of non-profit housing are, therefore, not anticipated. If they should occur, adjustment to the rentals would be required to offset any operating losses. Some units in a non-profit project may be occupied by tenants who pay rent according to their income on the basis of a rent-to-income scale. Losses incurred in the operation of such units are shared by the province or agency thereof, and the Federal Government, on a 50/50 basis under an agreement made under Section 44(1)(b) of the N.H.A. The total operating costs of the project would include municipal and school taxes for which the non-profit project would be responsible, if the provincial government had refused exemption from these taxes.

JULY 1 HOLIDAY

Question No. 1,301—**Mr. Jones:**

1. Is July 1 a legal holiday under the name Canada Day and, if so, by what legislation is this so?

2. Does the 1978 Post Office Calendar list July 1, 1978 as a designated holiday under the name Canada Day, and if so, is this a legal designation?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of the Secretary of State and the Post Office Department as follows: 1. The Holidays Act (ch. H-7, RSC 1970) stipulates that July 1 is a legal holiday and shall be kept and observed under the name of "Dominion Day". This provision has not been amended by Parliament.

2. Yes. "Canada Day", "Jour du Canada" has been used because such is the common usage to designate this holiday, although this designation has not been confirmed by law.

CONTRACT—WEAPON COMPONENTS FROM SAFARI ARMS LTD.

Question No. 1,344—**Mr. McKinnon:**

Has the Department of National Defence a contract with Safari Arms Ltd., 25 Jutland Road, Toronto, for weapon components and, if so, what are the specific components?

Hon. Barney Danson (Minister of National Defence): Yes. Forty seven various items applicable to the C3 Sniper Rifle; two components for 9MM Sub Machine Gun; one component for 7.62MM Rifle.

NATIONAL DEFENCE—ACQUIRING LIFE PRESERVING VESTS

Question No. 1,345—**Mr. McKinnon:**

Has the Department of National Defence ordered life preserving vests in the amount of $25,895 from Irvin Industries Canada Ltd. and, if so (a) how many (b) what do they preserve life against?

Hon. Barney Danson (Minister of National Defence): Yes. (a) Seven hundred. (b) To prevent drowning accidents during bridge building, bridge laying, deck work around water areas and water assault exercises.

Order Paper Questions

NATIONAL DEFENCE—ACQUIRING SNOWSHOES

Question No. 1,346—**Mr. McKinnon:**

1. Has the Department of National Defence ordered snowshoes in the amount of $187,782 from Magline of Canada Ltd. and, if so, how many pairs?

2. How many pairs of snowshoes do the Armed Forces hold on charge at the present time?

Hon. Barney Danson (Minister of National Defence): 1. Yes. 2,550 pairs.

2. 24,159 pairs.

NATIONAL DEFENCE—WIND TOWERS

Question No. 1,347—**Mr. McKinnon:**

Has the Department of National Defence ordered a wind tower in the amount of $24,437 from Wind Turbine of Canada Ltd. and, if so, for what purpose?

Hon. Barney Danson (Minister of National Defence): No. However, a contract for $24,436.80 has been awarded to Wind Turbine Co. of Canada Ltd. for the supply to DND of 18 self supporting communications towers.

NATIONAL DEFENCE—ENGINEERING SERVICES

Question No. 1,348—**Mr. McKinnon:**

Has Jatel Corporation Inc., 38 Elmdale Crescent, Ottawa provided engineering services to the Department of National Defence in the amount of $44,000 and, if so, what were such services?

Hon. Barney Danson (Minister of National Defence): Yes. Support to the Terminal Radar and Control Systems project and in particular the acquisition of terminal radars for selected airfields.

NATIONAL DEFENCE—ENGINEERING SERVICES WITH HARPER MANAGEMENT CONSULTANTS

Question No. 1,349—**Mr. McKinnon:**

Has Harper Management Consultants, P.O. Box 364, Manotick provided engineering services to the Department of National Defence in the amount of $40,000 and, if so, what were such services?

Hon. Barney Danson (Minister of National Defence): Yes. Technical investigations and engineering studies on ships electronic warfare systems during the period January 3 to December 31, 1978.

SONOBUOYS PURCHASED FROM HERMES ELECTRONICS LTD.

Question No. 1,350—**Mr. McKinnon:**

Has $3,087,605 worth of sonobuoys been ordered from Hermes Electronics Ltd. and, if so, are they considered as expendable stores when received?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): (a) Yes. (b) Sonobuoys normally have a shelf life of at least five years, but are expendable when used, i.e. when dropped from an aircraft.

[Mr. Danson.]

[*English*]

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

Some hon. Members: Agreed.

* * *

POINTS OF ORDER

MR. JONES—DELAY IN ANSWERING QUESTION NO. 145

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I rise on a point of order. I put a starred question on the order paper back in July. Again it was put on the order paper on October 19 as question No. 145. I still have not received an answer. At one time in November the parliamentary secretary indicated that he would provide an answer within a couple of weeks. That is a long, long while ago. I wonder if he can provide the answer within a couple of days.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the question concerns various departments. Unfortunately, I have not yet received detailed reports from each one of them and am therefore unable to give an adequate answer to the hon. member. He can rest assured though that as soon as I have all the information, he will be given a reply.

[*English*]

MR. TOWERS—DELAY IN ANSWERING QUESTION NO. 1,319

Mr. Gordon Towers (Red Deer): Mr. Speaker, I requested that the Postmaster General (Mr. Lamontagne) reply to question No. 1,319 before the Easter recess. It relates to the gold double-struck Olympic coins, which were struck under federal legislation. I am very disappointed in the Postmaster General, in that he did not answer that question. Perhaps if he tended to business, instead of capering around, we would all be better off, even those who are receiving mail.

* * *

[*Translation*]

MOTIONS FOR PRODUCTION OF PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, notice of motion for the production of papers No. 48 is acceptable to the government, subject to the usual reservations relating to confidential documents and authorization by the governmental authorities concerned.

Mr. Speaker: Is it the pleasure of the House that notice of motion for the production of papers No. 48 be deemed to be adopted?

Some hon. Members: Agreed.

[*Text*]

COPIES OF ALL DOCUMENTS CONCERNING INTERNATIONAL AGREEMENTS SINCE 1945 RELATING TO NAVIGATIONAL REGIME IN WEST COAST WATERS

Motion No. 48—**Mr. Munro (Esquimalt-Saanich):**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all documents, including international or intergovernmental arrangements or agreements, protocols, aides mémoires, etc., since 1945 relating to the navigational regime now in existence or to be set up in (a) the Straits of Juan de Fuca (b) the Haro Strait (c) the Gulf of Georgia (d) Rosario Strait (e) Puget Sound insofar as navigation and the control by one country or another or both of navigation in these waters is subject to bilateral arrangement of one kind or another.

Motion agreed to.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you be so kind as to call notice of motion for production of papers No. 60.

COPY OF APPROXIMATELY 1,600 JOB STUDIES IN CONSTRUCTION TRADES ACROSS CANADA

Motion No. 60—**Mr. Herbert:**

That an Order of the House do issue for a copy of the approximately 1600 job studies in the construction trades across Canada prepared in order to update the *Canadian Classification and Dictionary of Occupants* and contracted to Southam Business Publications, Don Mills, Ontario.

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, unfortunately I cannot follow up on that motion since information on employment which we asked contractors to gather for these studies can in many cases be considered as confidential by the business involved. That is why the firms which have provided contractors with information have received assurance from the former Department of Employment and Immigration that data provided would remain confidential. Given those circumstances, we cannot table those studies in the House of Commons.

● (1552)

[*English*]

Mr. Baker (Grenville-Carleton): Transferred for debate, Mr. Speaker.

Mr. Speaker: Transferred for debate.

* * *

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-3, an act respecting Canadian non-profit corporations, to which the concurrence of this House is desired, and that the Senate have passed Bill C-31, an act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1979.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed, from Tuesday, March 21, consideration of Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, as reported (with amendments) from the Special Committee on a Northern Gas Pipeline.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, in rising to speak to my motion No. 3, which is on the Order Paper today, I think I should start perhaps by making the observation that when Bill C-25, to establish an agency to oversee the construction of the northern pipeline, passes the House of Commons and work gets under way, this project will likely be the largest and most important ever undertaken by private enterprise in the history of the world.

Canadians in all parts of the country support very strongly the creation of a northern pipeline. They recognize that as well as having tremendous benefits to Canada in terms of ensuring that in future we will have adequate supplies of energy for Canadian needs, it will also have industrial spin-offs in all parts of Canada and will have enormous benefits in terms of business in the country, trade, and badly needed jobs. No Canadians more than Ontarians and Quebecers support the construction of the pipeline. They recognize that their interests as Canadians and as members of particular provinces lie very directly with the creation of the pipeline itself.

The central point which I hope to make in moving the motion I have proposed is that the government appears to be bulling ahead in setting up an agency to oversee the construction of the northern pipeline without having provided for input from the provinces in all parts of the country.

Under clause 17 of the bill a federal-provincial consultative council is to be created which would have responsibility for carrying out the objects of Bill C-25. It would consist of the Commissioner and a representative of the Yukon Territory, named by the governor in council upon the recommendation of the Commissioner and Council of the Yukon Territory, and one representative of each of the provinces of British Columbia, Alberta, and Saskatchewan, nominated by the lieutentant governors in council of each of those provinces.

Perhaps it would be worth while to take a short bit of the time of the House to go back and review the objects of the bill as listed on pages 2 and 3. The three very important objects are these, and I would remind hon. member that I stress the fact that the objects are national in scope. They do not simply affect one part of Canada, but affect the development and future security of energy supply for all of Canada. Object (d) is:

(d) to facilitate, in relation to the pipeline, consultation and co-ordination with the governments of the provinces, the Yukon Territory and the Northwest Territories;

It does not say just the western provinces, it says "the provinces", meaning all the provinces.

Object (e) states:

(e) to maximize the social and economic benefits from the construction and operation of the pipeline including the maximizing of the opportunities for employment of Canadians while at the same time minimizing any adverse effect on the social and environmental conditions of the areas most directly affected by the pipeline;

Again, although there are some areas of the country that will be affected more than others, no one part of the country is excluded from this object of the bill.

Object (f) does not refer to provincial, northern or western. Object (f) states:

(f) to advance national economic and energy interests and to maximize related industrial benefits by ensuring the highest possible degree of Canadian participation in all aspects of the planning and construction of, and procurement for, the pipeline while ensuring that the procurement of goods and services for the pipeline will be on generally competitive terms.

Earlier today during the question period we heard comments by the Minister of Finance (Mr. Chrétien) which amounted to an attack on the Premier of Ontario because of a letter he sent to the Prime Minister of Canada asking that he get under way in taking action on those proposals agreed upon by the provinces and the federal government to get the economy back on track. I believe the comments today, which were very unconstructive on the part of the Minister of Finance and will do nothing to help Canadians who today are unemployed, gave a very graphic example of this government's attitude toward co-operative federalism.

If we have problems in Canada today, for example the question of national unity, in large part the blame must be shouldered by the national government, by this government, because of its failure to consult with all the provinces and to share power with the provinces in determining what the national priorities will be for the development of Canada. If this government were serious about wanting to promote and foster national unity, and about building a strong, united, and harmonious country, it should show by example that it is prepared to open the doors and invite co-operation of the type from all levels of government.

It was with this intent in mind, of sharing in the decision-making process, and having the opportunity of input in the decisions which will affect the citizens of this province, that the Ontario Energy Minister, Mr. Reuben Baetz, came to Ottawa on March 14 to appear before the Special Committee on the Northern Gas Pipeline.

[Mr. Beatty.]

At that time Mr. Baetz argued very strongly about this federal-provincial consultative council being set up by the government to ensure that the objectives included in this bill are recognized and achieved properly. He argued that the government of Ontario and the citizens of this province ought to have their voices heard. I think the case made by the Ontario Minister of Energy was a compelling one.

That minister pointed out that Ontario is by far the largest market for natural gas in Canada; about 50 per cent of all the natural gas used in Canada today is consumed by Ontarians. He pointed out that, by far, Ontario is the largest potential market for gas from the Mackenzie Valley and Prudhoe Bay, particularly if a gas swap takes place. That is obvious as it would involve the transmission of gas to southern Ontario through the entire length of the pipeline. Ontario is also the largest producer of the goods and services which will be used in construction of the pipeline. Clearly Ontario has an interest in having some say in the policies which are set up and which will determine what sort of pipeline will be created.

The province and the people of Quebec, while not so immediately concerned with the pipeline project as are the citizens and the province of Ontario, will also be affected in the same way by decisions which will be made. The motion I propose is not simply to include a representative of the province of Ontario on this consultative mechanism, but also to include representatives of the other major consuming province, Quebec. The opportunity is here today for government members to show that they are concerned about the impact this pipeline will have on the citizens of these provinces, and to allow them to have some say in its development.

The province of Ontario has followed the pipeline hearings very closely and has been represented at many applications before the National Energy Board. Ontario was also represented on several occasions before the Mackenzie pipeline inquiry. Ontario is not requesting, and we should stress this, to be placed at the centre of the pipeline decision-making, but merely wants to be consulted and allowed to present alternative proposals on matters which very substantially touch it.

● (1602)

Liberal members on the committee see this federal-provincial consultative council as being responsible for the co-ordination of the pipeline in those areas where it is to be built. Unfortunately, I was out of the country on official business and was not able to be present at the committee meetings, but I have studied the transcript closely. If I understand their position correctly, government members of the committee see the bill in question as not being concerned with the pricing of gas for the Ontario and Quebec markets because this matter would go before the National Energy Board, but as being concerned with the construction of the pipeline. They also feel that if the Dempster lateral is built, a new regulatory agency might be set up for that project. Other members of the government feel that the government would successfully protect Ontario's interests. For some incongruous reason they feel that while the government is well equipped to protect the

interests of the consuming provinces, it is necessary to set up a federal-provincial consultative mechanism to ensure that the interests of the territories, British Columbia, Alberta, and Saskatchewan, were protected. Why is the federal government in a position to protect the interests of the consuming provinces but not of the other provinces? That was not explained.

If the pipeline is to be built for the benefit of all Canadians, according to clause 3 of the bill, we have to recognize that consultation should not only take place in those parts of the country where the pipeline is to be built, but the provinces that are to consume the gas should also be heard. The fact that decisions on pricing may be taken later by the National Energy Board does not alter the fact that the way the pipeline is built will largely affect the final price. Ontario and Quebec have a real interest in seeing how this pipeline is to be built.

I do not intend to go on at great length, Mr. Speaker, but I think it is worth while to put on record an editorial which appeared in yesterday's Ottawa *Citizen*. Members of the government will recognize that this newspaper is not known as supporting this party, but traditionally supports the government. The editorial deals with the presentation made to the committee by the Minister of Energy for Ontario, which is the position I am trying to take today on behalf of the people of Ontario and Quebec. The editorial has a headline, "Why Not a Seat for Ontario?" and reads as follows:

> Is it so unreasonable for Ontario, this country's biggest consumer of natural gas, to have a seat on a federal-provincial pipeline council?
>
> Ontario Energy Minister Reuben Baetz thinks not, and his argument makes sense.
>
> But he's having trouble convincing the Commons pipeline committee. Liberal MPs argue that because the federal government will look after the interests of the country as a whole, that committee's membership logically should be limited to representatives from the areas through which the pipeline will pass.
>
> These areas—the Yukon, British Columbia, Alberta and Saskatchewan—don't seem to feel that way. Alberta has already told Baetz to apply for membership and the others have indicated they support his bid.

Let me stress this again, Mr. Speaker. The other provinces which are to be members of the federal-provincial consultative body, support the proposal made by Ontario. The only opposition comes from this government in this House.

The editorial continues:

> Ontario is neither trying to cash in on a major western project, nor step on federal jurisdiction.
>
> This province, from its experiences with Syncrude and Polar Gas, merely wants to ensure that "the Canadian portion of the northern pipeline (be) constructed in the most economic manner."
>
> All in the interests of what Baetz calls "co-operative federalism." Nothing sinister in that.

I think this editorial makes good sense, Mr. Speaker. It is up to members of the government to explain why they oppose allowing people in the consuming provinces to have a say in decisions which will very dramatically affect the level of industrial development in this part of Canada and also the cost of energy to Ontario consumers. I believe that if the government today is willing to be flexible, this can be a step forward for federal provincial consultations and for co-operative federalism.

I must say I was disappointed to read the comments of one Liberal member, in the committee transcript. The fact that he is a Quebec member is irrelevant and does not bear on this. The fact that any member of the federal parliament should make such a gratuitous attack on another province can only be a blow to federalism. In the proceedings of the Special Committee on a Northern Gas Pipeline of March 14, 1978, the hon. member for Louis-Hébert (Mr. Dawson) is reported as follows:

> As far as co-operative federalism is concerned, I would not want to be very critical but I do not think co-operative federalism means Ontario, Ontario, and Ontario. I think it has to be more than that. I do not think Ontario should be involved whether it is the construction of a pipeline in western Canada or of a Quebec and Maritime pipeline perhaps being built in the province of Quebec in future years.

This sort of statement coming today with national conditions in Canada being what they are, can only serve to polarize Canadians and to drive a wedge between the provinces. I think it is important that members of this parliament, members of the Canadian government, prove that they are prepared to recognize the right of all Canadians in every part of Canada to have a say in decisions which will affect their lives and the economy.

I hope that members of the government who are present today will review the motion I have placed on the order paper. I hope that they will search their consciences and ask themselves what their constituents would want them to do—whether they feel that their constituents believe that the consuming provinces have a right to be heard in decisions which will affect them? I hope they will agree to allow this very sensible amendment to go forth with the support of all sides of this House.

Some hon. Members: Hear, hear!

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I just want to participate briefly and indicate that the government does not intend to accept this amendment. The purpose of the council is largely to deal with environmental and socio-economic matters, and it would seem to me that these relate almost entirely to the Yukon, British Columbia, Alberta and Saskatchewan.

I would suggest to the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) that he refer to clause 9(c) of the bill which provides that an agreement can be entered into by the provinces that are not already on the consultative council, to deal with such things as information pertaining to the pipeline. The issue that would perhaps be of most interest to Ontario would be the procurement policies to be pursued by the pipeline contractors. The province of Ontario has been invited to sign such an agreement and I suggest, in light of the interest that its representatives expressed in committee, that they do just that.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise to support the amendment presented by the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty). I think he

has outlined quite well the reasons why Ontario should be represented in the building of this northern pipeline. Not only are we going to be the major consumers of northern gas should the Dempster lateral ever be built, but we are certainly going to have a large role to play in providing the materials for the pipeline.

As the parliamentary Secretary to the minister of Indian Affairs and Northern Development (Mr. Milne) said the committee will look at environmental and other matters. We all know that has a relationship to cost of material, and that in turn has a relationship to the bids that will be submitted and accepted.

The whole point of the NDP intervention in this debate has been to seek amendments that would ensure that Canadian companies and Canadian workers receive the maximum benefits, in terms of contracts and jobs, from this great energy project. I therefore see much merit in having the province of Ontario represented, along with British Columbia, Alberta, and Saskatchewan, in the decision-making process.

As I stated in my first amendment, I hope that we will get 90 per cent or more of the contract work and jobs that the government has been promising but is unwilling to commit itself to in black and white in the legislation before us. The major portion of the steel, if Canadian companies win the bids, will be fabricated in Ontario. This is of immense importance to the province.

● (1612)

We know, of course, the provision in the treaty which relates to the eventual construction of the Dempster lateral, a provision which states that if the construction costs of the part of the pipeline which moves through British Columbia and the Yukon exceeds the estimates by a certain amount, then the requirement that the United States compensate for the construction of the Dempster lateral, decreases on a sliding scale according to the increase in the cost of the main line. Therefore, it seems to me very important, as I mentioned, that the environmental and other matters will have an effect on the cost of the main line. It seems to me important in view of the eventual amount of steel of steel to be used, if the Dempster lateral is built, that Ontario have a voice in this Council which is dealing with these matters, because of its interest.

I commend to the House the motion moved by the hon. member. I think it makes sense. I do not understand this government's reluctance to involve the province of Ontario. I think there is some similarity with the Syncrude project. We have had joint federal-provincial involvement in energy projects like this in the past. It seems to me to make sense to include Ontario in this provision at this time.

The Acting Speaker (Mr. Ethier): Order, please. Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): The question is on motion No. 3 standing in the name of the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty). All those in favour will please say yea.

[Mr. Symes.]

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to section 11 of Standing Order 75 the recorded division on motion No. 3 stands deferred.

The next question is on motion No. 5 standing in the name of the hon. member for Yukon (Mr. Nielsen).

Mr. Erik Nielsen (Yukon) moved

Motion No. 5:

That Bill C-25, An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be amended in sub-clause 20(6) by striking out lines 29 and 30 at page 11 and substituting the following therefor:

"not, without the prior approval of the Governor in Council and the Board, terminate, alter or amend".

He said: The purpose of the amendment here which has been agreed to by the government and which was supported by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), was to ensure that control of the ownership of the companies would not pass into foreign hands. After having read the shareholders' agreement very carefully and after referrring to the provisions of subsection 6 of Section 20, which we seek to amend, we simply restrict the discretion that resides under the shareholders' agreement in the NEB, and under subsection 6 of section 20 "in the minister". We restrict that discretionary process by enlarging it to place the responsibility on the governor in council of the making of any decision which would permit foreign control to occur over the ownership of the line once it has been financed and completed. If Canadian ownership does pass out of our hands, it is the responsibility of the government of the day. They have agreed to that amendment.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, might I just put it on the record that the government does concur with this amendment.

The Acting Speaker (Mr. Ethier): Order, please. Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion No. 5. (Mr. Nielsen) agreed to.

The Acting Speaker (Mr. Ethier): The next question is on motion No. 7 standing in the name of the hon. member for Calgary South (Mr. Bawden).

Mr. Peter C. Bawden (Calgary South) moved

Motion No. 7:

That Bill C-25, An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipline and to amend certain Acts in relation thereto, be amended in Subclause 29(1) by

(*a*) deleting the word "and" in line 10 at page 15

(*b*) striking out line 15 at page 15 and substituting the following therefor:

"to which the certificate is subject; and

(*c*) provided that such amount payable by the company shall not exceed 1 per cent of the actual costs of building the said pipeline."

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Yes, yesterday I raised an objection concerning the admissibility of this amendment, and at that time Mr. Speaker suggested that he preferred to hear the opinions of other members before deciding if the amendment was acceptable or not, but to avoid a loss of time, before other members give their opinion on this subject, I would like to add the following. We have checked the situation concerning another gas pipeline, that of Alyeska, and it cost about $70 million for an agency similar to that which we want to create under Bill C-25. This pipeline was relatively short since it extended for only 800 miles as opposed to a pipeline of 2,025 miles. It is quite probable, Mr. Speaker, that the cost of the pipeline agency established under Bill C-25 will exceed the ceiling mentioned in the amendment. As I said yesterday, this would oblige the taxpayers to pay the difference and we do not have the royal recommendation required to move the amendment, which means it would be out of order to do so.

The argument I would like to add today concerning the inadmissibility of the amendment is that we have an example to follow. It concerns a pipeline much shorter than the one which now concerns us, and this pipeline cost $70 million, whereas, under the suggested amendment, the cost of the agency to be assumed by the company would be limited to some $42 million.

This is why, Mr. Speaker, to prevent useless debate I ask that the amendment be ruled out of order.

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Winnipeg North Centre (Mr. Knowles) is rising on the same point of order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am not sure that I support the substance of this motion, in fact I suspect I would be against it, but I do rise to support its procedural admissibility. I always enjoy coming to the defence procedurally of something I may not agree with, but that is the position I take.

First of all, I should like to point out that when Mr. Speaker was giving us his preliminary review of all the proposed report stage amendments he did not raise any question about motion No. 7. This was not for want of his looking at the procedural aspects of the motions because he did question motion No. 2, and in due course ruled it out or order.

I followed the arguments put forward by the parliamentary secretary and I appreciate his point; indeed, I respect it. But it seems to me that what we have here is a motion in itself that corresponds to the situation of a private member seeking to move the reduction of a tax. That, I emphasize, Mr. Speaker, is permitted. A member cannot move for an increase in taxation, but on a number of occasions members have been allowed to move for a reduction in a proposed tax. When that has been done, members on the government side have argued that it upsets the balance of ways and means, that if the government loses money that it wants from one source it would have to make it up somewhere else. I have been around here long enough to remember when that argument carried some weight. But starting about 20 years ago it was discredited, it was argued that the phrase "balance of ways and means" really meant nothing even though the reduction in a tax might force the government to find the money somewhere else, it was still competent for a private member, without a Governor General's recommendation, to move a reduction in a tax.

● (1622)

What we are talking about here is a fee, tax, or cost that a private company would have to pay. The hon. member for Calgary South (Mr. Bawden) is seeking to impose a limit on how much that private company might have to pay. In the interests of procedural consistency and in the interest of applying the same rule today that we apply when there are proposals to reduce taxation, the Speaker's original hunch that No. 7 was not out of order should be confirmed today.

Mr. Nielsen: Mr. Speaker, the decision as made by Mr. Speaker yesterday when he was in the Chair was as put by the hon. member or Winnipeg North Centre (Mr. Knowles). He did go on to say that if it should emerge at some time during the debate on this motion that there might be the imposition of a cost to the Treasury, a decision could be made at that time as to whether it was procedurally out of order or not. Surely we should proceed with the discussion. Hopefully my friend from Calgary South will be able to convince the members of the government that the cap that he is proposing will not cost the taxpayer of Canada anything at all.

[*Translation*]

Mr. Pinard: Mr. Speaker, it is precisely to avoid this discussion that I found it appropriate to draw your attention, before it even starts, on a specific fact which I did not raise yesterday in the House, and on the fact that I made a comparison a moment ago between the construction of another pipeline and its administrative costs, which makes it most probable that the ceiling suggested in this amendment is too low and that Canadians taxpayers will have to pay something.

So I am prepared to participate in this debate today if, even given this new fact which I draw to your attention, you still feel that it would be preferable to have a debate on this question in order to reserve judgment on the admissibility of the amendment based on the representations of hon. members. To avoid undue delay, I thought that my drawing to your attention the fact which I have just stated and which I shall not repeat would suffice for you to reject the amendment as being out of order, because it will definitely cost the taxpayers something.

[*English*]

Mr. Speaker: The parliamentary secretary is quite correct, as is the hon. member for Yukon (Mr. Nielsen). I indicated that while there were some concerns expressed by the Chair in this matter, the preferable course would be to wait for debate on the motion to see what it was in detail that was in the mind of the hon. member for Calgary South (Mr. Bawden) with regard to the operation of this. If it turns out that the regime which he is proposing by virtue of this amendment does result in a charge on the Treasury, obviously the amendment would be out of order.

Mr. Bawden: Mr. Speaker, the hon. member for Drummond (Mr. Pinard) has supported extremely well the arguments that I have made in the figures that he quoted in his remarks a few minutes ago. Yesterday I sought the advice of the hon. member for Winnipeg North Centre (Mr. Knowles) who has spoken on this question in a technical sense today. I will not cover that again.

The hon. member for Drummond stated that in his research he found that the Alyeska pipeline, which ran for some 800 miles, had cost the federal authorities in Alaska an amount of some $7 million. He then quoted the much longer length of the Foothills pipeline and made an exact comparison. The hon. member has related a cost of $70 million that was spent by their regulatory agency, the successor to the Federal Power Commission now known as the Federal Energy Resources Commission.

As I recall, the Alyeskan pipeline cost something between $7 billion and $8 billion. Therefore the 1 per cent formula that I have proposed would present a more conservative estimate of cost if we applied the same percentage of the total cost of the pipeline as we find that the costs of the regulatory agency in Alaska cost that agency in comparison with the total cost of other pipelines.

It is important to recognize that the Alaska pipeline planning costs started out at a very early time after oil was discovered on the north slope. It was extended for many years. It was shut down. It was held up for all kinds of technical reasons and environmental reasons. The fact is it stretched out over probably three or four times as long a construction period as would have been the case if it had been pursued expeditiously.

It is interesting to note that the Alaska pipeline was constructed to a large extent above ground. It carries oil, not gas. It offers many more serious problems in traversing perma frost. A lot of the pipeline is elevated rather than buried.

In summary, I was pleased to have the hon. member confirm to me that a 1 per cent formula to limit the costs of government expenditures in this project will be completely consistent and somewhat more conservative than was the case in Alaska where so many more difficulties were encountered.

Clause 29 of Bill C-25 states that the pipeline will pay the cost, not only of the regulatory agency that is proposed, but also of other government departments that have inputs and charges to this agency over a period of time as their activities relate to the northern pipeline. In other words, all of the costs that are chargeable as they relate to the pipeline are to be passed on to the Foothills Pipe Lines Limited. This is acceptable. However, these costs that are passed on should be within reason.

It is for this reason that I have proposed this amendment. I am convinced, by everything I have seen over a number of years as they relate to government departments, that these things can and likely will get seriously out of hand. If no upper limit is placed, we are in effect giving the government a blank cheque as it relates to its expenditures. I am sure all Canadians would be concerned about giving this government a blank cheque, particularly those connected with the Foothills Pipe Lines Limited.

A limit such as I am proposing could easily be a vital matter when it comes to financing. As we hear about the difficulties that are to be expected and the problems of the Foothills Company, one of their greatest problems and difficulties will be arranging the financing. If the Foothills Pipe Lines Limited can make their estimate of some $4 billion for a massive project like this, surely the government can give some estimate of what its costs are going to be.

The people who will be principally involved in the financing of this, in the final analysis are going to be the large institutions which carry the debt. It is important when we are passing this bill to recognize that limits—

Mr. Speaker: Order, please. I wonder if I could ask the indulgence of the hon. member for just a moment. It seems the clearest way to get at the procedural aspects of this motion is to ask the hon. member to give some indication. The import of his amendment is to put a ceiling on costs passed along to the pipeline. It is unclear to me whether the effect of the amendment is to put a ceiling on the costs themselves or simply to put a ceiling on those costs that are passed by the public treasury to the pipeline company.

● (1632)

If indeed it does not control the total cost, but only that portion which is passed along to the pipeline company, the effect of the amendment could be to leave the residue of cost as a charge on the public treasury. If, however, the effect of the amendment is to control the cost in the total and thereby limit the amounts that are passed along, it would seem there is not a procedural problem; it is an amendment the merits of

which would be decided upon the floor of the House. All I want to hear from the hon. member is whether the effect would be to control the entire cost or simply that portion which is passed on to the pipeline, leaving the residue to be picked up by the taxpayer, in which case the amendment would require an amendment to the royal recommendation.

Mr. Bawden: I cannot be certain how the government or the pipeline agency will behave. If they know there is such a limitation in the legislation it might very well be they would work within the cost limitation proposed by the amendment. If, on the other hand, they chose, perhaps recklessly, to exceed this limitation, the cost would be carried by the public treasury. But it would depend entirely upon the activities and planning of the pipeline agency.

I feel it is important to bear in mind that this precedent will apply in the future to other massive energy projects. It could relate to pipelines in the southern part of Canada. Because of this it is important, in my view, that we do not allow the government an open-ended opportunity to spend money.

In relation to the point which Your Honour has made, I should like to make it clear that this formula would be much more generous if the pipeline were to be built in the southern part of one of our provinces or were related to other projects where similar government supervision was required. If, for instance, the agency proposed to overrun the expenditure limit suggested in my amendment, the money could easily be recovered from savings on future pipelines which might run through less difficult terrain. Over a period of time, the averaging principle would apply. As to the question of whether the government is likely to exceed this limit or not, I stress once again that the limit proposed is greater than in the case of the Alyeska pipeline and five times as great as the limit the Federal Resources Commission utilized in the United States.

Mr. Nielsen: On the point of order, Mr. Speaker, it is a very fine distinction which has to be made here. Your Honour has expressed the view that if there is a risk that the amendment might impose a charge on the treasury it would be out of order. With great respect, I submit there must be clear evidence that a charge would be imposed on the public treasury before an amendment ought to be ruled out of order on such grounds.

The amendment before us could be further amended. One per cent amounts to $40 million. The amendment could be amended by the imposition of a 10 per cent limitation, and no one in his right mind would expect the government to impose a $400 million ceiling. As the hon. member has just told us, $40 million is five times the amount the United States has mentioned in its legislation on a similar matter and it is far greater than in the case of the Alyeska pipeline which was desperately mismanaged. There is no reason whatever why the $40 million ceiling suggested should be exceeded. Indeed, the argument put forward by the hon. member for Calgary South would, hopefully, persuade most hon. members that the cost to the government with respect to the agency and the plethora of other charges to be incurred will amount to much less than the one per cent limit suggested by the amendment.

Hon. Mitchell Sharp (Eglinton): Mr. Speaker, during the discussion in the standing committee on this matter I raised some objection to this proposed motion, both on the ground that it did probably impose a charge on the public and also because I did not think a percentage of this kind, if it were realistic, would be anything but a floor under expenditure. I propose to deal only with the first of these arguments since it touches the question Your Honour has raised.

It seems to me this proposal is only important if it does actually put forward a limitation. So when the hon. member for Yukon says it could be amended to 10 per cent, he does not mean it seriously. It would have no purpose at all, then. The whole purpose is to restrict in some way a charge upon the company. If it is to be a restriction it could very well result in an additional cost over and above the amount payable by the company. This would fall upon the Government of Canada and thus the proposed amendment would require a message which recommended such additional expenditure.

I might add that if the hon. gentleman intended this to be a real restriction he could have amended his proposal very easily by saying, "provided that such costs shall not exceed one per cent" and by adding the words "that would be the cost imposed upon the company."

[*Translation*]

Mr. Pinard: Mr. Speaker, the hub of the problem is very simple. The question is whether there is a real possibility of financial involvement for the taxpayer. Thus what is suggested by the hon. member in his amendment is a ceiling, not on the cost of the agency created by the legislation, but on the cost of the agency created by the legislation and payable by the company, putting aside the possibility that extra expenditures be paid by taxpayers.

When the hon. member says in his amendment that the administrative cost, as provided for in clause 29 of the bill, namely the costs incurred for overseeing and monitoring the construction of, and procurement for, the pipeline should not exceed one per cent, he is saying that they are limited to one per cent as regards the obligation for the company to pay or assume it. But he does not give us any guarantee of that. He does not ask that the cost be limited to "one per cent", so that he himself, by the very nature of his amendment, is indicating the possibility and indeed the probability that taxpayers would have to pay that difference of one per cent. Such surplus is all the more likely, Mr. Speaker, since, as I mentioned earlier, the only concrete example of another pipeline is the Alyeska pipeline where the cost to the agency was $70 million.

An hon. Member: Yes.

Mr. Pinard: My hon. colleague says yes but that pipeline cost nearly $7 billion, so there is my one per cent. On the other hand, one can ask: Should the over-all cost be used as a criterion to determine what is going to be the real cost of an agency to monitor and scrutinize the construction costs of the pipeline? Should the over-all cost of the pipeline or its length or the difficult circumstances in which it is built be used as the basis for that determination? The real example I am giving you, Mr. Speaker, which could be used as the basis to determine whether or not there is a danger that the taxpayer will have to pay the surplus is a pipeline that covers only 800 miles. Ours is 2,025 miles. All this to say that there is a real possibility as a result of the very nature of the amendment that the taxpayer will have to pay the difference over the limit of $42 million being suggested by the hon. member in his amendment. So if the Chair is convinced that there is a real possibility that the state, the government and the taxpayer will have to pay an amount of money equal to the surplus of what is to be paid by the company when we have not received the royal recommendation, I suggest that the amendment should be ruled out of order.

In concluding, I would like to point out another aspect of the discussion which leads me to believe there is a possibility that the taxpayer will have to pay an amount for the cost of the agency beyond what is to be paid by the company. That is the argumentation put forward by the hon. member for Yukon (Mr. Nielsen). He himself admits that and says, Mr. Speaker, that if those costs are found to be higher than the one per cent suggested as a ceiling, an amendment can always be brought in. But the very fact of that possibility makes it all the more likely that the taxpayer will eventually have to pay the difference in the cost of the agency between the amount paid by the company and the actual cost, and the taxpayers will be paying for it.

For all those reasons, Mr. Speaker, I suggest you are faced with a situation where there is a serious and real possibility that the taxpayer will have to pay for the cost of the agency because the private company, in this case Foothills, is being told: You will only pay up to one per cent or about $42 million when there is a much smaller pipeline where the agency cost $70 million. There is also a serious possibility that the taxpayer will have to pay the difference because the hon. member for Yukon himself already anticipates the introduction of amendments to allow us to raise the ceiling proposed by the hon. member. For all those reasons, I submit that, not having received the royal recommendation, the amendment is out of order.

● (1642)

[*English*]

Mr. Speaker: Order, please. From a procedural point of view I indicated yesterday that the Chair had some reservations about the regime which was being set up here but wanted to understand it better and, indeed, what has happened is that the discussion today has given me a much clearer understanding of the implications of the amendment of the hon. member for Calgary South (Mr. Bawden). It raises a very difficult procedural problem because there is not the absolutely clear necessity of a charge upon the treasury which would usually enable the Chair to set the motion aside.

I now understand fully the intention of the hon. member for Calgary South. It is a measure of fiscal control on the operation, and therefore he is saying in his argument that what he is doing is not using this amendment in such a way as simply to limit that amount of money which is to be passed on to the pipeline by the government but rather is forewarning the government that, in providing the services that are required by the statute, it will suffer a limitation in the amount of money it can spend in respect to those services and pass on to the pipeline company, and therefore saying to the government that it does not have an open-ended cost recovery mechanism, and a blank cheque, as it were, to provide these services.

At first it appeared to me that that reasoning was sound and that the amendment could be allowed on procedural grounds. As I examine it, though, I am afraid that what it amounts to is this: In the first place, in addressing himself to the financial provisions that are contained here, His Excellency would be examining a statute which would be setting up a regime in which the government would be required to provide certain regulatory services at a cost which would not be subject to a limit, and that cost would be passed along to the private company and to the private sector by virtue of this section, and therefore would be no charge on the treasury.

The imposition of a limit, it seems to me, sets up either the possibility that the cost of providing these services would exceed the limit, in which case there would be a charge on the treasury which His Excellency could not have envisaged in giving his recommendation or, alternatively, the possibility that the government might have to come, in providing the services that are required of it in the statute, to a position in which it says, "These regulatory agencies that we are required to provide in this statute must be discontinued because we foresee that we have achieved the ceiling and, by virtue of this amendment, we cannot spend any more money. Therefore, we will have to take the regulatory agencies out of business".

I think that on the one hand the result of the hon. member's amendment would be a charge on the treasury. On the other hand, the one I have just described is surely a concept which is foreign to the statute as it now exists. If it is going to be introduced, it would have to be introduced in some other way because it seems to me to go beyond, in that respect, the scope of the statute as it was originally envisaged, and therefore it seems to me that on either one or the other procedural ground I have just cited, the amendment will have to be struck down.

Mr. Cyril Symes (Sault Ste. Marie) moved

Motion No. 4:

That Bill C-25, An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an

Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be amended in sub-clause 20 (1) by striking out line 34 at page 10 and substituting the following therefor:

"respect of that company with the condition that construction on any section of the route will not precede a negotiated settlement of any native claims involving the affected section."

Mr. Speaker: My recollection is that motion No. 4 is to be taken together with motion No. 6.

Mr. J. R. Holmes (Lambton-Kent) moved

Motion No. 6:

That Bill C-25, An Act to establish the Nothern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be amended by adding immediately after line 37 at page 12 the following new heading and clause:

"Native Claims

23.1 Notwithstanding this Act, any native claim, right, title or interest that the native people of Canada may have had prior to the coming into force of this Act in and to the land on which the pipeline will be situated continues to exist until a settlement in respect of any such claim, right, title or interest is effected."

Mr. Nielsen: Mr. Speaker, I rise on a point of order. It might assist the House if I were to mention—and ask for confirmation from the government—that motion No. 6 as put forward by us in the committee has been agreed to be the government.

[*Translation*]

Mr. Pinard: Mr. Speaker, I understand that motions Nos. 4 and 6 will be dealt with together, but that a separate vote will be required for each motion, because the government is not ready to accept motion No. 4 but would accept motion No. 6.

[*English*]

Mr. Symes: Mr. Speaker, the intent of motion No. 4 standing in my name is to amend the pipeline bill so that we can be assured that the rights and interests of the native people of the Yukon will be upheld by parliament if a pipeline is to go through territory which would affect them in terms of their land claims. The intent of the amendment is to ensure that pipeline construction would not proceed on a section upon which a native land claim settlement has not yet been negotiated. As many hon. members realize, the situation in the Yukon is fraught with difficulty as far as relationships between native and non-native people are concerned.

● (1652)

There is hope among the majority of Yukoners that the Alcan pipeline will bring economic benefit in the form of new business, and the creation of jobs for local residents, and that it will do so in such a way as to provide economic benefit without significant economic damage. This is a concern I share with those who reside in the Yukon Territory.

Yukoners do not have to look very far to see the damaging economic and social effects that accompanied the construction of the Alyeska oil pipeline in the state of Alaska. There they saw tremendous price increases as hundreds of people moved into the area and land became scarce, which drove prices up and affected accommodation, goods, services and wage rates. Prices escalated to the point where many people employed in normal businesses or in municipal or state governments left their jobs for jobs related to pipeline construction. As a result, many essential services in the communities of Alaska suffered. There is fear among Yukoners that a similar situation might arise, and unless we have very strict monitoring of the pipeline, many people will face inflation that may get out of control.

Many people—and I think of public servants whose wages are going to be held down by this government—may find themselves falling further behind as inflation escalates in the general economy due to pipeline activity. The pipeline could be a blessing or it could be a disadvantage for Yukoners. In that kind of economic milieu, one must also be cognizant of the social impact of the pipeline, not only on the white or non-native community, but on the native community as well. Again, one need only look at the situation in Alaska to realize the social upheaval that occurred in that state during the construction of that pipeline which was of a negative nature as far as native people were concerned. With the influx of many white workers from the south and their different value systems and attitudes, the native people saw what was left of their traditional always and social patterns challenged.

In looking at the Yukon Territory, we must recognize—the hon. member for Yukon (Mr. Nielsen) and the hon. member for Northwest Territories (Mr. Firth) will agree—that there is a great difference between the needs and situations of the native people in the Yukon and those indigenous people, the Inuit and the native people, of the Northwest Territories.

Mr. Justice Berger addressed himself to the social and economic implications of the proposed Mackenzie Valley pipeline for the indigenous people of the Northwest Territories. It was a thorough and exhaustive report which captured the imagination of northern and southern residents. Mr. Justice Berger stated in his report that the way we went about constructing a northern pipeline would tell us more about ourselves than anything else. It would tell us, who are the majority living south of 60, what we really believe to be the rights of those people living in the far north. It would tell us whether we put our own economic gains, through receiving energy from the north and jobs from construction, above the rights and interests of the people who have to live there after the pipeline has been constructed and the transient workers have moved on.

Mr. Justice Berger indicated that we have to accept and acknowledge the rights of the minority groups living north of 60. It is to the principle outlined in the exhaustive studies of Mr. Justice Berger and to a lesser extent the studies of Dean Lysyk that my amendment is addressed. We have to respect the rights of minorities in this country. Anyone committed to the principle of majority rule must acknowledge the other fundamental principle of a democracy, minority rights.

In the history of our country the acknowledgment of minority rights as they pertain to native people has been a very sad chapter. I need not catalogue the lists of broken promises and broken treaties that non-natives have perpetrated on the native people, who believed that when we signed something and when

we said we believed in the rule of law and justice we should be taken at our word, only to find later that the white man spoke with a forked tongue. More recently, the history of this Liberal government only confirms the suspicions of the native people that they will get a raw deal when there are only verbal assurances. Indeed, even when there have been written treaties or written guarantees, they have been broken.

As a parliamentarian, I can only hope for the best. In my view the best is to have something that is the law of the land enshrined in an act of parliament which will hold this government responsible for its provisions. The bill we have before us on the northern pipeline has in it no mention of native land claims or native rights. This is an essential matter that must be settled before the pipeline can proceed. I cannot foresee Foothills being able to go to the money markets of the world to raise the necessary capital for this pipeline unless the issue of native land claims has been settled. When I see no provision in the bill for settlement of these claims, I become very suspicious. Surely, to have my amendment accepted would put some pressure on the government to settle native land claims expeditiously and fairly.

Negotiations on native land claims in the Yukon Territory began in a serious way in 1973. Here we are in 1978 with only minimum progress having been achieved. We require some type of measure to force the government to stop dragging its feet on the matter of native land claims.

● (1702)

Surely we need to put some pressure on the government, through a legislative amendment, in order for it to get down to business and to recognize that the land claims must be settled fairly before the pipeline can proceed. If that amendment is contained in the legislation, then there is the pressure of law and the pressure of the company to get these claims settled as well. Because we have that amendment in law, hopefully it will ensure a just settlement, and not have native people settling with a gun held to their heads. I understand that is the fear of many of the native people of the Yukon Territory: unless there is a hard provision in this bill, they will be sacrificed to the expediency of getting the pipeline constructed.

In this regard I should like to refer to the testimony of the chairman of the Council for Yukon Indians, when he appeared before the Lysyk inquiry, which was studying the issue of native land claims and environmental problems in the north. Before that inquiry, the chairman said the following:

> A pipeline now would mean a substantial influx of white immigration both as a direct and indirect result of the project. We would become an even smaller minority in our own land. We would have no land and no resources. We would have almost no political influence and decisions would be made by the vast white majority which would control our lives. We would not have had time to develop our own structures of decisions making and we would have no land or resources to make decisions about. We would be relegated to the political backwaters of our own land. We would remain an underdeveloped people with no prospect for improvement. Our constitutional and aboriginal claims to self-determination would be effectively lost.
>
> It would turn the land claims negotiations into an elaborate, although perhaps dramatic, farce, with our people relegated to playing a few bit parts in the scripts.

[Mr. Symes.]

That was the fear expressed by the Council of Yukon Indians. I believe it is still the fear of that group today.

We have received assurances from the president of Foothills indicating that he would not proceed to build a pipeline through that territory without the people in the affected region agreeing to it. I should like to refer to his policies and undertakings recorded in the transcription of his appearance before the National Energy Board. In particular I refer to the December 10, 1976, transcription under the heading: "Settlement of Land Claims and Public Acceptance of the Project". Mr. S. R. Blair stated the following:

> Foothills has taken the position that construction of a pipeline in Yukon should not proceed until there is a broad acceptance of the project by the residents of that area.

Of course that is open to interpretation. How does one define broad acceptance? Is that 10, 20, 50 or 60 per cent of the people? Approximately 20 to 30 per cent of the residents of the Yukon are of native origin. They are not an insignificant minority. Surely if the president of Foothills has given an undertaking that he will not proceed unless there is a broad acceptance on the part of the residents of the area, then the amendment which I have put forward is not unreasonable in terms of the opinion of the company itself.

One factor of the Foothills application which impressed Canadians, over that of the Mackenzie Valley one by Arctic Gas, was the commitment of the company to listen to the people of the area and to take account of their needs. Thus, in light of that testimony, I think my amendment would be acceptable to the company, given Mr. Blair's commitment to the people of the area.

Now, the government has undertaken preliminary negotiations. A planning council has been set up. This planning council is a government agency which was set up to negotiate with the native people. This was an attempt as expediting the negotiations. The planning council indicated that the goals of a settlement were as follows:

> Restore, protect, preserve and guarantee the identity of Yukon Indians and their freedom to choose a way of life in harmony with their cultural heritage.
>
> Provide land and other forms of compensation to the Yukon Indian people to compensate them for loss of lands traditionally used and given up under the settlement so that they may have the opportunity to build an economic base equal with that of other Yukon citizens.
>
> Provide the Yukon Indian people with the incentive and opportunity to have their rightful say, within the context of a one-government structure, in the decisionmaking authority which governs their everyday life.

That is a commitment of goals on the part of a government negotiating committee. I submit these goals are perfectly consistent with the amendment I am proposing today.

The native people in the Yukon Territory are not as dependent on land and the migratory hunting way of life as the people in the Northwest Territories and the Mackenzie Valley. Native people have been assimilated more into the white economy in society in the Yukon. Indeed, some native people have undertaken economic ventures in mining and what-have-you. That is to their credit. But a great sense of commitment to the land by these people still exists, as well as a realization that traditionally the land has been their way of life. Their

rights to that land have never been extinguished by any treaty or similar provision. Therefore, if a pipeline is to go through that land, which has traditionally been theirs to live and hunt on, surely it is reasonable to expect some kind of compensation and some kind of formal arrangement as to what will remain their land and what will be ceded to the pipeline company. We require a formal arrangement regarding the settlement of native land claims.

I believe hon. members of the Conservative party, and particularly the official spokesman for Indian affairs, would have some sympathy with the amendments I propose. Construction of the pipeline through native lands, or lands claimed to be under native jurisdiction, should not proceed until a settlement regarding that land area has been negotiated. Indeed, I listened with interest to the hon. member for Lambton-Kent (Mr. Holmes), the Conservative spokesman on Indian affairs, during the debate on the northern pipeline, when he was commenting on the Lysyk inquiry. He quoted from that inquiry as follows:

● (1712)

For the reasons stated in Part E of this chapter, some additional time is desirable to avoid prejudice to a just settlement. Construction of the pipeline should not commence before August 1, 1981.

That is quoted from the Lysyk inquiry. The hon. member for Lambton-Kent went on to say:

Dean Lysyk was not recommending a moratorium. He was not recommending some unrealistic time delay; his was a responsible position. He was recommending a responsible time in keeping with the complexities and sensitivity of the issue in the Yukon Territory. Yet this government chose to ignore this important recommendation.

Further on during that debate on February 15, the hon. member for Lambton-Kent stated, as reported at page 2899 of *Hansard*:

The government's game plan is obvious. With the passage of this legislation the momentum of the project will impede efforts to conclude a fair and just settlement. The rights of individuals can be conveniently shunted aside in the name of progress.

I share the fear expressed by the hon. member for Lambton-Kent that unless we have some strong provisions in the bill before us, the native people will be sacrificed to the expediency of getting this construction under way by 1981. Indeed, the government has advanced Dean Lysyk's recommendation, that construction not begin until August, 1981, to January, 1981.

I think a fair and just native lands claim can be achieved by 1981, but only if this government begins to recognize that which it has failed to recognize so many times in the past, namely, the legitimate and just claims of the native people in the area. This government has dragged its feet in these negotiations. We need something in the legislation to prod it along, and make it realize that we will only accept a just settlement for the native people in that area.

I have looked as well at the amendment proposed by the hon. member for Lambton-Kent, which I understand the government will accept, regarding the issue of native land claims, and I fear it is not as strong as that hon. member would want, or as strong as I would like. It in effect says that if a land claim has not been settled by the time the pipeline is under construction through the affected territory, the pipeline will be allowed to continue to be constructed, but that will not jeopardize the future rights of the native people in the area to obtain a just land claim settlement.

Unfortunately, that is inadequate. The negotiating position of the native people is certainly weakened if that provision passes, because we will have a situation under which the pipeline in effect is in place, and therefore the negotiations in a sense will be after the fact.

Mr. Nielsen: Rubbish.

Mr. Symes: The native people will have to accept a *fait accompli* in respect of the pipeline and any disruption that takes place in their area, but they will still be guaranteed some kind of land settlement. Anyone who has been involved in negotiations knows that would be a very weakened position from which to negotiate. You are in a strengthened position to negotiate when you know the pipeline construction will not proceed until you have a settlement negotiated and concluded in law.

The motion of the hon. member for Lambton-Kent, while better than nothing, simply does not go far enough. I will support it if my amendment fails, but I still suggest his amendment is weak and that we should have an amendment along the lines of my proposal in order to guarantee this settlement. This is something we have not had many examples of in the past in negotiations between the federal government and the native people. For these reasons I hope I will find support among my friends in the Conservative party for my motion. We need the strongest kind of provisions possible in the bill, given the sad record of this government vis-à-vis native people. I commend my amendment to the House.

Mr. Ian Watson (Laprairie): Mr. Speaker, I should just like to make a few comments on the amendment proposed by the hon. member for Sault-Ste. Marie (Mr. Symes) as I feel he has given the House the impression that the government is not interested in expeditiously arriving at a settlement of the claims in the area that will be traversed by the pipeline. Had he bothered to attend any of the 21 committee meetings held on the subject, if he had read the committee reports, or if he had listened to the Deputy Prime Minister's (Mr. MacEachen) speech in the House on February 13, he would realize that the government has every intention of proceeding to settle these claims, if that is at all possible. The Deputy Prime Minister indicated on February 13 that the government would make every effort to settle native claims in the Yukon Territory. On March 1 at a meeting of the committee, the Minister of Indian Affairs and Northern Development (Mr. Faulkner) said:

I have always felt that the fair and just settlement of land claims was one of the most important things we are doing, not only as a government, but as a country. And I am convinced that the fair and just settlement of the land claims north of 60 is a precondition to the sort of normal political economic evolution that everyone in the north would like to see take place.

The government is in a position to back up what it has said with concrete evidence of what it has done within the last year

on the question of land claims. The government was a party to the James Bay settlement. That was a settlement which members opposite have attempted to portray as a sell-out of Indian and Inuit interests. To the contrary, an examination of that settlement will demonstrate to any fair minded person that it is a good if not better than any other settlement made anywhere in the world by a government of a country in which native peoples live. It is even better when you take into consideration the various social services that will continue to be supplied by the two senior governments. It certainly is better than the Alaska settlement with the native people of Alaska.

On the basis of that settlement it is necessary in the future that governments, provincial or federal, when tackling this question of land settlement claims, must recognize that they have to pay for any interference with the rights exercised by the native people in a given area, whether those rights are in respect of trapping, hunting, fishing or otherwise. They must pay for any intereference with the original uses of the land. That is a precedent which had never before been accepted.

The second important precedent was set by the James Bay agreement, which the NDP chose to ignore, and which the hon. member for the Northwest Territories particularly chose to ignore, which I find very strange, that is, it set a precedent for the settlement of claims with non-status Indians. That is of extreme importance for the people of the Yukon and of major importance for the people in the north-east corner of British Columbia who are affected or will be affected by this pipeline. The James Bay settlement, whether or not it has been sold convincingly to most of the native people in this country, is another matter, but it provides an extremely good precedent, in my view, for the settlement of future claims.

● (1722)

What the hon. member for Sault Ste. Marie proposes in this amendment would kill the bill. There is no doubt about that. I should like to know what the steelworkers of Sault Ste. Marie think about their member presenting an amendment which would kill a bill which, over the next few years, would provide enough work so that they would not have to worry about layoffs or loss of overtime. Because of this pipeline, the steelworking capacity of Canada will be functioning at its maximum over the next few years.

The New Democratic Party cannot have it both ways, Mr. Speaker. They want jobs in this country, but when an issue like this arises, whether because of lack of proper analysis or proper study of the problem, they make proposals which are totally contradictory. Either the pipeline is a good thing for Canada, or it is not. If it is good, then we must recognize that Canada is going to do the right thing by the native people. I agree that in the past this has not always been the case, but there are some recent examples of where we have done the right thing.

Perhaps the hon. member should consult the Crees of northern Quebec to find out whether they think we have done the right thing. I am sure he will find that they do. That is one group that is making more progress and has more control over

[Mr. Watson.]

their destiny than any other group of people in this country. They are optimistic. If he were to ask them what they think about the James Bay settlement, he would get a different response than the propaganda that has been fed to certain circles in the country for purposes that are not necessarily in the best interests of the native people involved. Mr. Speaker, I strongly urge the House to reject this amendment.

Mr. Holmes: Mr. Speaker, I want to address myself to motion No. 6 which stands in my name. At the outset, however, I want to thank the hon. member for Sault Ste. Marie (Mr. Symes) for recognizing my interest in the problems of the native people. I am somewhat surprised that he did not share the same concern with respect to the native problem in British Columbia, specifically in the northeastern part of British Columbia, which is equally significant.

May I say to the hon. member for Laprairie (Mr. Watson) that I think that he has not quite understood the James Bay settlement. I am sure he remembers very well the position this party took on that question. It was a very fundamental principle that this government would extinguish unilaterally the rights and signatories of third parties to that agreement. The hon. member knows very well that that is the position this party took, and knows very well that an amendment that I presented to this House on the very fundamental issue, to preserve the minority rights of one group, was defeated by the government.

I recognize that the government has accepted the motion in my name, but I think it is important to reflect for a moment or two on what has transpired within the last few weeks and few years. In my view, it will reflect upon the sensitivity of the government with respect to Indian and native problems. I must say that despite the rhetoric we have heard from the government and the various pious statements we heard from the hon. member for Laprairie referring to some of them, if one follows the proceedings very carefully one comes to the inescapable conclusion that native and Indian people are being sacrificed in the name of progress. I made reference to this in the previous debate.

When the Minister of Indian Affairs and Northern Development (Mr. Faulkner) spoke on second reading, he attempted to emasculate the government's position on the second stage inquiry. The minister attempted to convey to this House that the issue of land claims was proceeding very smoothly and that there would be no problem in resolving that issue. I know any individual in this House or in committee who has followed the events carefully over a period of time recognizes that that position was unrealistic and untenable.

One only had to listen to or read the testimony given by the Council of Yukon Indians or the Union of B.C. Chiefs when they appeared before the committee to understand the depth of feeling and concern for the future.

My colleague from Prince George-Peace River (Mr. Oberle), described the problem in north-east British Columbia and the way in which he hoped this government might move to

involve the native and Indian people of the area in the pipeline process.

When I spoke on second reading and at the committee hearings I raised several critical issues where, in my view, the government abrogated its responsibility in respect of the native and the Indian people. In doing so, it jeopardized the trust relationship between the native Indian people and the Government of Canada, and therefore seriously jeopardized the prospects for a fair and just settlement.

As I indicated, the government broke its promises with respect to a second stage inquiry. I have no intention of going into the details, Mr. Speaker, but you will recall that the Lysyk commission was formed and in a three-month period Dean Lysyk went to all the communities in the Yukon and indicated to the Indian and native people that there would be a second stage inquiry if the pipeline came through that area. Indeed, the former Minister of Indian Affairs and Northern Development made that promise, not only to the Indian and native people of that area but to the people of Canada, that if a decision was made for a pipeline in that area there would be a second stage inquiry. In the fall of 1977 the Union of B.C. Chiefs, under the very able direction of George Manuel, requested that a second stage inquiry be carried out in the north-east part of British Columbia. Again, that was rejected by the government.

In my opinion, there are still no guarantees in this legislation vis-à-vis the socio-economic impact, Mr. Speaker. It was pointed out very clearly in testimony that when one is setting the terms and conditions for pipelines, the socio-economic problems must be identified early and set out in those terms and conditions. That is why it was essential to have a complete study of the socio-economic impact with respect to the Indian and native community.

Extreme difficulties had been encountered on the issue of land claims. On second reading I pointed out that the government had dragged its feet. Let me review quickly what has transpired. The Council of Yukon Indians presented their excellent document entitled "Together Today for our Children Tomorrow", in 1973. Shortly after that negotiations got under way, but initially the negotiators had no mandate from the federal government to carry out any specific or effective negotiations, and progress was painfully slow. The former minister went north to Whitehorse on March 3, 1975, and made a unilateral offer to the native people, breaking down the normal consultative process that the Indian and native people anticipated. Obviously it was rejected at that time.

• (1732)

Then, sir, in October, 1975, they appointed Digby Hunt as a negotiator for the federal government. He was well known to be one of the architects of the development of the Mackenzie Valley pipeline. We knew at the time he would be rejected by the Indian and native people in terms of negotiations, and yet this government undertook to appoint him as a negotiator. Obviously, once again, the negotiations failed. Then for about the third time, in 1977 negotiations commenced with Dr. Naysmith. I can remember the minister of Indian affairs of those days telling us in glowing terms about the progress and success that were being achieved in those negotiations.

In a press release the Council of Yukon Indians, who appeared in Ottawa just prior to the second reading debate, gave a statement. During second reading of this bill I quoted from this press release the following:

> We are now faced with some clear choices. We can continue to oppose a pipeline until our land claims are settled and be labelled as radical and anti-development. Or, we can compromise, thereby, sacrificing our rights to self-determination on our home land.
>
> We have decided not to compromise but to fight!
>
> We will take our case to the Canadian people. We will demonstrate the humanity and justness of our position. We will use every legal means at our disposal to ensure that we achieve a fair and just settlement. On February 13th, the Federal Court will rule on our opposition to the National Energy Board recommendations. Our struggle to achieve self-determination will not stop there.

That, to me, is not a sign of negotiations proceeding smoothly with the federal government. The hon. member for Sault Ste. Marie referred to it when I spoke on second reading. I made reference to the very significant recommendation of Dean Lysyk which I quoted at page 2898 of *Hansard*, February 15, 1978. It reads:

> For the reasons stated in Part E of this chapter, some additional time is desirable to avoid prejudice to a just settlement. Construction of the pipeline should not commence before August 1, 1981.

Sir, one had to ask very serious questions at that time when the agreement between the United States and Canada was signed to commence construction of the pipeline in the Yukon on January 1, 1981. Why the difference? If the federal government had been truly interested in the Indian and native people in that area in the Yukon, surely it could have negotiated within the recommendations as outlined by Dean Lysyk. Obviously the federal government declined to do so.

Again, during the committee hearings we have the document which appeared at the pipeline committee hearing. Is there any wonder why the Indian and native people have distrust for this government, and why it is essential to have at least some sort of protection in this particular legislation? Let me quote from this document which appeared before the standing committee.

> The Government of Canada is prepared to extinguish native land claims if necessary by legislation to support its international word and commitment but it will only do so in a way which represents the fairest possible settlement to those involved.

There is additional material here which, quite frankly, cannot help but impair the trust relationship between a government and the Indian and native people. It must be recognized, sir, that it was in this context and with this background of material and the knowledge we have had, for example, of the James Bay experience, which my good friend from Laprairie referred to a few moments ago, that we approached this bill in committee. Indeed, I want to point out there was nothing in the original legislation that made reference to the Indian and native people. Can you imagine, sir, there was nothing in the original legislation that made reference to the Indian and native people? In Issue No. 1 as recorded at page 40 of the Minutes of Proceedings and Evidence of the Special Commit-

tee on a Northern Gas Pipeline during the very first meeting I asked the very question of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen). Let me give you his answer to my question regarding the fact that no reference to the Indian and native people was in the legislation itself. It reads:

MR. MACEACHEN: I am not exactly clear whether I understand your question properly, but I gather you have in mind some reference in the legislation to the desirability or the necessity of assuring a just settlement of Indian land claims, and the recognition of their rights. We have given some thought to that and we would certainly be interested in hearing further views as to how we might give that recognition in the legislation.

We offered some suggestions and we had one amendment, which I would have preferred. Let me read that amendment to you. It appeared in Issue No. 11 at page 11:7 of the minutes of the Special Committee on a Northern Gas Pipeline. It reads:

39.1 Nothing in this Act shall be construed so as to prejudice any existing rights or interests of Indian and Native people residing in the areas traversed by the pipeline nor shall any provisions of this Act in any manner be construed as as to prejudice the negotiation of the final settlement of those Indian and Native claims.

Hon. members can compare that amendment with the amendment now before us. As I indicated I would have preferred the one which I have just quoted, for two reasons. First of all, the amendment which I presented had the word "Indian" in it. I think that is important because it specifically recognizes the rights of that group of people, and the Indians as defined under the British North America Act, Section 91(24). This section was redefined again in the Supreme Court, as I recall, in 1938 for the Inuit or Eskimo. Secondly, there is the latter part, which is very significant. Let me read it again:

. . . nor shall any provisions of this Act in any manner be construed so as to prejudice the negotiation of the final settlement of those Indian and Native claims.

I suggested at the time, and I suggest again, that that amendment would have been a far more preferable one. But, sir, I must emphasize that it was not possible. It was rejected by the Deputy Prime Minister and President of Privy Council, and rejected by the government. It was important to have something in this legislation to protect in some way the rights of the Indian and native people. With the amendment that is in my name, together with a significant change that was made under clause 3(c) and which I quote:

To facilitate the efficient and expeditious planning and construction of the pipeline, taking into account local and regional interests, the interests of residents, particularly of native people, and recognizing the responsibility of the Government of Canada and other governments, it is appropriate to ensure that any native claim related to the land on which the pipeline is to be situated is to be dealt with in a just and equitable fashion.

I do believe that gives some protection and some guarantee to the Indian and native people. On the other hand I must again emphasize my disappointment that the government did not support the initial amendment, or indeed some other amendments, which would have more adequately protected the rights of the Indian and native people.

Let me conclude by quoting from the excellent brief which was presented by the National Indian Brotherhood to the special Senate committee, I believe it was yesterday, March 21, 1978. At page 20 of the brief presented by Noel V. Starblanket, president of the National Indian Brotherhood, it states:

We respect the sovereignty of parliament. But we suggest that that too has its limits. If terms such as "a just and equitable settlement" have any real meaning, they must mean a settlement which speaks to the secure future of the Indian peoples as distinct peoples within confederation.

Sir, that should be the goal; that should be the objective of the government. I would hope that the government interprets the amendment which I have presented to the House in that fashion.

● (1742)

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I would like to participate very briefly. I want to make a couple of comments on the two motions before us, motion No. 6 which the government intends to accept, and motion No. 4 which the government intends to reject.

I agree in part with the hon. member for Lambton-Kent (Mr. Holmes) that the bill has been improved by the committee process and the number of amendments made to the bill as a result. I thought there was some very positive input from native groups, other people, and from members of parliament participating in the committee. I was very impressed with the reaction of the Deputy Prime Minister (Mr. MacEachen) and the chief spokesmen for the opposition parties in the way they addressed themselves to the native question. Most important, the special pipeline committee and the Senate committee have given the native groups ample opportunity to express their views first-hand to them. As I said, they were certainly well listened to and reacted to by the government.

In response to the committee discussions, the government has agreed to accept two important amendments, recognizing, first, the need to take account of native interests in the planning and construction of the pipeline and the responsibilities of governments to ensure that native land claims are dealt with equitably and, second, affirming that any native land claims will continue to exist notwithstanding passage of the bill.

The government gives a very high priority to the settlement of claims on the pipeline route, and has made extensive efforts to achieve this objective. Sustained negotiations were conducted during 1977, and late in the autumn both sides expressed the view that an agreement should be attainable early in 1978.

Since then, the Indians have recessed the negotiations to review and revise their position. We hope to have their new position at an early date. An agreement, by definition, requires the assent of both parties. While the government is anxious to arrive at a settlement, it cannot move more quickly than the Indians are willing to go.

I wish to respond to a point made by the hon. member for Lambton-Kent which rather surprised me. He mentioned the report to which the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) made reference at the committee stage.

It seems to me that that, if anything, will only prejudice the successful conclusion of the land claims that were engaged in, and I want to put on record what the Deputy Prime Minister said in response to that in committee. He said:

> Mr. Chairman, it seems to me that it is important to state that the government has absolutely no intention of legislating a settlement. Our intention is to pursue negotiations and it has been stated by myself and the minister to proceed with negotiations. If we had in mind to legislate a settlement, probably it would be in the bill.

This was further substantiated by the Prime Minister (Mr. Trudeau) a day or so later in the House when, on March 16, he said as reported at page 3826 of *Hansard*:

> Mr. Speaker, I understand that this phrase was taken from a document prepared at a lower level of the bureaucracy, indicating various alternatives. There is no hesitation on my part in repeating what the Deputy Prime Minister said last night before the committee, that there is no intention on the part of the government to proceed in any way than by looking for a negotiated settlement. The legislation speaks for itself. It has been reported out of the committee today, I understand, and indicates no intention to legislate.

I would hope that through you, Mr. Speaker, we can extend this conversation to the native people in the north, to convey that statement by the Prime Minister and Deputy Prime Minister, a statement that has been made in this place and other places by a number of ministers of Indian affairs. It is a position the government subscribes to very sincerely.

I wish to respond to another point made by the hon. member for Lambton-Kent. He wished to have a much stronger amendment in place of amendment No. 6 that he has on the order paper. I suggest that one of the people he should have talked to in that regard is the hon. member for Yukon (Mr. Nielsen) who did not take a viewpoint which agreed entirely with that.

If you are talking about whether the government would have accepted a stronger amendment, I do not think the government would have had any difficulty accepting the original amendment which read "Nothing in this act shall operate so as to extinguish any native land claim, right, title or interest that the native people of Canada may have had prior to the coming into force of this act in and to the land on which the pipeline will be situated." This position was strongly supported and put forward by the Council of Yukon Indians last night at the pipeline hearings in the Senate.

The hon. member for Lambton-Kent might review again his comments on the second stage inquiry. With the proposal, as set out by the government, to take specific draft terms and conditions to the people in the Yukon and to the people in northern British Columbia, the native people will be in a much stronger position to be able to realize what is being proposed and to be able to react to the specifics, rather than have an open second stage inquiry which deals largely in generalities, perhaps describing problems rather than looking at the specific approaches that might be taken.

The government suggests this process will be more productive and, in the long run, more acceptable to the native people, both in the Yukon and British Columbia, than would another second stage inquiry as suggested by the hon. member for Lambton-Kent.

I conclude by again saying that the government intends to oppose motion No. 4 which would have left entirely in native hands the progress of the project and, indeed, the future of this bill, and by saying that we will be supporting motion No. 6.

Mr. Erik Nielsen (Yukon): Mr. Speaker, the speech of the hon. member for Sault Ste. Marie (Mr. Symes) displays his abysmal ignorance with regard to the native people in the Yukon. He stood up and informed the members of this House that native people in the Yukon do not live in the traditional fashion. I invite him to visit Old Crow where they do just that all year round. There is a whole village of people in that area in the Yukon who live in just that way, and a great many others as well. His speech was full of inaccurate statements and absolute rubbish.

We would like to have seen a stronger amendment in this bill with regard to native rights. Let me make this clear at the outset. The original bill that was presented to parliament was glaring in its omission of any native presence. It was at the insistence of this party that that native presence was inserted in the bill. The general impression that is given in the media is that it is a government thought and a government amendment. That thought and that amendment were at our initiative. That amendment was supported in committee by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas).

It is surprising that where constructive discussions could have been had, the New Democratic Party representation on that committee did not advance a single amendment during the 21 hearings. Now they have a spokesman who has not even attended a single meeting of the 21 that were held. That is one of the reasons why they are not contributing intelligent amendments at this stage and not contributing intelligent debate. They are absolutely ignorant of what went on in committee. I do not criticize the absence of the hon. member for Nanaimo-Cowichan-The Islands. It is a pity he is not here to straighten out his colleagues who are participating in this debate.

If it were not for the contributions made in committee by this party, we would have had no native presence in this bill. We would have had no protection for them at all. However, we do not go along with the theory advanced by the hon. member for Sault Ste. Marie, on behalf of this party, that there should be no development whatsoever until native claims are settled. If you take that position, you may as well kiss goodbye to a project that is going to be very significant with regard to the creation of thousands of jobs and will contribute to the growth of a steel and pipe industry in Canada which will involve thousands of positions. Is that what the NDP want?

Is it to be held up by 5,000 native people because they insist on settlement before the project goes ahead? In our view, that is not progress. Our position has always been that there is no reason why negotiated settlement cannot go hand in hand with development. If you accept the native position, there would be no new mines employing workers, no industrial development whatsoever in the Yukon until native claims are settled.

● (1752)

It does not prejudice their rights and interests or their title, whatever that might be, one iota, if those negotiations proceed at the same time development proceeds. By taking their present position they deny themselves the jobs and other benefits in the form of economic development which they legitimately desire. Their position is unreasonable. They should adopt a reasonable stance of continuing the negotiations and arriving at a settlement as quickly as they can—this applies to the government, too—so that they can share in the economic development which is bound to flow from a project of this magnitude.

To hon. members to my left who are so sanctimonious about protecting native rights, I say: why did they not advance amendments in committee? Why did they not agree with the amendments we put forward to clause 3 and clause 23(1)? We wanted to reassure the native people with respect to the lands the pipe was crossing, and we wanted to make sure that negotiations would not be prejudiced.

Mr. Speaker, I hear a noise at the front door.

* * *

THE ROYAL ASSENT

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

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

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

● (1802)

[*Translation*]

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-30, An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978—Chapter No. 6

Bill C-31, An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1979—Chapter No. 7

Bill C-33, An Act to amend the Canada Elections Act, the Election Expenses Act and the Northwest Territories Act in respect of territorial elections—Chapter No. 8

Bill C-21, An Act to implement treaties on the transfer of persons found guilty of criminal offences—Chapter No. 9

Bill C-16, An Act to amend the Bank Act and the Quebec Savings Banks Act—Chapter No. 10

Bill C-27, An Act to amend the Compensation for Former Prisoners of War Act—Chapter No. 11

Bill C-418, An Act respecting the Electoral Boundaries Readjustment Act (Hochelaga—Maisonneuve)—Chapter No. 12

Bill C-412, An Act respecting the Electoral Boundaries Readjustment Act (Humber—Port-au-Port—St. Barbe)—Chapter No. 13

Bill C-423, An Act respecting the Electoral Boundaries Readjustment Act (Mégantic—Compton—Stanstead)—Chapter No. 14

Bill C-358, An Act respecting the Electoral Boundaries Readjustment Act (Pontiac—Gatineau—Labelle)—Chapter No. 15

Bill C-414, An Act respecting the Electoral Boundaries Readjustment Act (Prince Edward—Hastings)—Chapter No. 16

Bill C-267, An Act respecting the Electoral Boundaries Readjustment Act (Prince Georges—Peace River)—Chapter No. 17

Bill C-415, An Act respecting the Electoral Boundaries Readjustment Act (Saint-Henri—Westmount)—Chapter No. 18

Bill C-417, An Act respecting the Electoral Boundaries Readjustment Act (Sainte-Marie)—Chapter No. 19

Bill S-5, An Act to provide an exception from the public general law relating to marriage in the case of James Richard Borden and Judy Ann Borden.

Bill S-6, An Act to provide an exception from the public general law relating to marriage in the case of François Eugène Arthur Waddell and Marie Anne Marguerite Benoît.

[*English*]

Mr. Speaker: It being after six o'clock, pursuant to the order made Thursday, March 9, 1978, this House stands adjourned until Monday, April 3, 1978, at two o'clock in the afternoon, pursuant to Standing Order 2. In the interval, any of those usual invitees who are still in the building at this hour are welcome to join me for a small libation and celebration of the Easter Bunny's scheduled arrival in only a few days.

Some hon. Members: Hear, hear!

At 6.10 p.m. the House adjourned, without question put, pursuant to Special Order.

HOUSE OF COMMONS

Monday, April 3, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SERVICE

BARGAINING AND OTHER RIGHTS OF CIVIL SERVANTS—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, even though this is a day on which all of us believe a budget will be announced, we do not want to lose sight of the public service. I therefore rise under the provisions of Standing Order 43 on a matter of pressing and urgent necessity to bring to the attention of the House, for immediate action, the deeply-aroused and justifiable fear among members of the public service arising out of the deliberate and drastic actions of the government which indicate that the rights of the public service to collective bargaining are in jeopardy.

I would, therefore, move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That this House declares its unequivocal support of existing undiminished bargaining rights for members of the public service, and protests the right of the government to assign or change duties of public servants, for such would end the classification standards and thereby reduce the merit system.

Furthermore, it protests and condemns the announced policy of the government as being discriminatory and unjust in that the ending shortly of wage and salary controls will not apply to the public service.

Mr. Speaker: Order. In accordance with the terms of Standing Order 43, such a motion cannot be put to the House in the absence of unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

LAY-OFFS BY AMERICAN MOTORS CORPORATION—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise on a matter of urgent and pressing necessity, following press reports of a few days ago that the American Motors Corporation will be laying off some 1,000 people on a temporary basis this summer and about 350 people on a permanent basis, all at its Brampton plant. In light of the fact that since 1974, American Motors has received the benefit of just under $18 million in remissions of duty payable on its car imports, having failed to meet the conditions of the auto pact with respect to production and jobs, all of which duty remissions have been passed by cabinet as orders in council, and since these latest lay-offs mean that American Motors will be even further away from meeting its commitments under the pact, I would move, seconded by the hon. member for Timiskaming (Mr. Peters):

That the Minister of Industry, Trade and Commerce be instructed to make a full report before this House as soon as possible of all discussions between his department and American Motors regarding the impact of these lay-offs, of what commitments his department has obtained from American Motors to get employment back up to reasonable levels in Brampton, and what sanctions the government is prepared to take against American Motors in light of its continued failure to meet employment commitments under the auto pact at its Brampton plant.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member. Under the terms of Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POST OFFICE

DEPARTMENTAL ACTION TO LEGALIZE RATE INCREASES—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to present a motion, under Standing Order 43, on a matter of great urgency and pressing necessity. Notwithstanding the opinions expressed by the Standing Committee on Regulations and Other Statutory Instruments, and by eminent authorities such as Senator Eugene Forsey, that it was a grave invasion of the rights of parliament and an affront to the people of Canada to raise postal rates other than by amendment to the Post Office Act, and the recent reference of the proposed rate increase to the Ontario Supreme Court by the Periodical Publishers Association representing Canada's major postal users, the Postmaster General announced on April 1, April Fool's Day, popularly known as All Fools' Day, that he was proceeding to increase rates by administrative decree under the Financial Administration Act, I would move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

S.O. 43

● (1412)

That the Postmaster General introduce amendments to the Post Office Act in the current session to legalize his actions, to restore the confidence of major users of the postal service and, particularly, to restore the morale of the employees of the Post Office Department by demonstrating leadership which is long overdue.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

DEVALUATION OF CANADIAN DOLLAR—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the fact that the Canadian dollar has now dropped to somewhat below 88 cents and continues to show signs of erosion, I move, seconded by the hon. member for Peace River (Mr. Baldwin):

That in recognition of the individual who has been largely responsible, the Canadian dollar be renamed the Trudeau fuddle-buck.

Mr. Speaker: Order, please. The hon. member for Churchill (Mr. Smith).

* * *

NATIONAL RESEARCH COUNCIL

PROTEST AGAINST TRANSFER OF PERSONNEL FROM CHURCHILL, MAN.—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. It has been brought to my attention that the National Research Council will be transferring 18 of the 22 families of NRC personnel now based in Churchill. The reason for the transfer is that the NRC cannot afford to pay the rent subsidy for housing as set out by Treasury Board order. I therefore move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the minister act immediately to stop all plans to transfer National Research Council personnel out of Churchill.

A move such as this, after spending $50 million on the redevelopment of Churchill, would be another of the stupid, blundering errors that this government is so capable of making.

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

[Mr. Dinsdale.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

REQUEST WAR DISABILITY PENSIONS BE RAISED TO LEVEL OF 1973 FORMULA—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a motion on a matter of urgency which I should like to present under Standing Order 43. If I am not careful, I shall find myself saying that it is seconded by the hon. member for Humber-St. George's-St. Barbe. The fact is, Mr. Speaker, that Jack Marshall and I have been such good friends for such a long time that it is hard to think of him as gone.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Accordingly, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House urges the government, before this session is ended, to bring in legislation to restore the basic amount of the war disability pension to the average level of the five categories of public servants so designated in 1973, and to provide prorata pensions for the widows of veterans in those cases where the veteran's pension was less than 48 per cent, it being understood that this House will act quickly to pass such legislation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

VACANCIES

Mr. Speaker: I have the honour to inform the house that I have received a communication notifying me that two vacancies have occurred in the representation, namely, the hon. Joseph-P. Guay, P.C., member for the electoral district of St. Boniface, by resignation, and Jack Marshall, Esq., member for the electoral district of Humber-St. George's-St. Barbe, by resignation.

Accordingly, I have addressed my warrants to the Chief Electoral Officer for the issue of new writs of election for the said electoral districts.

BUGGING OF MPS' OFFICES

Mr. Speaker: Perhaps I might take a moment, prior to beginning the question period—I will extend the question

period by a minute or two, if I take that long—to inform the House of something. The initial action of the hon. member for Central Nova (Mr. MacKay) some weeks ago, followed by similar information given to me by the Leader of the Opposition (Mr. Clark), respecting the presence of electronic devices in their offices caused me, after consultation with representatives of all parties, to request an investigation by the Ottawa police force. Hon. members will now know that that investigation has resulted in charges which were laid last week.

• (1417)

During the course of those investigations, I sought interim reports only by way of confirmation from the police that investigations were ongoing. I did not request any formal or written reports. I presume that had no conclusive actions resulted from those investigations, probably I would have asked for some sort of report which I would have passed on to the House. In any case, last week when I was out of the country, the Ottawa police force endeavoured to inform me of their intention to proceed with these charges. Being unable to reach me, they contacted the Clerk of the House, who reached me, and after discussion I advised the office of the Prime Minister and the office of the Leader of the Opposition through the Clerk of the House.

I completed the consultative process this morning by advising representatives of all parties of the actions that had been taken by the police, and as this matter is before the courts, I would not propose to seek a report of any sort from the police. In fact, I was informed later today—just before coming to the House—that if I were to do so, I could not really receive much more information than is publicly known, that is, that the investigations have led to the laying of charges and that these charges are now before the courts.

In the circumstances, I do not propose to pursue the matter any further. I will simply make a statement, after consultation with representatives of all parties, so the House is fully informed.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

INTRODUCTION OF BUDGET

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Finance. Can the minister tell the House whether he has reconsidered his refusal to bring in an immediate budget, and whether he is in a position today to give us the date when the budget will be brought down?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have never refused to have a budget. I said I did not want to have a budget before the end of March. I will be announcing the date of the budget after the cabinet meeting this week.

Mr. Clark: Can the Minister of Finance, now that we have finally forced him to bring in a budget—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Clark: —tell the House of Commons when we can expect to have that statement of the economic plans of the Government of Canada brought before this House of Commons?

Mr. Chrétien: I just said I would give the date on Thursday, and it will not take too long a time to have a budget. I just want to tell the hon. member that in the last few months I have listened very carefully to the kind of thing he is proposing—

Some hon. Members: Order.

Mr. Chrétien: —and I think I have more confidence now that anything I do will never be as irresponsible as what the hon. member is proposing.

Mr. Clark: I am trying to elicit from the Minister of Finance some indication. He has told us that a decision will be made on Thursday, presumably when the cabinet meets, and that a date will be announced following that. I want to know whether it is likely that the House will have a budget within the next 30 days, or are we going to be faced with a date that is as long delayed as the by-election dates which have been delayed by the Prime Minister so that the Government of Canada can attempt to avoid an economic reckoning as it is attempting to avoid a political reckoning?

Mr. Chrétien: I think the hon. member does not have to worry about that. If I decided I would bring down a budget, it would not be too long before I brought it down. I am sure it will be soon, this month; that is all.

VALUE OF CANADIAN DOLLAR—GOVERNMENT INTENTIONS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my supplementary question is for the Minister of Finance. As we await the disclosure of the budget date, the dollar continues to decline, breaking the 88-cent level this morning. With over $500 million having been drained from our reserves in the month of March, and $20 million going out this morning alone in defence of the dollar—which, of course, is supposed to be floating—would the Minister of Finance indicate if the government plans any foreign issues in addition to the $750 million issue which was sold, dated April 1?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if I decide to seek other loans on foreign markets, I will advise the House and the markets the very day I seek them.

[*English*]

Mr. Stevens: My supplementary question is again to the Minister of Finance. As the United States 20-year pay issue dated April 1 is already selling at a $1.75 discount from its issue price, would the Minister of Finance indicate if the government had anticipated that type of discount when it originally placed the issue? If so, how do they feel that discount will be received by those who might buy future Canadian government United States' pay issues?

● (1422)

Mr. Chrétien: Mr. Speaker, I think I could not anticipate what the situation would be on the American market for all the bonds being dealt with there. I think I came at the right time in the market, so I got all the money I wanted at a good rate.

Mr. Stevens: Mr. Speaker, my final supplementary question is directed to the Prime Minister. In view of the fact that the dollar is continuing to drop so dramatically, and that our $750 million issue is selling at a discount from its issue price, will the Prime Minister assure the House that he will not go on any more selling capers such as he did in New York, because it will be disastrous for Canada's reputation within the international communities?

Some hon. Members: Hear, hear!

INFORMATION ON ECONOMIC SITUATION GIVEN TO U.S. AUDIENCE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. A short while ago the Prime Minister spoke to the Economic Club of New York. During that speech he said "the recovery is under way": he was referring to Canada. Canadians were amazed to discover it, of course. Since unemployment currently registers officially at one million, and unofficially at 1.6 million, since investment intentions for 1978, according to the Minister of Finance, are worse than they were for 1977, since the dollar dropped 24 hours after the Prime Minister made his speech, and continues to drop, I ask the Prime Minister most seriously why he misinformed his American audience and, more importantly, why he misinformed Canadians who were watching that television performance? Can he cite one economic indicator which would substantiate his absurd claim?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, since the hon. Leader of the New Democratic Party is asking for one indicator, I will give him one or two. In the year 1977 there was a marked decline in domestic inflationary pressures. There was significant improvement in the trade balance as the year progressed, and a revival in corporate profits. Real exports rose by 7.7 per cent over 1976 levels, for a second year of strong improvement, while imports dropped only 2 per cent over 1976 levels, for a second year of strong improvement. Therefore, there was a strengthening in the last part of 1977. That is why I am saying that the trend is toward an optimistic outlook.

Mr. Broadbent: Mr. Speaker, considering that answer, perhaps the Prime Minister will be given the award for dubious economic achievement of the year at the Academy Awards tonight.

Some hon. Members: Hear, hear!

Mr. Broadbent: Even the Prime Minister should know that the facts he cited in relation to the new entrants into the labour market, the declining level of investment, and the need for new jobs are all misleading. There is a real demand for new job creation. As he indicated in his discussions at the first ministers' conference prior to his New York performance, when he referred to the recessionary state we are in, the picture is not at all rosy.

With reference to the intention of bringing in a budget, given the fact that manufacturing is operating at only 80 per cent capacity, and that we are not going to get new investment in 1978 even up to the low level of 1977, will he assure the House that there will be tax cuts for medium and low income taxpayers to stimulate economy and, second, some public sector investment in such things as housing and rail facilities, to create new jobs?

Mr. Speaker: Order.

Mr. Trudeau: Mr. Speaker, the hon. Leader of the New Democratic Party is making some proposals for the budget consideration. If he waits for the budget statement, I think he will see whether some of them have been met or not and he will give his usual criticisms. I just want to point out to him that his party has been consistently negative on the economy since I have been around for the last 10 or 15 years.

An hon. Member: A long time.

● (1427)

Mr. Trudeau: Mr. Speaker, since the Leader of the New Democratic Party was good enough to refer to my New York speech, he should look at the figures there and he will see that Canada consistently outperformed all the OECD countries in respect of most industries—except for Japan—in terms of real growth, and he will see that in terms of job creation—

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, what makes the position of the opposition a little dubious is that consistently, year in and year out, they have poor-mouthed the economy; but any objective look at it will show that in the past 10 to 15 years—

Some hon. Members: Oh, oh!

An hon. Member: You are quite wrong, Pierre.

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, maybe I can appeal to you as a reasonable person.

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, in the past 10 to 12 years Canada has consistently outperformed all the other countries, and as I say—

Some hon. Members: Oh, oh!

Mr. Trudeau: It has, by any objective standard. If one looks at the performance of the opposition during that period, he will see they have consistently said the economy is going down the drain. I had hoped that a little bit of historical perspective would make them a little more objective, but obviously they do not intend to be.

Mr. Broadbent: Mr. Speaker, the Prime Minister will have to do a little better than that in the coming election. Since these countries—and this comes off the top of my mind—the Netherlands, Norway, Sweden, West Germany, not to mention Japan, and other industrial countries, either in terms of inflation or in terms of unemployment, have been away ahead of this country for more than a decade, why does the Prime Minister continue to try to misinform the House? Specifically with reference to the budget, will he give us assurances that the leading priority will be the job creation and the Canadian economy, so that the more than one million Canadians who do not believe this nonsense and want jobs will be able to get them?

Mr. Trudeau: Mr. Speaker, since the Leader of the New Democratic Party has described this nonsense as off the top of his head, which indeed is pretty shallow, perhaps rather than making general statements he would take some of the statistics I gave in New York and indicate which of them are wrong.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

FINANCE

REQUESTED REDUCTION IN FREIGHT RATE ON COPPER ORE TO ASSIST QUEBEC

Mr. René Matte (Champlain): Mr. Speaker, I would like to address a question either to the Minister of Finance or to the Prime Minister, indeed to the one in charge depending on the nature of the following question. Considering that the government should be anxious to improve the industrial and economic development of every region throughout the country and that there are situations as absurd as the fact that it costs from $5 to $16 more to import copper ore from British Columbia to Quebec while deliveries of this same ore to Japan cost $16 less, would the minister tell the House whether this year he intends to encourage, through lower freight rates, exports of copper ore from British Columbia to Quebec in order to improve economic and industrial development in Quebec to the same extent as in British Columbia?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in my opinion this question should be put to my colleague the Minister of Transport. Of course, the government is now implementing a report, that is Mr. Justice Hall's report, which aims at improving transportation in Canada and which we are considering. Some aspects of its recommendations have been accepted by the government and others will be later on.

* * *

[*English*]

THE CANADIAN ECONOMY

STATEMENTS MADE BY PRIME MINISTER—BUDGET PROPOSALS

Mr. James Gillies (Don Valley): Mr. Speaker, I have a question for the right hon. Prime Minister. I ask it only in relation to the need for accuracy in looking at our economy. I have in front of me the Bank of Canada Review for February, 1978, which indicates on page 5 that in the last two years the rate of real growth in the Canadian economy was the lowest, except for Great Britain, of all the big seven countries. It also indicates on page 11 that the inflation rate in Canada was substantially above the average for those seven countries, for the last year, December to December. I am trying to reconcile those facts with the statements the Prime Minister has just been making in reference to the Canadian economy.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member is a student of serious documents, I can lend him the speech I made in New York, from which he will see I made the very point he is now underscoring. I was indicating that from 1965 to 1975 we had a performance which was better than practically every other country, a period during which his party and the New Democratic Party were consistently saying that Canadians were getting poorer than everyone else.

● (1432)

Mr. MacDonald (Egmont): What about 1969?

Mr. Trudeau: This hon. gentleman might want to read my speech, too. I indicated that the years 1976 and 1977—which is confirmed by the question—were bad years for Canada and we were, indeed, under the average. I indicated the most recent indices which indicate that our performance was improving and that we hope that 1978—and these are confirmed by the predictions of objective bodies—will be better for Canada than was the average and, indeed, amongst the best. That was my position in the speech and the hon. member will be glad to see that he confirms it by his question to me.

Mr. Gillies: Going back to the Minister of Finance—I was not referring to the right hon. member's speech, which I did in fact read; I was referring to his answers in the House of

Commons today—it would seem to me to indicate that the government itself felt there were indications that the economy was performing in a substantially improved way. As I read these statistics, and I direct this question to the Minister of Finance—

Mr. Trudeau: No, Mr. Speaker—if I can make it clear—when you take the over-all period, we have performed better than other countries. I also took, as well as the two recent years, the period between 1972 and 1977 and I indicated—including the two bad years in Canada—that we have still done considerably better than the United States. This was the point I was making.

Mr. Gillies: If I can go back to the Prime Minister—not to prolong a discussion on interpretations with the Prime Minister—I take the position that the critical problem is not whether we did well between 1965 and 1972, or 1972 and 1975, and so forth, but what we are doing now and where the economy is moving at the present time. If you look at the statistics for the month of January, the rate of increase in the gross national product or the real national expenditure declines: it was down three-tenths of 1 per cent in the month of January. Retail sales are off, domestic investment is off, the dollar is down to 87 cents, the trade surplus is mixed.

I would suggest—and perhaps my question should go to the Minister of Finance—before you bring down the budget, will you bring into the House, as is the common practice, a statement about the economic affairs of the nation, for review by the House of Commons and the appropriate committee, and in that statement will we see revised forecasts for the performance of the economy based upon the way in which the economy was operating over the last year, which indicates the forecasts made last October have no possibility of being fulfilled during the coming year? I ask that question because, surely—

Mr. Speaker: Order, please.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, all those answers will be in the budget statement which I will be bringing before this House soon. I would like to tell the hon. member that the one who predicted a couple of months ago a 4.5 or 5 per cent growth in the g.n.p. for 1978 made a good prediction. These growth rates were made public by Mr. de Cotret, of the Conference Board, who now indicates 5 per cent is not enough. The hon. member should read some of the statements made by the future critics of the opposition in economic matters.

An hon. Member: I do not believe you.

Mr. Chrétien: I believe him, and he is your man now.

[Mr. Gillies.]

TRANSPORT

SHORTAGE OF HOPPER CARS FOR MOVEMENT OF RAPESEED

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I direct my question to the Acting Minister of Transport. It arises out of the very serious shortage of hopper cars which are used for the movement of rapeseed products, particularly rapeseed meal. I ask the acting minister if he would prevail upon the CNR to ensure that sufficient rolling stock is made available for the movement of this very important export product. The result of the shortage has necessitated the closing down of some rapeseed-crushing facilities, specifically the United Oil Seeds crushing plant at Lloydminster. Could the acting minister undertake to impress upon CNR the necessity of providing sufficient rolling stock for this purpose?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, representations are constantly being made to the Canadian National in an effort to solve the extremely serious problem of the shortage of cars for the transportation of grain as well as of certain forestry products in Quebec and northern Ontario. I shall look into the matter for the hon. member and if I can supply him with further details in writing, I shall be happy to do so.

[*English*]

SHORTAGE OF HOPPER CARS FOR MOVEMENT OF CORN

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, further to the previous question, I would also like to direct a question to the Acting Minister of Transport. When looking into the matter with which the hon. member for Vegreville is concerned, would he also make sure that sufficient hopper cars are supplied to towns and elevators in southwestern Ontario for the movement of corn? There is a serious shortage in that regard.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it is not up to me or the Minister of Transport to supply those cars, but of course we shall be happy to make all the representations necessary to the railway companies.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

GOVERNMENT ACTION TO PREVENT DEFRAUDING OF FUND

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Employment and Immigration. Since recently the public accounts committee received evidence that the overpayments in 1976 were, in fact, $160 million, of which $60 million was recovered for the unemployment insurance account—not as previously represented—and

since the statistical evidence offered by the Clarkson, Gordon special report to the committee shows that fully 60 per cent of all applications for unemployment insurance benefits in 1976 contained some sort of irregularity, and more than 10 per cent of all applications resulted in overpayments, will the minister admit that these figures are correct now, and serious, and will he tell the House what measures, other than the $100 million advertising campaign, the government is taking to prevent this $100 million rip-off of the taxpayers?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, here again, the hon. member casts, frankly, a bad light on the people who are in fact receiving unemployment insurance. A very small minority receive overpayments and are involved in ripping-off the system, as he suggests. If the hon. member had seriously been interested in his figures and getting some approbation for them, he could have extended the courtesy of showing them to me in advance. He also neglected to report the series of actions that are being taken by my department to catch those who are, in fact, cheating the system. But the hon. member, of course, sees only one side of the coin, namely, the black side.

Mr. Clarke: Mr. Speaker, I would just stress, in advance—so that I am not misunderstood—this is not a suggestion from this side or from myself. I ask the minister, does the government have any plans to institute a type of means test by which an individual's total income, for example for a 12-month period, would be taken into consideration in determining eligibility for benefits?

Mr. Cullen: Mr. Speaker, that is something we are considering. I do not want to usurp the role of the advisory council, who are going to be charged with looking at this particular issue. The situation, however, is that those in the top echelon of the salary range contribute a substantial amount to the fund and derive very few benefits in unemployment insurance. So there are source funds available from that particular group. I think we have to take a look at both sides of the issue to determine what would be in the best interests of the plan to cut off people who are, for example, over a particular salary level, from receiving unemployment insurance. It may be the fact that this tax is having the necessary impact.

* * *

ENERGY

RATIONING OF SUPPLIES—GOVERNMENT POSITION

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources: it follows a question that I asked three weeks ago about our medium-term oil supplies. Given the fact that the National Energy Board figures indicate that production will decline from two million barrels a day to one million barrels a day in ten years, and given Mr. Toombs' statement that a super conservation program will be required, suggesting that the government is considering rationing by 1980, is the government actually considering rationing? And if the situation is as bad as it appears to be, why are we waiting until 1980 for such action?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think the hon. member's question was based on an inadequate or a shortened version of Mr. Toombs' remarks to a meeting very recently. He did indicate that in the event of an emergency—a phrase which was not carried in the press—it might be necessary to introduce rationing by the early 1980s. Of course, the government has recognized that an emergency could occur at any time; that is the reason we are presently drafting a bill which we hope to introduce in the next session of parliament to deal with the allocation of crude oil products and gas rationing. I emphasize, Mr. Speaker, that this is contingency planning based upon an emergency and not upon a normal course of events.

* * *

● (1442)

POST OFFICE

MINISTER'S ACTION TO IMPROVE SERVICE AND LOW EMPLOYEE MORALE

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Postmaster General relating to growing deficits in the Post Office which arise from poor management, low morale among employees and continuing loss of business due to deteriorating service. Now that the Postmaster General has decided to continue the negative policy of his predecessor in dealing with deficits by illegal rate increases rather than by the positive approach of improvements in service and marketing, when will the minister be providing the dynamic leadership he promised when he took over the department early in the new year?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I only want to indicate that steps are being taken on a continuing basis to improve postal operations. As to the two problems facing the Post Office just now, namely labour relations and—

[*English*]

—management-labour relations, every step has been taken to try to improve communications with our employees. I can tell the hon. member that improvements have also been made so far as mechanization and automation are concerned. I do not think it is a question of leadership: it is there, and we exercise it.

Mr. Dinsdale: A supplementary question, Mr. Speaker. Could the minister assure the House that the amendments which have been mentioned as coming into effect after the election will be introduced during the current session? These amendments have been recommended by management and by employees, including rural mail carriers and postal users.

Because of the urgency of the matter, will these amendments be brought forward during the current session?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, my department is compiling all sorts of changes which could be made to the Post Office Act. I suggest that these changes are not urgent, as they would not in any way solve the problems we are faced with in the areas of automation and labour relations.

For the time being, I will simply say that these changes to the Post Office Act will be made either during the current session or the next.

* * *

[*English*]

GRAIN

MOVEMENT OF NO. 3 WHEAT

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question that should be directed to the minister in charge of the Wheat Board, but in his absence I will direct it to the Minister of Agriculture. In view of the statement by a high official that the Wheat Board will not be making any more sales of wheat from this crop year due to transport limitations, can the minister tell the farmers of northern Manitoba and Saskatchewan if the large amount of No. 3 utility wheat will not be moved this crop year?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I think when the hon. member checks the record, he will find that more wheat was moved last year than in any year in the history of Canada. I am not in a position at this time to say what wheat will or will not be moved. I will have to check and let the hon. member know.

Mr. Ritchie: A supplementary question, Mr. Speaker. When making the inquiry from the Wheat Board, could the minister also find out what quotas farmers are likely to have for this type of wheat?

Mr. Whelan: Mr. Speaker, the hon. member can rest assured that I will check this for him with the Canadian Wheat Board.

* * *

LABOUR CONDITIONS

YOUNG CANADA WORKS PROGRAM—FUNDS TO ASSIST STUDENTS

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, my question is for the Minister of Employment and Immigration. In view of the fact that his department allocated $60 million dollars for Young Canada Works in 1977, but reduced the allocation to only $43.5 million, despite the record levels of youth unemployment in the country—in ridings such as mine the unemployment rate for students is running at 60 per cent—will the minister assure this House that additional funds will be committed to this program for the crucial summer ahead?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, unfortunately the hon. member is only quoting part of the statistics. The fact is that some 40 per cent of those who participated in the Canada Works program are young people. Also, the economic growth factor that we are endeavouring to create is in permanent jobs, which has found great acceptance in the Atlantic provinces where we can use the money not on a temporary basis or on a band-aid basis, as the hon. member has indicated from time to time, but on a more permanent basis. I think this is a more effective use of taxpayers' dollars and in the long run will be more beneficial, particularly for his region of Canada.

Mr. Hogan: A supplementary question, Mr. Speaker. The minister is still refusing to make available the extra funds that will be needed desperately by students who will have to return to universities and other educational institutions next year. I wish he would let me know, as one member from the Atlantic provinces, what this whole business of growth component is as it relates to mine and other constituencies in the Atlantic region, because we cannot get this information from his department.

Mr. Cullen: Mr. Speaker, the hon. member cannot get it because he does not ask for the information.

Mr. Hogan: I do ask.

Mr. Cullen: That is the situation. I have been talking about the situation since the new legislation came into effect, and about the fact that this money will be available to the Atlantic provinces. I met with the forestry ministers of the Atlantic provinces and indicated to them the vast sums of money that could be made available to help them in the area of forestation. Instead of criticizing, the hon. member should be applauding the difference in emphasis.

Mr. Hogan: Ha, ha!

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HOUSE OF COMMONS

HIRING OF EMPLOYEES ON PARLIAMENT HILL

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is to the right hon. Prime Minister and pertains to a very important branch of government, the public service. It is now public knowledge that the management of the West Block cafeteria has received orders from the Trudeau administration to cease hiring English-speaking persons for serving food to persons dining there, and to hire English-speaking persons only for dishwashing and other kitchen duties in the rear. What is the reason for this autocratic order which creates two classes of employees and more national disunity—

Mr. Speaker: Order, please. Upon reflection, the hon. member will realize he is asking a question on a matter which is under my responsibility and not that of the Prime Minister.

HEALTH AND WELFARE

GRANTS TO PLANNED PARENTHOOD FEDERATION

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I have a question for the Minister of National Health and Welfare, now that she has bought her year's supply of barbecue products from the hon. member for Vancouver East. The chairperson of the allocations committee of the Planned Parenthood Federation said in her report of June 17, 1977:

It is important for associations to remember that their primary role is to be agents for change rather than service agencies.

Since the federation receives about $670,000 annually from the federal government, most of it from the minister's department, I ask the minister whether she, as the principal financial supporter of that organization, endorses that statement?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I am bit embarrassed to answer such a question. I do not know what we are doing in this place except making social change. I do not see what is wrong with the statement, taken out of context, that the hon. member read to me. I can see the implications he is suggesting, and I do not think that is an honest, intellectual way to work. First of all, I should like to read the report; secondly, if the hon. member has clear allegations I would prefer that he had the guts to announce them.

Mr. Friesen: A supplementary question, Mr. Speaker. I am glad the hon. minister can attribute an intellectual question to me, whether she perceives it to be honest or not.

Miss Bégin: It is quite rare on that side.

Mr. Friesen: In view of the fact that of a 1977 budget of $701,653, only $30,624 come from non-governmental sources, thus indicating that there is really very little popular support for the federation, does the minister not feel that governmental financial support ought to be commensurate with public support or, alternatively, that the government should give equal financial support to agencies which project alternative views?

Miss Bégin: We are still in the dark about what the hon. member is referring to, Mr. Speaker. He does not call a spade a spade. I should like him to say what he is talking about that is supposed to be wrong with an association whose work is known to all Canadians, which obviously receives money from the private and public sectors and which is doing a good job. If the hon. member has something on his mind, why does he not say what it is?

[*Translation*]

COMMUNICATIONS

PRESS RELEASE ISSUED AFTER MEETING OF COMMUNICATIONS MINISTERS

Mr. Peter Stollery (Spadina): Mr. Speaker, I should like to direct a question to the Minister of Communications.

[*English*]

After the meeting of communications ministers last week in Charlottetown, the minister was quoted as saying that it was a very successful one, but the press said that the meeting concluded with five hours of squabbling over the joint news release. Would the minister please inform the House which version is the correct one?

● (1452)

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, most of the newspaper reports I read reflected the very positive character of the meeting, but I did read one that referred to a squabble over the press release. It is true that there was a break in order to study the press release. It was rewritten. The reason it had to be rewritten was that the ministers felt it did not sufficiently reflect the vigour of the discussion and the amount of consensus we had reached. Apart from supporting Bill C-24 and urging early passage of that bill in the House, the ministers agreed that pay television is a very important phenomenon and a very important service which might be introduced in this country. Despite the fact that they said it was entirely their jurisdiction, they did entrust me with the mandate of developing a model for pay television if and when it is introduced in the country, taking into account that the model will encompass provincial interests as well as the national interest.

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POST OFFICE

JURY NOTICES SENT BY REGISTERED MAIL

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I wish to direct a question to the Postmaster General regarding the efficiency of the Post Office. I am sure he now has material on his desk whereby the sheriff of the judicial district of Hamilton-Wentworth informed him that out of 70 jury notices forwarded by registered mail, 14 have not arrived. They were returnable on January 23. We all know the Post Office is in a mess, but we did not realize to what extent.

Has the minister looked into this matter, knowing that if you do not receive a jury notice and do not attend for service, you are subject to a jail term? Will the minister advise whether he looked into this matter in order to determine just what occurred?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I looked into the matter as soon as I received the letter from Sheriff Betzner of Hamilton informing me that only two summonses were recovered from the 16 or 18. I wrote

to the deputy postmaster general saying I was not satisfied with that answer and that a further inquiry should be made to determine who was responsible for this.

Mr. Alexander: Mr. Speaker, I think this problem calls for a little more than that. In light of the seriousness of this matter, and in view of the fact the minister has had it before him since about February 28, will he assure the House that he is actively considering this question by a full inquiry, as asked for by the sheriff of the county of Wentworth? Will he also assure the House that when he receives the results, they will be made public through a statement in the House by the minister, so that we can determine just what kind of mess the Post Office is really in?

Mr. Lamontagne: Mr. Speaker, I assure the hon. member that I am not the kind of man who would let something like that go. As soon as I receive a report from my department, I will see that the hon. member gets a full report from me.

* * *

HEALTH AND WELFARE

DEPARTMENTAL STEPS TO OFFSET INCREASE IN PRICE OF SKIM MILK POWDER

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare who expressed concern at the food conference regarding what she and many others perceive as a serious dietary problem in Canada. What steps does the minister intend to take to offset the 50 per cent increase in price that will be applied to powdered skim milk in Canada as a result of the move by the Minister of Agriculture to remove the subsidy? What steps is she taking to offset the effects this will have on the poor, the low income earners and the aged in this country?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not think that question should be addressed to me but, rather, to the Minister of Agriculture or the Minister of Consumer and Corporate Affairs. As far as my responsibility is concerned, I presume the hon. member is asking me the question on the assumption that it affects low income families. There are no specific programs of that nature. Our system of supplementation of income is through the route of family allowances or other income supplementation programs that we are studying in the department. When I am in a position to inform the House of further developments, I will.

Mr. McGrath: Mr. Speaker, I wish the Minister of Agriculture who was responsible for this would keep quiet until I ask my question. I can assure him that to the low income earners and the poor of this country it is not at all funny. In view of the high unemployment in Canada, the serious inflationary situation in the country and the importance of milk to an adequately nutritious diet, I ask the Minister of National Health and Welfare, in light of her responsibility as minister—which she may not realize—to give the House an undertaking that she will look into the consequences on the poor, the aged and the low income earners of this country of the 50 per cent price increase in powdered skim milk that will result from the inhumane action of the Minister of Agriculture by having it removed in the first place.

Miss Bégin: Mr. Speaker, that is a ridiculous way of making a representation on a problem that is badly presented. The general problem of those with low incomes in this country is my responsibility. This government looks after that mandate far more seriously than the hon. member opposite. I would very much like to see their social program for any election platform. I have not heard anything that even looks like redistribution or helping those in need.

Second, I, too, listen to the CBC. Two or three Sundays ago I saw a program, which was of concern to all Canadians, regarding the cost of skim milk powder in the hon. member's province of Newfoundland, where apparently some intermediaries in the food distribution process exaggerated their profits because the cost seemed to be unbearable. That, I regret to say, is not my responsibility.

Mr. McGrath: Mr. Speaker, I have a final supplementary for the minister, who just does not seem to appreciate the seriousness of this problem or her responsibility in addressing it. That is regrettable. In light of the impact this will have on the poor, the low income earners and the aged of this country, is the minister prepared to give an undertaking to this House that she will use part of her budget to pay for some of the surplus skim milk powder in this country and make it available to the poor and the aged?

Miss Bégin: Mr. Speaker, that is proof that the hon. member is not interested in a solution to the problem. He should have addressed that request to the minister who has the means to take such an approach. He deliberately asks me, as the Minister of National Health and Welfare, who does not have any other tools than those consisting of income supplementation programs. The hon. member knows very well the work we are trying to do. If he agrees with it, I will be before the committee tomorrow morning. I will be pleased to hear what his party has to say then, and he can give me his support.

* * *

FINANCE

AMENDMENTS TO BANK ACT

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question was for the Minister of Finance. As he is not here, I will address it to the Minister of Justice. Prior to the Easter adjournment, the Minister of Finance indicated that he had not received back from the drafting section of the Ministry of Justice the proposed amendments to the Bank Act. Is the Minister of Justice in a position to tell us when those instructions were received, what progress has been made, and when he anticipates his drafting section will be able to return the

amendments to the Minister of Finance so that they may be introduced in the House?

Hon. Ron Basford (Minister of Justice): Without answering all the details of the hon. member's question, Mr. Speaker, very considerable progress was made before and during the Easter recess. I hope the Minister of Finance will be in a position to introduce a bill very soon indeed.

Mr. Lambert (Edmonton West): Mr. Speaker, I will address my supplementary to the Minister of Finance, who has returned to the chamber. The minister advised my colleagues earlier that a decision will be taken this week with regard to the presentation of a budget. Will he advise whether at the next full cabinet meeting there will be a decision as to when the amendments to the Bank Act will be introduced? In light of what has been said by the Minister of Justice, does the minister expect to introduce the new Bank Act provisions within the next fortnight?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when the cabinet has decided, I will give the date to the House of Commons. However, I have nothing to add to the answer given by my colleague, the Minister of Justice.

* * *

REGIONAL ECONOMIC EXPANSION

COST-SHARING OF TRANS-CANADA HIGHWAY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Prime Minister. Will the Prime Minister inform the House whether his government is agreeing to finance 75 per cent of the cost of Trans-Canada Highway improvements in the province *de Terre-Neuve* or the Atlantic provinces generally? The provinces have asked for a 75-25 per cent sharing ratio with the federal government. The Minister of Transport said so far the federal government will only participate to the amount of 50 per cent. Has that now changed and have the proposals of Newfoundland and the Atlantic provinces been accepted by the federal government?

[*Translation*]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, for a detailed and up-to-date report on the discussions, I refer the hon. member to the minister responsible for the negotiations, the Minister of Regional Economic Expansion.

● (1502)

[*English*]

Mr. Crosbie: A further question to the Prime Minister. Since when has the Minister of Regional Economic Expansion replaced the Minister of Transport, who was the responsible minister in these negotiations with Newfoundland? Has the Prime Minister reallocated the duties of members of the cabinet?

[*Translation*]

Mr. Trudeau: Mr. Speaker, as the hon. member knows, through the Department of Regional Economic Expansion the government is spending huge funds for provincial infrastructures. Of course, the Minister of Transport also assumes some responsibilities and as the ministers of my cabinet refer to each other and co-operate, the hon. member can be assured that if one of them answers, I can answer for the other.

* * *

[*English*]

POST OFFICE

DELIVERY SERVICE TO NEW SUBDIVISIONS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): I have a question for the Postmaster General, Mr. Speaker. The hon. gentleman has been back in his constituency and will now better understand the great demand which exists in new subdivisions for the extension of postal delivery services to those areas. I should like to know whether, after the Easter break, he is in a position to announce the government's intention to extend postal delivery services to these new areas. The people concerned are really mad about this.

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I must advise my colleague that I have just arrived from a visit in Edmonton which is in the vicinity of his constituency—

[*English*]

I listened carefully to all the remarks people were making in his constituency and I can assure the hon. member that I will make a careful assessment of what can be done with the means at our disposal.

Mr. Hnatyshyn: The Postmaster General may understand that Saskatoon is in Saskatchewan. Will he give an undertaking to announce a delivery service to new subdivisions some time this month? Will he be able to make a statement of the government's intention this month?

Mr. Lamontagne: I am not aware of the particular problem in the hon. member's constituency. I will look into it and give him an answer.

* * *

AGRICULTURE

HOLDBACK RESPECTING SKIM MILK POWDER—GOVERNMENT POSITION

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to address a question to the Minister of Agriculture. Now that the dairy year has come to a close, I should like to ask whether, since stocks of skim milk powder have not accumulated at the rate anticipated, the minister is in a position to advise

farmers that some proportion of the $7 holdback can now be rebated to those who have been penalized?

Hon. E. F. Whelan (Minister of Agriculture): Not at this time, Mr. Speaker. The Canadian Dairy Commission is not in the business of giving away products. It does not make good sense that farmers should be penalized, if we are just going to give away the product on a world surplus market. Both the United States and the European Economic Community are in a surplus position with regard to skim milk powder.

I am sure the hon. member is aware that this year we withdrew the subsidy on skim milk powder, amounting to about $13 million, while at the same time transferring payments to pension indexing and social services, including family allowances, to the tune of $587 million in new funds. This money went into programs to help the poor of this country, and there is nothing inhumane about that at all, Mr. Speaker.

Mr. Peters: The minister is a great one for answering everything but the question put to him. Farmers today are interested in knowing what the Canadian Dairy Commission is proposing for the coming year. When does the hon. gentleman anticipate he will be in a position to advise the House and the country with regard to the new dairy policy?

Mr. Whelan: Mr. Speaker, this program is one which has taken a lot of time to put together—longer, indeed, than I had hoped—because of the need for consultation between provincial marketing groups and the producers themselves. A recommendation has now been placed before the government, and I hope within a few days we shall be able to announce that what has been one of the best dairy programs of any nation in the world will be even better than any seen in the past.

ROUTINE PROCEEDINGS

[*Translation*]

CAPE BRETON DEVELOPMENT CORPORATION ACT

AMENDMENT TO ENLARGE POWERS OF CORPORATION

Hon. Marcel Lessard (Minister of Regional Economic Expansion) moved for leave to introduce Bill C-38, to amend the Cape Breton Development Corporation Act.

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

Mr. Speaker: When shall the bill be read for the second time? At the next sitting of the House?

Some hon. Members: Agreed.

[Mr. Peters.]

CURRENCY AND EXCHANGE ACT

AMENDMENT TO AUTHORIZE ISSUANCE OF CERTAIN GOLD COINS

Hon. Jean-Pierre Goyer (Minister of Supply and Services) moved for leave to introduce Bill C-39, to amend the Currency and Exchange Act.

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

Mr. Speaker: When shall the bill be read for the second time? At the next sitting of the House?

Some hon. Members: Agreed.

* * *

CANADA REFERENDUM ACT

MEASURE PROVIDING FOR PUBLIC CONSULTATION ON CERTAIN AMENDMENTS TO THE CONSTITUTION

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations) moved for leave to introduce Bill C-40, respecting Public Referendums in Canada on Questions relating to the Constitution of Canada.

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

Mr. Speaker: When shall the bill be read the second time? At the next sitting of the House?

Some hon. Members: Agreed.

* * *

[*English*]

CANADA ELECTIONS ACT

AMENDMENT RESPECTING POLL OFFICERS

Mr. Paul Dick (Lanark-Renfrew-Carleton) moved for leave to introduce Bill No. C-432, to amend the Canada Elections Act (partisan poll officers).

He said: Mr. Speaker, my purpose in introducing this bill is to equalize the number of poll officers from the various parties during federal elections so as to bring us into a more modern era of bipartisanship—there would be two political parties represented as between poll clerks and deputy returning officers as is the practice in all the major provinces of Canada.

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

CANADA NON-PROFIT CORPORATIONS ACT

MEASURE RESPECTING CERTAIN CORPORATE BODIES

Hon. Allan J. MacEachen (for the Minister of Consumer and Corporate Affairs) moved the first reading of Bill S-3 (from the Senate), respecting Canadian non-profit corporations.

Motion agreed to and bill read the first time.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, the following questions will be answered today: Nos. 35, 317, 424, 458, 698, 711, 962, 964, 986, 987, 1,073, 1,080, 1,117, 1,325, 1,331, 1,338, 1,342, 1,343, 1,351, 1,377, 1,384 and 1,432.

[*Text*]

SKIM MILK POWDER

Question No. 35—**Mr. Cossitt:**

With reference to the Department of Agriculture's Dairy Programme announcement made on April 4, 1977, did the announcement state in part that the sum of $20,000,000 was budgeted for the Canadian International Development Agency to purchase skim milk powder for international food aid and, if so, how much has been spent to date, what was the disposition of the skim milk powder and if a balance remains, how will it be spent and how will the skim milk powder be disposed of?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): In so far as the Canadian International Development Agency is concerned, the answer is as follows: (a) Canadian Dairy Commission Policy No. 411,-871 dated April 1, 1977, stated that $20 million is budgeted for the Canadian International Development Agency (CIDA) to purchase skim milk powder for international food aid. (b) As of the February 8, 1978, CIDA has purchased $18,060,-741.25 or 36,654 metric tonnes of milk powder from its budget. (c) Disposition of the milk powder is outlined in table below. (d) The balance outstanding is held available to meet requests received from recipient countries, prior to the conclusion of this fiscal year (1977/78).

Disposition of Skim Milk Powder

	MTN		MTN
Afghanistan	45	Lesotho	30
Arab Republic of Egypt	4,150	Mauritania	1,995
Bolivia	165	Mexico	4,050
Burundi	93	Nicaragua	40
Cameroon	50	Niger	117
Cap Vert	880	Peru	1,570
Colombia	1,710	Rwanda	30
Congo	32	Senegal	1,000
Cuba	5,000	Somalia	600
El Salvador	70	Sri Lanka	2,900
Gambia	405	Syria	138
Ghana	40	Thailand	700
Haiti	451	Tunisia	87
Honduras	116	Turkey	81
India	2,000	Vietnam	8
Indonesia	180	Peoples Democratic Republic of Yemen	92
Jordan	240		

Non-governmental organizations—1,631 MTN.

Order Paper Questions

LOTO CANADA EMPLOYEES

Question No. 317—**Mr. McKenzie:**

1. Has Loto Canada Inc. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Loto Canada Inc. in (i) 1975 (ii) 1976?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Fiscal year 1976-77: 1. (a) (i) Not applicable. (ii) Not applicable. (iii) Not applicable. (iv) Not applicable. (v) Yes, 5. (vi) Yes, 2. (vii) Not applicable. (viii) Not applicable. (ix) Not applicable. (x) Not applicable. 1. (b) Not applicable.

2. Not applicable.

3. (a) Quebec: $5.75; Ontario: $5.75. (b) Not known. (c) (i) Not applicable. (ii) $8,306.10.

DREE

Question No. 424—**Mr. Elzinga:**

Since the inception of the Department of Regional Economic Expansion, how much money has been granted by the government in yearly totals in (a) British Columbia (b) Alberta (c) Saskatchewan (d) Manitoba (e) Ontario (f) Quebec (g) New Brunswick (h) Nova Scotia (*i*) Prince Edward Island (j) Newfoundland (k) the Northwest Territories (l) the Yukon Territory.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: please refer to DREE annual report, 1975-76, tabled May 6, 1977, and DREE annual report, 1976-77, tabled March 7, 1978.

EXPENDITURES—CONSTITUENCY OF NEW WESTMINSTER

Question No. 458—**Mr. Leggatt:**

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

Hon. E. F. Whelan (Minister of Agriculture): Departmental accounting systems are not designed to provide expenditures by constituency. However, operational expenditures for offices located within the constituency are estimated as follows: 1970-71, $119,000; 1971-72, $128,000; 1972-73, $138,000; 1973-74,

$162,000; 1974-75, $180,000; 1975-76, $205,000; 1976-77, $228,000. The following estimated expenditures were made by the Canadian Livestock Feed Board and represent payments made under the Feed Freight Assistance Program for movements of feed grains. 1970-71, $24,075; 1971-72, $15,579; 1972-73, $118,196; 1973-74, $82,306; 1974-75, $61,006; 1975-76, $27,165; 1976-77, $36,160. The Agricultural Stabilization Board advises that their accounting systems are not designed to provide expenditures by constituency and this information could only be obtained by conducting a manual search of 11,000 producer files. The Canadian Dairy Commission has made no expenditures in the constituency of New Westminster.

DREE

Question No. 698—**Mr. Howie:**

What amount was spent and approximately how many jobs were created by DREE in each province since the inception of the Department?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Under the Regional Development Incentives Program, the reply for the Department of Regional Economic Expansion is as follows: please refer to DREE annual report, 1976-77, tabled March 7, 1968.

DREE

Question No. 711—**Mr. Howie:**

Since its inception in 1969, what amount did DREE pay to (a) each province under general developments (b) industries in each province under the Regional Development Incentives Act?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: please refer to DREE annual report, 1976-77, tabled March 7, 1978.

CRISIS CENTRES

Question No. 962—**Mr. Howie**:

Since January 1, 1976, were studies made for the Department of the Solicitor General by outside consultants regarding crisis centres?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Yes. The Research and Systems Development Branch of the Department of the Solicitor General has entered into three research contracts to study crisis intervention techniques. One contract is with the University of Western Ontario for a research study to evaluate a crisis intervention strategy being used by the police in London, Ontario. The results of the study will be used to improve the effectiveness of intervention techniques in crisis situations, particularly those occurring during domestic disputes. A second contract is with the University of Ottawa for an exploratory study of the nature and effectiveness of rape crisis centers in responding to the needs of victims of rape. The United Way of greater Vancouver also has a research contract focussing on the social service role of the police, with particular reference to domestic crisis intervention.

[Mr. Whelan.]

This study has demonstrated that specific training of police officers is one effective technique in improving crisis intervention procedures. Canadian Penitentiary Service and National Parole Service, Royal Canadian Mounted Police, National Parole Board. Nil.

NEW BRUNSWICK—LAWYERS OR CONSULTANTS

Question No. 964—**Mr. Howie:**

Since January 1, 1977, did the Department of Labour engage outside lawyers or consultants in New Brunswick?

Hon. John C. Munro (Minister of Labour): Yes.

LABOUR DISPUTES

Question No. 986—**Mr. Howie:**

Since January 1, 1976, has the Department of Labour conducted any studies into the use of a court-like forum for the settlement of labour disputes in substitution or prevention of strike action?

Hon. John C. Munro (Minister of Labour): The Department of Labour has under continuous review methods used for the prevention and settlement of labour disputes. Part V of the Canada Labour Code provides for a number of procedures, and for some flexibility of approach, to allow departmental intervention to be appropriate to the circumstances of each situation. Some of the existing procedures might be perceived as having characteristics of a "court-like forum." However, rigid, court-like attitudes and procedures are, in general, unsuitable for the expeditious handling of labour disputes and are not consistent with a free collective bargaining system.

STRIKE ACTION

Question No. 987—**Mr. Howie:**

Has the Department of Labour conducted any studies into alternatives to strike action since January 1, 1976?

Hon. John C. Munro (Minister of Labour): The Search for alternatives to strike action is a perennial one amongst major western industrial countries where collective bargaining is accepted as the most equitable and viable method of determining wages and working conditions. Over the past two years, the Canada Department of Labour has increased the activities aimed at improving the working environment and thus removing from the bargaining arena as many contentious issues as possible; improving the collective bargaining process by strengthening its legal framework, improving services and reducing delays; and improving the industrial relations system by fostering a sense of joint responsibility in making it work more efficiently and with less disruption.

AGRICULTURAL RESEARCH STATIONS

Question No. 1,073—**Mr. Mazankowski:**

1. Will agricultural research stations in Alberta benefit from the Labour Intensive Programme and, if so (a) which ones and in what locations (b) what amount will be allocated to each?

2. What are the job descriptions and what will be the remuneration applicable to each job?

Hon. E. F. Whelan (Minister of Agriculture): 1. Yes. (a) Agriculture Canada's research stations at Lacombe and Beaverlodge, Alberta will benefit from the Federal Labour Intensive Program.

(b)	Lacombe	Labour	Other Costs	Total
	1977-78	$13,500	$2,000	$15,500
	1978-79	34,500	2,000	36,500
	Beaverlodge			
	1977-78	$12,000	$5,000	$17,000
	1978-79	24,000	—	24,000

2.

Lacombe	Title	Classification and level	Number of People	Total Remuneration	Annual Salary Range
1977-78	General Clerks	CR 2	6	$10,475	$8,483—$ 9,256
	Computer Clerks	DA CON 2	2	3,025	8,985— 10,457
1978-79	General Clerks	CR 2	6	25,874	8,483— 9,256
	Computer Clerks	DA CON 2	2	8,626	8,985— 10,457
Beaverlodge					Hourly Rate
1977-78	Sample Analysts	GL MAN 3	4	$12,000	$5.10
1978-79	Sample Analysts	GL MAN 3	10	24,000	5.10

MR. ANDRÉ LAMY

Question No. 1,080—**Mr. Cossitt:**

1. Was Mr. André Lamy appointed Government Film Commissioner and Chairman of the National Film Board and, if so (a) on what date (b) what is his annual salary?

2. What were the previous positions he held in the Public Service?

3. Is he bilingual and is he fluent in the English language?

4. Did he take a government-sponsored English language course and (a) if so (i) in what location (ii) on what dates (b) if not, will he be taking such a course and on what date?

5. Does he receive the seven per cent bilingual bonus?

6. Was he tested in the English language and, if so (a) on what date (b) in what location (c) by whom (d) what were the results?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1. Yes, on August 22, 1975, by "Governor General in Council Approval in 1975-1848". He is in the annual salary range of a DM-1: $43,000.—$58,800.

2. Before Mr. Lamy was appointed Government Film Commissioner and Chairman of the National Film Board, he was the Deputy Commissioner.

3. Yes.

4. No.

5. No.

6. (a) Yes, on October 1, 1973. (b) At the National Film Board. (c) By the personnel service which was delegated this task by the Official Languages Bureau. (d) See Part 3 above.

EXPENDITURES—CONSTITUENCY OF NICKEL BELT

Question No. 1,117—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Fisheries and the Environment and those agencies that report to it?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment):

Fiscal Year	Amount
1970-71	$31,500
1971-72	44,300
1972-73	51,000
1973-74	51,200
1974-75	51,316
1975-76	41,005
1976-77	41,756
1977-78 (to January 31, 1978)	56,870

In so far as the Freshwater Fish Marketing Corporation is concerned: Nil.
In so far as the Canadian Saltfish Corporation is concerned: Nil.
In so far as the Fisheries Prices Support Board is concerned: Nil.

SEARCH AND RESCUE

Question No. 1,325—**Mr. McKinnon:**

Did the Department of National Defence spend any money in 1977 on marine search and rescue on the (a) West Coast (b) East Coast and, if so, in each case, in what amount?

Hon. Barney Danson (Minister of National Defence): Yes. (a) $1,818,150. (b) $3,522,352.

NOTE: In addition there was a capital expenditure of $1,832,-774 associated with the formation of the Search and Rescue unit at Gander, Newfoundland.

Order Paper Questions

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,331—**Mr. Bawden:**

1. Did Crown Assets Disposal Corporation hold a sale, 410-3-82398, on March 17, 1977 of items in the custody of the Department of Energy, Mines and Resources in Hull, Quebec?

2. Was Sedburgh School the purchaser of Item No. 1 listed as "Generator set, diesel engine, portable, 4000 watts, Honda" and, if so, was Crown Assets advised by the purchaser that upon collection the diesel engine was missing?

3. Was the merchandise inspected by Crown Assets prior to sale?

4. Was the diesel engine stolen while in the custody of the Department of Energy, Mines and Resources or was the documentation faulty?

5. Was a refund made to Sedburgh School and, if not, for what reason?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Yes.

2. (a) Yes. (b) no.

3. No.

4. (a) No. (b) yes.

5. Yes.

ARMED FORCES PERSONNEL

Question No. 1,338—**Mr. Epp:**

How many armed forces personnel have been relocated in postings designated bilingual in provinces other than Quebec and what is the number of personnel involved in each province?

Hon. Barney Danson (Minister of National Defence): The number of armed forces personnel posted to designated bilingual positions outside the province of Quebec was as of March 1, 78, 4,553. The listings by provinces is as follows: Newfoundland, 18; Nova Scotia, 675; New Brunswick, 458; Prince Edward Island, 28; Ontario, 2,725; Manitoba, 122; Saskatchewan, 106; Alberta, 140; British Columbia, 275; North West Territories, 6; Total, 4,553.

ARMOURED VEHICLES

Question No. 1,342—**Mr. McKinnon:**

Have armoured vehicle spares in the amount of $410,109 been ordered from General Motors and, if so, are such spares for armoured vehicles at present held by the forces and, if not, for which vehicles are they intended?

Hon. Barney Danson (Minister of National Defence): Yes. The spares are long lead time spares required for the wheeled armoured personnel carrier, a variant of the armoured vehicle general purpose (AVGP), which is scheduled to be delivered starting in October, 1978.

UTILIZATION OF CAVITIES IN FROZEN GROUND

Question No. 1,343—**Mr. McKinnon:**

Has the Department of National Defence a $10,045 contract with the University of Alberta for investigation of the utilization of cavities in frozen ground for military purposes and, if so, will copies of the investigative report be made available to Members of Parliament and, if so, on what date and by whom?

Hon. Barney Danson (Minister of National Defence): Yes. Copies of the report will be available to members of parliament on request to DND anytime after June, 1978, the anticipated date of completion of the contract and issue of the final report.

[Mr. Danson.]

GRAIN TRANSPORTATION

Question No. 1,351—**Mr. Mazankowski:**

1. To date, what is the total cost of the Grain Handling and Transportation Commission?

2. To date, what is the total cost of the Commission on the Costs of Transporting Grain by Rail?

3. To date, what is the total cost of the Prairie Rail Action Committee?

Hon. Otto E. Lang (Minister of Transport): To February 28, 1978 the total costs paid were: 1. $1,698,981.84.

2. $487,595.

3. $98,487.

INCOME TAX

Question No. 1,377—**Mr. Dionne (Kamouraska):**

Since 1970, did any taxpayers fail to claim a certain amount of income tax withheld at the source in accordance with the Income Tax Act and, if so, what was the amount for each year?

Hon. Joseph-Philippe Guay (Minister of National Revenue):

		Unapplied Tax Deductions
For the taxation year	1970	$105,642,648.50
	1971	103,766,522.18
	1972	202,996,080.03
	1973	163,215,516.91
	1974	157,977,892.60
	1975	221,102,311.82
	1976	248,455,898.68

INCOME TAX EMPLOYEES SALARIES

Question No. 1,384—**Mr. Dionne (Kamouraska):**

From 1965 to 1977, did the government allocate any funds for the salaries of public servants and employees of all categories, investigators and others responsible for the application of the Income Tax Act and, if so, in what amount?

Hon. Joseph-Philippe Guay (Minister of National Revenue):

Fiscal Year	Salaries $000's
1965-66	40,360
1966-67	48,383
1967-68	53,802
1968-69	55,896
1969-70	71,064
1970-71	79,610
1971-72	94,629
1972-73	114,286
1973-74	132,126
1974-75	169,217
1975-76	186,064
1976-77	219,258
1977-February 28/78	223,922

RECOGNIZED POLITICAL PARTIES

Question No. 1,432—**Mr. Jones:**

1. How many recognized parties are there under the Canada Elections Act?

2. What are the names, official addresses and details of each of the said recognized parties?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1 and 2.: See table below as of March 21, 1978.

NOTE: It is assumed that "recognized parties ... under the Canada Elections Act" refers to those political parties whose names are contained in the Registry of Political Parties required to be maintained by the Chief Electoral Officer pursuant to the provisions of section 13 of the Canada Elections Act. The parties with an asterisk(*) before their respective names indicates that the parties have been accepted for registration. The registration will not become "effective" until the next general election and then only upon a party having officially nominated cnadidates in at least fifty (50) electoral districts, i.e. they cannot issue tax credit receipts nor have the party name on the ballot pending the foregoing.

	Name of Party	Name of Leader	Address of Principal Office of Party	Name and Address of Chief Agent	Name and Address of Auditor
	Liberal Party of Canada	The Rt. Hon. Pierre Elliott Trudeau	102 Bank Street, Ottawa, Ontario.	The Federal Liberal Agency of Canada, 102 Bank Street, Ottawa, Ontario.	Coopers & Lybrand, 130 Albert Street, Ottawa, Ontario.
	Progressive Conservative Party of Canada	Charles Joseph Clark	178 Queen Street, Ottawa, Ontario.	P.C. Canada Fund, 40 University Avenue, Toronto, Ontario.	Touche, Ross & Co., 200 University Avenue, Toronto, Ontario.
	New Democratic Party	Edward J. Broadbent	301 Metcalfe Street, Ottawa, Ontario.	Robin V. Sears, 301 Metcalfe Street, Ottawa, Ontario.	Newton & Lyon, P.O. Box 978, Manotick, Ontario.
	The Social Credit Party of Canada	Gilles Caouette, Interim Leader	Room 358, Confederation Building, Ottawa, Ontario.	Romuald Rodrigue, 675—15th Street, St-Georges-Ouest, Quebec.	Eddy Parisien, 737 Richmond Street, Ottawa, Ontario.
	Communist Party of Canada	William Kashtan	24 Cecil Street, Toronto, Ontario.	Margery Ferguson, 24 Cecil Street, Toronto, Ontario.	Mrs. Helen Burpee, 68 Nairn Avenue, Toronto, Ontario.
	Marxist-Leninist Party of Canada	Hardial Singh Bains	P.O. Box 264, Adelaide Station, Toronto, Ontario.	Richard Daly, 23 Frankdale Avenue, Toronto, Ontario.	Robert A. Shortly, 336 Keewatin, Toronto, Ontario.
*	Canada Party	Stuart J. Neilson	P.O. Box 3084, Ottawa, Ontario.	Stewart I. Crawford, 309 Lanark, Ottawa, Ontario.	Deloitte, Haskins & Sells, 99 Bank Street, Ottawa, Ontario.
*	Party Rhinoceros	Jacques Ferron	1020 Francis Street, Longueuil, Quebec.	Robert Millet, 1020, rue Francis, Longueuil, Quebec.	J.-C. Ladouceur, 2476 Villiers Street, Longueuil, Quebec.
*	United Provincials National Party of Canada	Joe Lehnert	P.O. Box 222, New Westminster, British Columbia.	D. W. Brooks, Box 226, New Westminster, British Columbia.	P. A. Schmidt & Co.
*	Libertarian Party of Canada	R. Bailey	4866 Yonge Street, Toronto, Ontario.	P. Miniato, P.O. Box 520, Brooklin, Ontario.	Costa, Durley, McCauldin & Palmer, 45 Charles Street East, Toronto, Ontario.
*	National Reform Party of Canada	R. A. Gilson	R.R. 4 Box 26, North Bay, Ontario.	Vacant	D. Pigden, 237 Main Street Est, North Bay, Ontario.

[*English*]

Mr. Andres: I ask that the remaining questions be allowed to stand.

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

Some hon. Members: Agreed.

• (1512)

POINT OF ORDER

MR. LEE—ELECTRONIC SURVEILLANCE

Mr. Art Lee (Vancouver East): Mr. Speaker, I rise on a point of order. In view of Your Honour's earlier statement regarding electronic surveillance I wonder if Your Honour can assure the House that officers and principals of Uniserv Sound are not now operating within the precincts of parliament.

Mr. Speaker: Order, please. I am not sure that the hon. member has a point of order. I understand his concern. However, I am, of course, not in a position to give any such assurance at this time, and I am not sure that I ever could be.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed, from Wednesday, March 22, consideration of Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, as reported (with amendments) from the Special Committee on a Northern Gas Pipeline. And on motion No. 4 (Mr. Symes), and motion No. 6 (Mr. Holmes).

Mr. Erik Nielsen (Yukon): Mr. Speaker, I would first like to welcome back to the House the Deputy Prime Minister (Mr. MacEachen) who was not with us on Tuesday, March 21, and Wednesday, March 22, when a major portion of these amendments was debated.

The minister's colleagues missed his presence. It is a pity that he was not here because the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), who attended the majority of the committee meetings, seemed to have left his responsibilities to the hon. member for Sault Ste. Marie (Mr. Symes), who advanced some rather empty, unintelligent, and innocuous amendments.

The amendments we were dealing with at the time of adjournment were motions Nos. 4 and 6 with respect to the injection of a native presence into the bill. I had made a few remarks with respect to the representations made by the hon. member for Sault Ste. Marie, but before I terminate my brief remarks I want to correct a mistaken impression which appears to have been held by the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Milne). As stated by the hon. member for Lambton-Kent (Mr. Holmes), we on this side wanted to see a stronger amendment in the bill with respect to the native presence than that which is now set forth in motion No. 6. We wanted to see two elements in that amendment. We wanted to see, first, that the land which would be occupied along the route of the pipeline would be treated in such a manner that any existing native claims would not be prejudiced by that occupation.

Secondly, and equally as important, we wanted to reassure the native peoples that their ongoing negotiations toward a final settlement would not be prejudiced by the bill itself.

The first of those elements is in the amendment which the government has accepted. The second of those elements is not present. We settled on the basis of getting this much from the government. We would have liked to have seen the other element contained in the amendment. With those words I intend to leave the amendments with respect to native peoples. I believe that the amendment which the government finally did accept, as set forth in motion No. 6, adequately protects native interests not only in the Yukon but also in northern British Columbia as well as any which may exist in Alberta with respect to any interest the native peoples may have in the land on which the pipeline will be located. That, to my mind, covers the situation as far as the land itself is concerned, and adequately protects native claims. There was no such protection before, but this amendment will provide it.

I would like to say one last word about the position taken by the NDP. In essence it reflects the position which is being taken by the representations of the native people themselves. Members of the NDP say that there should be no development whatsoever until native claims are settled. The native organizations say there should be no development until their claims are settled. To my mind that is a totally irresponsible position to be taking.

Out of one side of their mouths members of the NDP are saying that we need jobs in Canada. They criticize the government, as we do, for bringing about a situation where there is in excess of one million unemployed, yet out of the other side of their mouths they try to throw up a roadblock by saying that there should be no pipeline whatsoever until native land claims are settled. They thereby would throw down the drain 100,000 man-years of employment.

It seems to me that members of the NDP cannot have it both ways. That is why, before the adjournment, I referred to them as being rather sanctimonious. It is quite a hypocritical stand for them to be taking. It is hypocritical to say that there should not be this development, thus dispensing effectively with the jobs they criticize the government for not creating. The stance of my party, as expressed by my leader repeatedly, is that there is no reason why negotiations for settlement of native claims cannot proceed hand in hand with any development, including the pipeline, without the one prejudicing the other.

No one has been able to convince me yet—and I invite members of the NDP to try—that the building of a pipeline would prejudice native land claims. No one has yet been able to convince me that the building of a road, the building of a

bridge, or the bringing into being of a new mine would be prejudicial to the settlement of native land claims. I invite members of the NDP to tell me how they feel this would happen. It just would not happen at all.

Native peoples negotiate on the basis of land, cash, royalties and so forth. Whatever land is to be occupied by the development of a new mine can be negotiated on the basis of royalties. That has been done elsewhere in this country, and elsewhere in the western world where native land claims have been settled. There is no reason why that cannot be done here. In his ignorance of the Yukon the hon. member for Sault Ste. Marie does not realize that 90 per cent of the native people in the Yukon do not share the views expressed by their leaders down here when they appear before committees. The Minister of State (Environment) (Mr. Marchand) is listening very carefully, and he knows what I say is true. Millions of dollars are poured into the support of native organizations, which are headed by bureaucrats.

Since 1973 well over $40 million or $50 million has been poured into native organizations in the Yukon, yet the kids in Pelly Crossing, Ross River Upper Liard and other native Yukon communities are still running around with no jeans on their backsides. So one wonders where the money goes, particularly when one legal counsel is paid $95,000 a year for a great many years. The present legal counsel is being paid $65,000 a year, and he was just appointed last June.

One wonders whether these moneys are being properly spent. The native people of the Yukon are not seeing the benefits. If they would come to an agreement in principle and pick up the $50 million which is now lying on the table waiting for them to pick up, they would be ready and capable of being part of the economic activity and development which will take place as part of the pipeline. However, instead of taking that sensible course, the result of the course they are taking is the loss of $400,000 a month in interest on that money. The economic and social conditions which exist in their villages throughout the Yukon will continue to exist while they adopt that dog-in-the-manger attitude.

It does them no good, it does the country no good, and it does the Yukon as a whole no good for any segment of the population anywhere along that line to adopt the attitude that they will prevent a project of such magnitude—a project that would bring about national benefits—for the sake of having a lever for the purpose of bringing about what they think will be a favourable settlement. On the contrary, it is in their best interest, just as it is in the national best interest and in the over-all best interest of the Yukon, to see that this project goes ahead without prejudice to the final settlement of their native land claims.

● (1522)

With those words stating our position on the matter I will leave those amendments, Mr. Speaker.

Mr. Symes: I rise on a point of order, Mr. Speaker. I am sure the hon. member for the Yukon (Mr. Nielsen) would not want to misrepresent my position as put forward in the amendment. He knows full well that I am of the belief that the native land claims would be settled by 1981 or 1983. I would like to put this question to him: does he seriously believe that Foothills will be able to raise the necessary finances for this type of pipeline without the issue of native land claims having been settled first? I see no investor who would be willing to invest—

The Acting Speaker (Mr. Ethier): Order, please. Is the House ready for the question?

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise to make a few comments in response to some of the ridiculous statements made by the hon. member for Yukon (Mr. Nielsen) who criticized my colleague, the hon. member for Sault Ste. Marie (Mr. Symes), for moving the amendment and for putting forth the arguments he did, one of his reasons being that the hon. member for Sault Ste. Marie had not attended meetings of the committee.

The hon. member for Yukon should be the last member in the House to talk about attendance of members of parliament, because he himself is so frequently absent from the House. The hon. member for Yukon knows, or should know, that the hon. member for Sault Ste. Marie was not a member of that committee, that our member on the committee which dealt with this bill was the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), who listened to all the evidence, who participated in the debate, and who holds exactly the same positions on the issue as the hon. member for Sault Ste. Marie. If he were here today—I think he will be here later on this afternoon—he would be making arguments on precisely the same lines as those made by the hon. member for Sault Ste. Marie.

I am surprised that the hon. member for Yukon, who professes to be interested in the welfare of the native people of this country, should express surprise that we raise issues which are of concern to the native people. He has native people in his constituency, and he must know that the native people in his constituency, as in every other area of this country, have consistently been ignored, that whether one looks at the standards of education, the standards of health or standards of employment, the native people are at the bottom of the heap.

The infant mortality rate of native people is dramatically higher than that of any other group in this country; the educational attainments of the native people over the years have improved but they are still at the bottom of the totem pole, and the employment of native people is still worst of any group in this country. In the cities of Canada they find it almost impossible to find employment, and on the reserves unemployment runs at anywhere from 50 per cent to 95 per cent.

It is not surprising, therefore, that native people have been very suspicious—not just the native people in the Yukon but those in every part of Canada—of the supposed good intentions of the white people and of both the federal and provincial governments. It is not surprising, because they have had such bad experiences in the past. They know that the agreements

and treaties have simply not been lived up to, and certainly have not been amended or changed to meet their needs in modern times. They have not been changed so that the spirit, which was supposedly contained in the treaties when they were originally signed, has any meaning in modern times.

Based on the experience of the native people in all parts of Canada, and based on the history of Canada, we have come to the conclusion—and we know we are right—that should the pipeline be proceeded with and should all the details, except those pertaining to native land claims, be proceeded with and the pipeline begun, the chances of the native people of the Yukon getting a fair and equitable settlement are virtually nil.

I suggest to the hon. member for Yukon that when he proposes, as he did consistently in his speech, that the pipeline be proceeded with immediately and the question of native land claims settled later, what he is saying in fact is that the native land claims are not important and that they would be settled probably at 2 cents on the dollar after the project has begun. That is the only clout which the native people of the Yukon have, and we saw a dramatic example of just how this works with regard to the James Bay claims.

Does the hon. member for Yukon really believe that if the native people of James Bay had not gone to court and had not been able to get a court order holding up the James Bay project, they would have achieved the kind of settlement which they got? There is not a chance in the world that that would have happened. If the James Bay people got a settlement which goes at least part way toward meeting their fair claims and which gives them the right to exclusive use of a fairly large piece of land in their ancestral homeground, if they got a large amount of money which will be used to help them develop alternative methods of employment, it is because they had the power, through the courts before the project was completed, of holding up the project. So when the hon. member for the Yukon says that we should leave this issue until later and go ahead with the project right now, what he is saying is that this project is so important to the non-native people of Canada that we must go ahead with it right away, and in doing so he is prepared to sacrifice the basic rights and needs of the native people of this country. We are not prepared to do that.

The hon. member for Yukon knows full well that no one in the NDP has tried to hold up the passage of this bill. He knows that this bill will pass in this session of parliament; it will probably be passed in the next few days. So when he says that we are prepared to stop this bill, he knows that what he is saying is not in fact correct. First of all, to put the case of the native people in the way in which it has not been done, certainly by the hon. member for the Yukon, I have a feeling he may not be speaking for all members of the Conservative party. Certainly he did not put the case for the native people, particularly those in his own constituency. By moving this amendment, we are attempting to provide the House with a clear opportunity to vote on a proposal suggesting that this project should not be proceeded with until the native land claims have been settled.

[Mr. Orlikow.]

• (1532)

If the government is prepared to deal with native land claims in the Yukon in a fair and equitable manner, surely it should not be difficult to reach an agreement. The manner in which the government has blown hot and cold over the years on the question of native land claims is what bothers me. I put some questions on the order paper last October. They were not answered until a couple of weeks ago. At that time we saw how generously the lawyers who have acted for the native groups in the Yukon, the Northwest Territories, northern Manitoba and the James Bay area have been treated. They have been paid hundreds of thousands—millions of dollars—to act on behalf of native people in the courts in an attempt to protect their rights. I commend the government for that. I think the government should have done that, and I am glad it was done. The government then turned around and appointed people to negotiate on behalf of the government with native people. My experience indicates that the people appointed have very little sympathy for the rights and needs of native people. I am talking about the former cabinet minister, for example, who will be negotiating with the native people in the Northwest Territories. The government has blown hot and cold on this entire question of dealing with native people, their rights, and an equitable settlement in the near future.

No land claim settlement will jeopardize the construction of the pipeline. Failure to settle the land claims will create financing problems. Until there is a settlement, and as long as native people have the right to go to court in an attempt to block the construction of the project, as they did in James Bay, no financial institution will be willing to lend money to the pipeline construction, because they will not know when the project will begin, when it will be constructed finally, nor when the gas will move down the pipeline to the United States. The sales of gas to the United States will enable the companies involved to commence paying back the money which they borrowed for the construction.

This amendment will not hold up the construction of the pipeline. On the contrary, we are attempting to ensure that when the bill is passed there will be no difficulties created, nor will legal delays be possible which would postpone construction and place the entire project in jeopardy. We are attempting to guarantee native people that their land claims will be settled before the project goes ahead. It would be a guarantee to native people, as well as telling the government to get off its rear end and begin to negotiate seriously. We do not need the type of procrastination which we have experienced again and again. So-called negotiations have gone on from generation to generation, and not just for a year or two.

We urge hon. members to support this amendment. We feel it will make the bill stronger rather than weaker. Also it will facilitate the construction of the pipeline, rather than hold it up.

Some hon. Members: Hear, hear!

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

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): The question is now on motion No. 4 in the name of the hon. member for Sault Ste. Marie (Mr. Symes). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

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

The Acting Speaker (Mr. Ethier): I declare the motion lost.

Motion No. 4 (Mr. Symes) negatived.

The Acting Speaker (Mr. Ethier): The question is now on motion No. 6 in the name of the hon. member for Lambton-Kent (Mr. Holmes). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the yeas have it.

Some hon. Members: On division.

Motion No. 6 (Mr. Holmes) agreed to.

The Acting Speaker (Mr. Ethier): Order, please. Motions Nos. 8, 9 and 10 deal with schedule III and should be grouped for debate, with a vote on motion No. 8, and another vote on motions Nos. 9 and 10.

Mr. Cyril Symes (Sault Ste. Marie) moved:

Motion No. 8.

That Bill C-25, An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be amended in Schedule III at page 51 by striking out the third line of paragraph 9(*a*) and substituting the following therefor:

"plan consistent with paragraphs 3(*e*) and 3(*f*) and particularly sub-clause 21(2) of this Act designed to guarantee the maximum possible use of".

Motion No. 9.

That Bill C-25, An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be amended in Schedule III at page 51 by

(*a*) striking out lines 1 to 3 of paragraph 10(*a*) and substituting the following therefor:

"(*a*) the company shall design a program consistent with paragraphs 3(*e*) and 3(*f*) and particularly sub-clause 21(2) of this Act for the procurement of all goods and services for the pipeline that guarantees that"

(*b*) deleting sub-paragraphs 10(*a*)(i) and 10(*a*)(ii) and substituting the following therefor:

"(i) where productive capacity exists in Canada preference will be given to Canadian sources in the procurement of such goods and services and their constituent components,

(ii) the level of Canadian content is at least 90 per cent with respect to the origin of products, services and their constituent components,".

Motion No. 10.

That Bill C-25, An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be amended in Schedule III at page 52 by striking out the last line of sub-paragraph 10(*b*)(ii) and substituting the following therefor:

"trade practices such as dumping, direct and indirect industrial subsidies, transportation subsidies and special tax incentives;".

He said: Mr. Speaker, motions Nos. 8, 9 and 10 standing in my name relate to the question of maximizing and guaranteeing Canadian content in the northern pipeline project. Motion No. 8 seeks to maximize and guarantee the Canadian labour content of the project. Motion No. 9 seeks to maximize and guarantee Canadian content in the pipeline itself, the steel and all other associated projects. Motion No. 10 seeks to define unfair trade practices for clarification, and to strengthen the bill before us so we will not have Canadian companies facing unfair foreign competition when bidding for contracts on this great project.

● (1542)

I should like to deal briefly with motion No. 8, because motion No. 9 is the most substantive and everything else relates to it. The labour content will, of course, relate to the material content of the pipeline.

Given the high state of unemployment in this country, with 1 million officially out of work, but with real unemployment, taking into account hidden unemployment, being somewhere around 1.5 million to 1.6 million, surely we should ensure that this project to build this pipeline from the Alaska gas fields through Canada to the United States provides the maximum possible employment for Canadian labour.

As I said before, the pipeline traverses Canadian territory, but in the foreseeable future we will not be deriving benefits from the natural gas flowing through it. Indeed, we will have to rely at some future date on the construction of the Dempster lateral, if and when it is built. In return for giving our American friends this land bridge to move their gas to their southern markets, surely it is not unreasonable to expect that we should get the maximum labour and material content in respect of this project.

The reason we are moving the amendments is that despite the assurances of the Deputy Prime Minister (Mr. MacEachen) that we are going to have 100,000 man-years of employment, we are suspicious that this actually will be the case. The reasons for our suspicion were outlined at the second reading stage and I do not have to go into them at this time in great detail.

There are a number of points that should be remembered. First, the guarantee of the Deputy Prime Minister is verbal. It is nowhere stated in the legislation, and it can change as ministers, governments, or what have you change. For this reason we want to take the Deputy Prime Minister at his word and include in the legislation some of the concepts and figures he has given in this House. We have found in the past that what we had been promised by the Liberal government one day has not necessarily turned out to be the case a few months later.

We are also concerned that we will not get the 100,000 man-years promised by the Deputy Prime Minister. If one looks at the various reports put out by both U.S. and Canadian government departments estimating man-years, one will find quite a discrepancy. The company, in testimony before the National Energy Board, gave different figures. We find, for example, that the Department of Regional Economic Expansion commissioned a study on the pipeline and manpower, and concluded that unless we have guarantees written into the legislation, such as proposed by the NDP in its motions, we will not have 100,000 man-years of employment as promised by the Deputy Prime Minister, but something more like 67,000 man-years.

In addition, I referred to examples of United States government departments which also are very optimistic that the United States will get a high proportion of the labour content of this pipeline. They pretty well exclude all Canadian labour on the Alaska portion. The estimates in the United States are that the maximum we can get is about 3 per cent Canadian employment on that section of the line, and virtually nil in respect of the other portion in the United States.

We all remember, of course, that the United States has very many skilled pipeline labourers from the Alaskan, Alyeska Pipeline project available and ready to move in, if and when the opportunity arises. I know there is to be a monitoring agency in an attempt to maximize jobs for people in those areas through which the pipeline will be running, but we all know that the economic determinant here is skilled labour, and that much of that skilled labour is American.

[Mr. Symes.]

My concern is that unless we have some very strong legislative guarantees we will not have the kind of man-years of employment promised again and again by the Deputy Prime Minister. We are supported in this, for example, by a department of this government, namely, the Department of Regional Economic Expansion. I would also refer to a report put out by the Department of Industry, Trade and Commerce of this government, entitled "Canadian Industrial and Manpower Requirements and Content for a Northern Gas Pipeline." This was an analysis published on February 24, 1978. It looks at various pipeline applications at the time; Arctic Gas and Alcan as well. At page 22 of this report it is stated:

> The study indicates that most, if not all, of the manpower requirements can be met in Canada. The Department of Manpower and Immigration has presented a policy statement to the Pipeline Commissioner to reflect the objective of 100 per cent Canadian labour sourcing. However, should foreign labour sourcing be necessary, care would have to be taken to ensure that Canadian worker content is optimized. In addition, it may be necessary to develop mechanisms to deal with a possible "spillover" of Alaska wage rates into the Canadian labour sector.

The report of the Department of Industry, Trade and Commerce indicates that we do have the labour available and, if given a fair chance, we can ensure that Canadians get the jobs.

In addition, the same report notes at page 7:

> It should be noted that apparent pressures from U.S.A. sources have caused Alcan to engage separate U.S.A. engineering management firms for the Alaska portion of the line despite the obvious efficiency of using the Canadian engineering team already assembled.

That gives rise to my concern that we are going to face a lot of pressure from Americans when both the bidding and construction get under way. There will be pressure to have American skilled labour used to the greatest extent possible on this pipeline project. For this reason we should strengthen every clause in the bill that supposedly assures us we will have maximum Canadian labour content.

Motion No. 8 strengthens the verbal commitment of the Deputy Prime Minister by the wording in the legislation.

Motion No. 9 deals with Canadian content, and seeks to again obtain hard, written guarantees in the legislation, particularly if we are going to have maximum Canadian content including steel, valve, and other industrial components.

To begin with I should like to examine what spokesmen for Foothills, the company that is to build this vast project, have said before the National Energy Board. In undertakings given in testimony before the National Energy Board, Foothills promised compliance in certain respects. At page 6D3 it is stated:

● (1552)

> The Applicant believes this policy of "Canadian Goods and Services First" will be in the best long term interest of all Canadians because:
>
> 1. The expertise gained by industry and the workmen involved will remain in Canada and will be available for future projects within Canada. In addition, this knowledge will provide a valuable commodity for export to countries in a less favoured position.
>
> 2. The expanded facilities and capability will provide Canada with a more diversified and stable industrial sector.
>
> 3. The Canadian purchases will produce positive employment and economic impact on the regional areas where the goods are produced.

I am sure my colleague in Cape Breton-East Richmond is very concerned about the regional spin-offs of such a pipeline construction in the steel industry.

4. A significant portion of the incomes generated by purchases of Canadian goods and services will be spent in Canada, generating further economic benefits. There will also be, because of import substitution, a positive effect on the balance of trade.

So, here was Foothills before the National Energy Board arguing that maximizing Canadian content of this project would have beneficial spinoffs in all areas of the Canadian economy, and we agree. That is why we would like to see some of the promises and undertakings before the NEB reinforced in this legislation that is before us. When it is left to wording such as maximize or optimize and so on, the whole percentage content can vary quite dramatically, and that is why I would like to see some specifics. In my motion I suggest that at least 90 per cent, as the Deputy Prime Minister has said on many occasions, of the content of the pipeline should be Canadian.

We are confident that on a competitive basis, and with that 90 per cent guarantee, there would be no price gouging, and certainly the amendment that we moved earlier, which was unfortunately ruled out of order, was to ensure that. In light of the guarantee, if there was any kind of exorbitant increase in prices, then the government would, of course, have the option of accepting bids outside Canada or from non-Canadian producers. Indeed, as I understand the treaty, that is still the case.

The treaty calls for competitive bidding and probably it would take precedence over some sections of the legislation before us. The fact that Foothills has said it would be a benefit and has given a kind of commitment that it will try to maximize Canadian content for us, is not quite good enough. We want to see that guarantee in the legislation. And why so? Looking at so many of the background reports that have been done on this pipeline, one gets the uneasy feeling that we may end up with less than the Deputy Prime Minister has been promising us. I refer to the report done by the Department of Industry, Trade and Commerce, on page 3:

Given that American firms are very well placed to win contracts for the U.S.A. portions, they, as a result, are in a more favourable position to bid on contracts for the Canadian segment by being able to pass on to the pipeline contractor some portions of the savings to be achieved by combining the Canadian requirements with their existing production for the U.S.A. sections of the line.

Here is another government report which analyses the situation and raises the concern that without these kinds of guarantees there is a natural advantage to the American contractors and bidders.

And again from the same report on page 5:

The danger that sales contracts of Canadian branch plants of foreign multinationals which exceeded their existing capacity would simply be transferred to the non-Canadian parent instead of to alternative Canadian suppliers. Similar problems could occur if the low cost offshore plants were to be used to fill a bid made and originally intended for the successful Canadian subsidiary.

Here is another concern that, because of the branch-plant nature of our economy, if a subsidiary of an American company or any other company could not meet the requirements of the orders, rather than a Canadian company getting the surplus work it would be transferred to a parent company of that subsidiary. In other words, the possibility of diminishing Canadian content exists. It is a reality and has been acknowledged by a department of this government.

From the same report I point out on page 9, which deals with the pipeline itself:

Competition in world markets is intense and Canadian companies could be outbid by the pricing strategies of Japanese and European pipe producers. Projections by steel experts reflect a tough world competitive situation.

Again, we are committed to accepting bids on a world-wide basis, and we know—I will get into this when I move to my motion No. 10—that they are all unfair trading practices that foreign governments use with their industry to bring the cost of steel pipe below actual costs of production. If that happens, our steel manufacturers will be at a competitive disadvantage. They will not be able to meet these foreign bids. My fear is that there is no mechanism provided to stop that from going on. That is why I want this amendment in the bill.

The Department of Industry, Trade and Commerce study and report concerns me because it looks at the matter of pipe fittings and concludes that there may be difficulty in maximizing Canadian content. They state at page 10 of their report:

The Canadian supply market for pipe fittings has been dominated historically by wholesalers, who distribute imports mainly from Japan and the U.S.A., and distributing subsidiaries of large U.S. producers. These latter subsidiaries have historically procured the rough product from their U.S. parents and only minor additional value is added in Canada. If this situation is not to be perpetuated, it must be clearly stated that Canada expects a high Canadian content for pipe fittings manufacture, at least for the Canadian sections.

Going to page 11 it states:

Unless some form of initiatives in Canadian policy are taken there will be a great temptation to procure pipe fittings from abroad, especially low-priced imports from Japan.

Once again, Mr. Speaker, the studies that have gone on indicate that we should be concerned with maximizing Canadian content, and my amendment will guarantee us that maximizing that we all want.

When we look at the Foothills undertaking before the National Energy Board, they state on page 6D-2 under "Project Procurement":

The Applicant will purchase goods and services from sellers who provide the best combination of price, delivery, service and quality. This normal commercial purchasing criteria will, however, be specifically tempered by the policy which one of the Applicant's sponsor companies (The Alberta Gas Trunk Line Company Limited) has historically followed. This policy is one "where a sufficient number of qualifying Canadian sellers are available to provide competitive quotes, AGTL will limit its bid list to Canadian suppliers." When bids must be solicited from non-Canadian sources, the policy is to "buy Canadian" whenever the order can so be filled, and when price is reasonably competitive.

● (1602)

Again, Foothills is in agreement with the kind of amendment that I am putting forward, if one believes the testimony given before the National Energy Board.

Canada has the capability to produce the material content. We have the skilled labour. Surely this will be a great boost, not only in the short-term but in the long-term, for our manufacturing sector which has declined so badly in the past decade. It should be a great chance to regain some lost

business. This is why we say it should be put in the legislation to maximize the Canadian content.

Let us say, as I do in my amendment, that we have the 90 per cent figure as the Deputy Prime Minister is so fond of telling us. I know the argument he has advanced in committee and in this House—that we cannot put these guarantees into the legislation because that would contravene the GATT. I thought that this pipeline agreement was a bilateral agreement between Canada and the United States, like other bilateral agreements we have had in the past. I think of the auto pact. Surely under this circumstance we are not bound by the GATT agreement. This is a joint energy undertaking and therefore, in light of the fact that we are providing a land bridge, it is quite normal and reasonable that we should expect domestic content in the construction materials and labour used in the pipeline.

The report of the Department of Industry, Trade and Commerce notes precedents on pages 35 and 36 in respect of pipeline construction. The last paragraph on page 35 reads as follows:

> At the time the Alyeska pipeline was built, it was made clear to several Canadian suppliers that they would have little chance in obtaining contracts for U.S.A. business if similar goods could be obtained in the U.S.A. In fact, ATCO prefab buildings were the only significant Canadian item imported. Similar reports are now being heard vis-à-vis the U.S.A. portions of this pipeline. It should be recalled that significant portions of the Trans-Canada gas pipeline and of two major oil pipelines supplying the Canadian market (the Interprovincial and the Portland-Montreal pipeline) are located in the U.S.A. These portions were built by U.S. management and manpower using primarily U.S. equipment and supplies. Even today, tariffs continue to be paid in the U.S. on the movement of Canadian-owned oil. Thus, in view of this established pattern, it seems reasonable that we should seek to optimize the Canadian content of a northern pipeline, regardless of the ownership of the gas to be transported.

So we have precedents of joint energy undertakings by the two countries whereby the country that had the major part of the pipeline going through it received the majority of contracts for the labour and building of the pipeline. It would seem to me that the Canadian portion of the line would not contravene GATT or anger the United States unduly if we insisted upon maximizing Canadian content for it.

I am somewhat amazed at the way the hon. member for Yukon (Mr. Nielsen) leaps to the defence of the government on this issue, saying that we do not really need these guarantees in the legislation. I recall the comments of the hon. member for Hamilton West (Mr. Alexander). There is a steel plant in his area, and in the past he has called for guarantees. I recall, as well, the comments of the hon. member for St. John's West (Mr. Crosbie), who is worried that without guarantees the pipeline is a sell-out. I was struck not only by his wit but his good sense when he referred to the spurious argument put forward by the government, that the GATT prevented us from having guarantees in the legislation. As reported at page 2866 of *Hansard* he said:

> The industry, trade and commerce report says that if we word it carefully we would have no problem with GATT. But this will not solve the project engineering services that are not affected by GATT. Japan, Germany and the United States don't care about GATT. The only ones who care about GATT are those in this "GATT government". The Canadian people have to get this GATT government so that it will not get them.

[Mr. Symes.]

As I say, Mr. Speaker, the hon. member for Yukon and other members of the Conservative party who have castigated this government for not making policy, and for its disastrous handling of the unemployment situation all of a sudden embrace as the stone tablet from Mount Sinai, so to speak, the words of the Deputy Prime Minister as being good for all time. Yet they should not trust this minister and the government, but should want guarantees written into the legislation, rather than take their word that there will be some monitoring agency under the control of this government which, as we all know, will be dealing with so many matters after the fact, and we will not get the content we want.

I predict that without these amendments we will not get the 90 per cent content or the 100,000 man-hours of employment the government is so fond of talking about.

Motion No. 10 relates to the unfair trade practices part of the bill. When I think of the way this government has failed to defend Canadian industry, large or small, against unfair trade practices, I wonder how serious it is about making sure we are not underbid on contracts because of these unfair trade practices. That is why I moved my amendment to define what is meant by unfair trade practices so that the government cannot get off the hook when some of these problems occur. The amendment reads in part as follows:

> "trade practices such as dumping, direct and indirect industrial subsidies, transportation subsidies and special tax incentives;"

The history of the steel industry in this country is quite clear. Countries such as Japan have been able to dump steel on the Canadian market, and Algoma Steel has proved this. We know, for example, that in order to get the contract for a Mexican gas pipeline, United States steel companies deliberately underbid by 20 per cent the whole cost of production. The object was to keep the mills in production rather than suffer temporary lay-offs. I think it is very important, therefore, that the government take these unfair trade practices into account.

I was appalled at the statement made in this House by the Minister of Industry, Trade and Commerce (Mr. Horner) when he said that we do not have to worry because we have our anti-dumping legislation which will suffice. I wonder how effective that legislation or any of our legislation is when put against the United States DISC program or the transportation subsidies given to Japanese steel, or the hidden tax subsidies given to West German and Italian steel companies. I do not know whether the government is monitoring all these factors. I do not know whether it will be able to show us that it will really look at the situation, should it occur. When the Minister of Industry, Trade and Commerce stands in this House and gives a bland assurance that the anti-dumping legislation will suffice, I am appalled. We have it in *Hansard* that he let the cat out of the bag. He obviously was quoting from briefing notes, and quoted part of those notes he should not have.

● (1612)

I wish to refresh the memory of hon. members on this issue. It concerns the whole business of unfair competition. I refer to

page 3035 of *Hansard*. With regard to state subsidies and special tax concessions such as DISC, the minister stated, and I quote:

> Action under the Anti-dumping Act could be taken in cases where exports into Canada are financed under more favourable terms than are available to the foreign manufacturer for its domestic sales. Under regulation (11A) of the Anti-dumping regulations, credit and other financing terms can be taken into account in determining the normal value, export price, and, hence, the margins of dumping under the meaning of the act.

As I say, he should have stopped there, but he continued to read from his briefing notes, and this embarrassing statement came out:

> It should be noted that neither (11A) of the Anti-dumping regulations nor the imposition of countervailing duties for reasons of export financing subsidies appear to have been tested as yet. Moreover, the anti-dumping option would really only come into play after the fact, which renders its use, other than as a threat mechanism, somewhat ineffective.

Need I say more about this government's intent of legislative capacity to protect our domestic producers from unfair foreign competition? That is what worries us. As the bill is written, we will have open world competition on contracts for the Alcan pipeline. We know from the past we have had unfair foreign competition.

Our steel industries can compete on a fair basis. We do not deny that. In fact, we support it. It is the unfair competition we are worried about. That is why the New Democratic Party has put in these amendments to try to strengthen the protection for the Canadian steel industry and construction industry, and for the Canadian worker.

Surely it is only reasonable and logical that we do all we can to strengthen the legislation. As we all know, legislation is much more binding than any undertaking before the National Energy Board or any assurance, inside or outside this House, by a minister of the Crown. That is why we moved these amendments. I commend them to the House.

Everyone knows that we in this party are in favour of going ahead, but under the conditions that we maximize Canadian content and Canadian job creation, and prevent our industry losing these important contracts through unfair foreign competition. That is why we have moved these amendments to strengthen the bill. We do not have confidence in the minister or in any of the monitoring committees controlled by this government to effect what otherwise should be in the legislation.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I want to make some comments on this matter of Canadian content. It is vital to future employment in a steel plant in Canada that is in very serious condition. When talking about the steel industry, everyone seems to talk about the Ontario steel industry. There is another important plant, not as important now for the whole of the national economy as in the past, but terribly important for the people of Nova Scotia, especially those in eastern Nova Scotia and Cape Breton Island. There is another plant, not one that is integrated such as Stelco, Algoma or Dofasco, in Regina which is also very important. It must be considered in relation to what will come out of this pipeline as far as Canadian content is concerned.

In order to put my concerns about the Sydney steel plant in perspective, I want to quote from a meeting of the Standing Committee on Regional Development held on Tuesday, March 21, 1978. I will skip over some parts and attempt not to distort the meaning of what was said, in an effort to get hon. members to realize that it is not only the Ontario steel industry involved here or whether the Ipsco plant in Regina will take part in these orders. In reality, world competitive conditions will decide in the ultimate analysis whether Canada will get a proper share of the pipe contracts.

I am not a member of this particular committee and, therefore, have not attended the committee meetings. However, I gather from what members of this party and other opposition members are saying, we are faced with a situation in which the determination of the steel content of the pipeline will be world competitive economic conditions.

The Deputy Prime Minister (Mr. MacEachen), is basing a lot of fact on two points. The minister has said something very often. Many would probably be inclined to agree with him. I would question whether it is so. The last member of our party who spoke and most other members of our party feel the same about this. The two points emphasized by the Deputy Prime Minister are, first, that the Hamilton Stelco plant, with its pipe mill at Welland, does not have any worry. Because of its efficiency, it can compete against the Americans, Japanese, Italians and other Europeans. The type of pipe that will be used, the diameter and so on, will result in some spinoff to the Ipsco plant in Regina. Second, in addition, there will be a monitoring agency which will look at whether any unfair competitive practices will be followed by world competitors.

The Deputy Prime Minister and the government seem to believe that will guarantee us a fair share of the market, that it will mean 90 per cent Canadian content. I remind hon. members that, in the ultimate analysis, the Deputy Prime Minister is only saying that, in his opinion, the Canadian plants are capable of making this pipe and can compete because of their efficiency. That is the only guarantee we have.

You do not have to read too much Canadian economic history to realize that many types of barriers have been erected by other countries, especially the Japanese industry, which is a very different type of structured steel industry from our own.

● (1622)

Anyone who is familiar with the situation knows that the world steel industry is not an easy one to monitor. The previous speaker reminded us that the Minister of Industry, Trade and Commerce (Mr. Horner), referring to anti-dumping regulations, had mentioned that section 11(*a*) had never really been tested. To my mind we are being totally unrealistic if we think only in terms of competition between Canada and the United States for these steel contracts in regard to the pipeline while completely ignoring the Italians, the rest of the European producers, and Japan.

The government appears to be depending upon world competitive conditions to maximize Canadian content. But consider the Japanese steel industry, for example. It is a private

industry in the sense that it is owned by private shareholders. But aside from the fact that it receives the type of assistance which all corporations are given today under a mixed capitalist system, by way of deferred taxes, special depreciation allowances and so on, the Japanese steel industry is unique. Competing against the Japanese steel industry is not a matter of company against company; it is a matter of individual companies in Canada or the United States competing with the Japanese government.

The alliance between the Japanese government, industry, and labour has led to a unique situation. I do not know how many hon. members have read a fairly recent publication by Kenneth Galbraith entitled *The New Industrial State.* One of the reviewers of that book, another professor from Harvard University, said Mr. Galbraith, in his book, had given his readers new insights into the nature of multinational corporations and what are referred to as oligopolistic corporations, which means four or five industries which are capable of controlling output in such a way as to operate a good deal independent of the normal market restraints of supply and demand. As the previous speaker was making his point about the necessity of guarantees it occurred to me that the thesis of Mr. Galbraith's book was probably more applicable to the Japanese economy than to the economy of the United States. This is important because I believe the government itself has recently begun to realize that the economy is not working in the way the textbooks say it should. Things are not as they appeared when I taught Economics 100 and Economics 200.

Industry in Japan is so structured that it amounts to a corporate state in which private ownership is allowed to exist subject to a great deal of public control and regulation. The Japanese are not very interested in seeing that a particular steel firm makes a profit. They are concerned about whether that steel plan can produce efficiently enough to provide the steel necessary for construction, and especially for automobiles, at rates which will maintain Japanese exports in a strong position against world competition.

The point I am trying to make—and this is the third time I have repeated it—is this: in signing this guarantee, or in concluding this bilateral agreement with the United States, we acted under the assumption that the competition would largely be between Canadian and U.S. firms. The minister has contended that the provisions of GATT prevent us from insisting on guarantees. However, as the hon. member for Sault Ste. Marie (Mr. Symes) has so well argued, this is no ordinary agreement. It is a special agreement. Why is it a special agreement? It is special because we are giving the Americans a land bridge so that they may transport a product which they desperately need. Surely this is not the kind of multilateral agreement which is covered by GATT. I maintain it is a special type of bilateral agreement.

Not only are there non-tariff barriers surrounding the steel industry which are very difficult to fathom, but firms in western Europe, and, of course, in Japan, are supported by government to an extent far greater than is the case in North America. This being the case there is a great deal of doubt in my mind that we shall be able to reach the figure of 90 per cent to which the Deputy Prime Minister has referred.

An hon. Member: He is naive.

Mr. Hogan: I am not sure whether it is naivete. But as I understand the way in which the international steel industry works, his reasoning leaves a lot to be desired as far as I can see. If the agreement had specified that the competition would be between Canada and the United States, we would today be in a different ball game altogether. Indeed, I would be inclined to agree with the thinking of the Deputy Prime Minister. But that is not the case. The companies which will be providing the gas obviously wish to keep their costs down so that they can make as much profit as possible. A number of the steel plants in the EEC countries, especially Italy, are in a position to supply the material which is needed. They have surplus capacity and they can produce the pipe. This being the case, I fear we may have to settle for 60 or 70 per cent instead of the 90 per cent the minister promised. Such a reduction would make an immense difference to the Sydney steel plant.

I know the Deputy Prime Minister is concerned in a general way that the Sydney steel plant should benefit from a spin-off effect in the form of orders for slabs and other materials which would be sent to Stelco, for example, which is expected to get a large share of the contract. But unless Canada gets 90 per cent of the work, there is little chance there will be any spin-off to the benefit of Cape Breton at a time the plant there desperately needs a shot in the arm.

● (1632)

When I asked Mr. McGee about this in the meeting of the regional economic committee, he told me it would take a year to a year and a half to complete studies on Sysco's renovation. The Minister of Regional Economic Expansion (Mr. Lessard) is here, and he knows that what I am saying is true with regard to studies and action on the modernization of the Sydney steel plant, as reported by Mr. McGee, the Atlantic region administrator of DREE. Mr. Kent is the president of the Sydney Steel Corporation which, as most hon. members know, is under the provincial government of Nova Scotia and not under Devco where it should be, and when Mr. Kent appeared before the industry committee of the Nova Scotia government last week, he said that there would be a plan presented by the end of May. However, as I mentioned, just two weeks ago Mr. McGee told me that it would take a year to a year and a half before the studies would be completed and before it would be possible to take action. Mr. McGee went into detail, and I appreciated that very much. I am concerned about many things in this regard, but this is not the time to raise them all. I am concerned, however, about what will happen in the meantime, and one thing the Sydney plant vitally needs is a spin-off from the effects of this northern gas pipeline.

The Deputy Prime Minister is trained in economics, just as I have an academic economic background, and he knows that there is no way that there can be guarantees when the bidding is open to world competition. The Stelco pipe mill in Welland

is very efficient, but there is still no way that we can provide guarantees when contracts will be open to world competition that Canadian firms will win as much as 90 per cent. As pointed out by the hon. member for Sault Ste. Marie as well as by myself, it is one thing to talk about North American competition, but it is another thing to allow Japanese competition and the competition of others who are helped in numerous ways by their governments, and who look at the steel industry in a different way than we in North America do. That is the reason I express fear about the lack of guarantees in this all-important legislation. My party is strongly in favour of this pipeline, but I also support the amendment in the name of the hon. member for Sault Ste. Marie.

I know how difficult it must have been in the bilateral negotiations for Canada to reach this agreement with the United States, but it seems to me that history will record that the Deputy Prime Minister, who had the onerous job of conducting negotiations on our behalf, would have done better to have said to this House that we can expect to be able to compete because Stelco has an efficient plant in Welland and because there is a plant at Regina. However, the Deputy Prime Minister should also have said that since we are unable to exclude the Europeans and the Japanese from bidding and since the pipeline people want to keep costs down and make a profit, the goals of 100,000 man-years of employment and 90 per cent Canadian content will not be met. I think that would have been more realistic.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue, however, with unanimous consent. Does the hon. member for Cape Breton-East Richmond (Mr. Hogan) have unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Hogan: Mr. Speaker, I thank hon. members for giving me additional time. I will take just one minute to repeat that I am convinced that the government has been trying to use the excuse that GATT will not allow us to enter into a special agreement with the United States, which I do not buy. I do not agree that the Anti-dumping Tribunal and the monitoring agency will be sufficient. I am not convinced that there will be 90 per cent Canadian content. I am willing to bet that the government cannot ensure 90 per cent Canadian content.

Mr. Kent recently described the steel plant in Cape Breton as an orphan which depends very much on selling semi-finished steel to big producers like Stelco, and the result of this lack of guarantees will be that the steel plant will suffer. Despite the difficulties which would be involved in negotiations we ought to have had guarantees. To repeat, I think our negotiators misunderstood the world competitive situation. Our negotiators were thinking in terms of Canadian-American relationships and forgot about the large role governments play in countries such as Japan and Italy. That role will make a big difference in the final analysis with regard to this pipeline.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is on motion No. 8 in the name of the hon. member for Sault Ste. Marie (Mr. Symes). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

• (1642)

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Pursuant to Standing Order 75(11) the recorded division on the motion stands deferred.

Motion No. 9 standing in the name of the hon. member for Sault Ste. Marie—

Mr. Nielsen: Mr. Speaker, I rise on a point of order. I believe that the vote on motion No. 8 disposes of motions Nos. 9 and 10.

Mr. Knowles (Winnipeg North Centre): No.

Mr. Nielsen: That is the way I had it from Mr. Speaker when he was in the chair.

The Acting Speaker (Mr. Turner): Motions Nos. 9 and 10 deal with manpower and procurement and the conditions set out in schedule III and should be grouped for debate, with a vote on motion No. 8 and another one on motions Nos. 9 and 10.

The question is therefore on motions Nos. 9 and 10. Is it the pleasure of the House to adopt the said motions?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the motions will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

● (1652)

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

● (1702)

Mr. Speaker: Order, please. The question is on motion No. 1 in the name of the hon. member for Sault Ste. Marie (Mr. Symes). The question on this motion will dispose also of motion No. 11.

The House divided on motion No. 1 (Mr. Symes) which was negatived on the following division:

(*Division No. 33*)

YEAS

Messrs.

Blackburn
Broadbent
Gilbert
Hogan
Knowles (Winnipeg North Centre)
Nystrom
Orlikow
Peters
Symes—9.

NAYS

Messrs.

Alexander
Alkenbrack
Anderson
Andras (Port Arthur)
Andre (Calgary Centre)
Andres (Lincoln)
Baker (Grenville-Carleton)
Baldwin
Basford
Béchard
Bégin (Miss)
Brisco
Bussières
Caccia
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caouette (Villeneuve)
Caron
Chrétien
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Coates
Comtois
Crosbie
Cyr
Danson
Darling
De Bané
Demers
Dick
Dinsdale
Dionne (Kamouraska)
Dupont
Dupras
Duquet
Epp
Ethier
Fleming
Flynn
Foster
Fox
Francis
Friesen
Gauthier (Roberval)
Gauthier (Ottawa-Vanier)
Gillies
Goodale
Goyer
Guay
Guilbault
Hamilton (Swift Current-Maple Creek)
Herbert
Hnatyshyn
Holmes
Holt (Mrs.)
Hopkins
Howie
Huntington
Jamieson
Johnston
Kaplan
Kempling
Lalonde
Lamontagne
Langlois
Lapointe
La Salle
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
MacDonald (Miss) (Kingston and the Islands)
MacEachen
MacFarlane
MacGuigan
Macquarrie
Marchand
Matte
Mazankowski
McCain
McGrath
McIsaac
McKinley
McKinnon
McRae
Milne
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Murta
Neil
Nielsen
Paproski
Patterson
Pelletier
Penner
Prud'homme
Railton
Raines
Reid
Ritchie
Roche
Rompkey
Roy (Laval)
Sauvé (Mrs.)
Schellenberger
Scott
Sharp
Smith (Churchill)
Smith (Saint-Jean)
Stevens
Stewart (Marquette)
Stewart (Cochrane)
Stollery
Towers
Trudeau
Trudel
Turner
Watson
Whittaker
Wood
Woolliams
Yanakis
Young—124.

[The Acting Speaker (Mr. Turner).]

● (1712)

Mr. Speaker: I declare motion No. 1 lost and I declare motion No. 11 lost.

The next vote is upon motion No. 3 in the name of the hon. member for Sault Ste. Marie (Mr. Symes).

The House divided on motion No. 3 (Mr. Symes) which was negatived on the following division:

(*Division No. 34*)

YEAS

Messrs.

Alexander
Alkenbrack
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Blackburn
Brisco
Broadbent
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Coates
Crosbie
Darling
Dick
Dinsdale
Dionne (Kamouraska)
Epp
Friesen
Gauthier (Roberval)
Gilbert
Gillies
Hamilton (Swift Current-Maple Creek)
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Johnston
Kempling
Knowles (Winnipeg North Centre)
La Salle
MacDonald (Miss) (Kingston and the Islands)
Macquarrie
Matte
Mazankowski
McCain
McGrath
McKinley
McKinnon
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nystrom
Orlikow
Paproski
Patterson
Peters
Ritchie
Roche
Schellenberger
Scott
Smith (Churchill)
Stevens
Stewart (Marquette)
Symes
Towers
Whittaker
Woolliams—60.

NAYS

Messrs.

Anderson
Andras (Port Arthur)
Andres (Lincoln)
Basford
Béchard
Bégin (Miss)
Bussières
Caccia
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Comtois
Cyr
Danson
De Bané
Demers
Dupont
Dupras
Duquet
Ethier
Fleming
Flynn
Foster
Fox
Francis
Gauthier (Ottawa-Vanier)
Goodale
Goyer
Guay
Guilbault
Herbert
Holt (Mrs.)
Hopkins
Jamieson
Kaplan
Lalonde
Lamontagne
Langlois
Lapointe
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
MacEachen
MacFarlane
MacGuigan
Marchand
McIsaac
McRae
Milne

Messrs.

Munro (Hamilton East)	Rompkey	Stollery
Pelletier	Roy (Laval)	Trudeau
Penner	Sauvé (Mrs.)	Trudel
Prud'homme	Sharp	Turner
Railton	Smith (Saint-Jean)	Watson
Raines	Stewart (Cochrane)	Wood
Reid		Yanakis
		Young—73.

Mr. Speaker: I therefore declare motion No. 3 lost.

The next question is on motion No. 8.

The House divided on motion No. 8 (Mr. Symes) which was negatived on the following division:

(Division No. 35)

YEAS

Messrs.

Blackburn	Knowles (Winnipeg North Centre)	Orlikow
Broadbent	Nystrom	Peters
Gilbert		Symes—9.
Hogan		

NAYS

Messrs.

Alexander	Francis	McIsaac
Alkenbrack	Friesen	McKinley
Anderson	Gauthier (Roberval)	McKinnon
Andras (Port Arthur)	Gauthier (Ottawa-Vanier)	McRae
Andre (Calgary Centre)	Gillies	Milne
Andres (Lincoln)	Goodale	Munro (Esquimalt-Saanich)
Baker (Grenville-Carleton)	Goyer	Munro (Hamilton East)
Baldwin	Guay	Murta
Basford	Guilbault	Neil
Béchard	Hamilton (Swift Current-Maple Creek)	Nielsen
Bégin (Miss)	Herbert	Paproski
Brisco	Hnatyshyn	Patterson
Bussières	Holmes	Pelletier
Caccia	Holt (Mrs.)	Penner
Campbell (LaSalle-Émard-Côte Saint-Paul)	Hopkins	Prud'homme
Caouette (Villeneuve)	Howie	Railton
Caron	Huntington	Raines
Chrétien	Jamieson	Reid
Clark (Rocky Mountain)	Johnston	Ritchie
Clarke (Vancouver Quadra)	Kaplan	Roche
Clermont	Kempling	Rompkey
Coates	Lalonde	Roy (Laval)
Comtois	Lambert (Edmonton West)	Sauvé (Mrs.)
Crosbie	Lamontagne	Schellenberger
Cyr	Langlois	Scott
Danson	Lapointe	Sharp
Darling	La Salle	Smith (Churchill)
De Bané	Lee	Smith (Saint-Jean)
Demers	Lefebvre	Stevens
Dick	Lessard	Stewart (Marquette)
Dinsdale	Loiselle (Chambly)	Stewart (Cochrane)
Dionne (Kamouraska)	Loiselle (Saint-Henri)	Stollery
Dupont	MacDonald (Miss) (Kingston and the Islands)	Towers
Dupras	MacEachen	Trudeau
Duquet	MacFarlane	Trudel
Epp	MacGuigan	Turner
Ethier	Macquarrie	Watson
Fleming	Marchand	Whittaker
Flynn	Matte	Wood
Foster	Mazankowski	Woolliams
Fox	McCain	Yanakis
	McGrath	Young—125.

● (1722)

Mr. Speaker: I therefore declare motion No. 8 lost.

The next question is upon motion No. 9, which will also dispose of motion No. 10.

The House divided on motion No. 9 (Mr. Symes) which was negatived on the following division:

(Division No. 36)

YEAS

Messrs.

Blackburn	Gauthier (Roberval)	Matte
Broadbent	Gilbert	Nystrom
Caouette (Villeneuve)	Hogan	Orlikow
Dionne (Kamouraska)	Knowles (Winnipeg North Centre)	Peters
		Symes—13.

NAYS

Messrs.

Alexander	Friesen	McKinley
Alkenbrack	Gauthier (Ottawa-Vanier)	McKinnon
Anderson	Gillies	McRae
Andras (Port Arthur)	Goodale	Milne
Andre (Calgary Centre)	Goyer	Munro (Esquimalt-Saanich)
Andres (Lincoln)	Guay	Munro (Hamilton East)
Baker (Grenville-Carleton)	Guilbault	Murta
Baldwin	Hamilton (Swift Current-Maple Creek)	Neil
Basford	Harquail	Nielsen
Béchard	Herbert	Paproski
Bégin (Miss)	Hnatyshyn	Patterson
Brisco	Holmes	Pelletier
Bussières	Holt (Mrs.)	Penner
Caccia	Hopkins	Prud'homme
Campbell (LaSalle-Émard-Côte Saint-Paul)	Howie	Railton
Caron	Huntington	Raines
Chrétien	Jamieson	Reid
Clark (Rocky Mountain)	Johnston	Ritchie
Clarke (Vancouver Quadra)	Kaplan	Roche
Clermont	Kempling	Rompkey
Coates	Lalonde	Roy (Laval)
Comtois	Lambert (Edmonton West)	Sauvé (Mrs.)
Condon	Lamontagne	Schellenberger
Crosbie	Langlois	Scott
Cyr	Lapointe	Sharp
Danson	La Salle	Smith (Churchill)
Darling	Lee	Smith (Saint-Jean)
De Bané	Lefebvre	Stevens
Demers	Lessard	Stewart (Marquette)
Dick	Loiselle (Chambly)	Stewart (Cochrane)
Dinsdale	Loiselle (Saint-Henri)	Stollery
Dupont	MacDonald (Miss) (Kingston and the Islands)	Towers
Dupras	MacEachen	Trudeau
Duquet	MacFarlane	Trudel
Epp	MacGuigan	Turner
Ethier	Macquarrie	Watson
Fleming	Marchand	Whittaker
Flynn	Mazankowski	Wood
Foster	McCain	Woolliams
Fox	McGrath	Yanakis
Francis	McIsaac	Young—123.

● (1732)

Mr. Speaker: I therefore declare motions Nos. 9 and 10 lost.

The question is upon the motion of the Deputy Prime Minister (Mr. MacEachen) that the bill be concurred in.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council) moved that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of national gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, as reported (with amendments) from the special committee on a Northern Gas Pipeline, be concurred in.

Motion agreed to.

Mr. Speaker: When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Knowles (Winnipeg North Centre): At the next sitting of the House.

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

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Fort William (Mr. McRae)—The Canadian Economy—Inclusion in budget of incentives for voluntary work-sharing; the hon. member for Winnipeg North Centre (Mr. Knowles)—Veterans Affairs—Request war disability pension be raised to level of 1973 formula; the hon. member for Churchill (Mr. Smith)—National Defence—Armed Forces personnel engaged in search for remains of Soviet satellite.

PRIVATE MEMBERS' MOTIONS

[*English*]

Mr. Anderson: Mr. Speaker, I believe there is an agreement to proceed this afternoon with notice of motion No. 6 standing in the name of the hon. member for Vaudreuil (Mr. Herbert). I therefore ask that all items preceding No. 6 in the list of notices of motions be allowed to stand by unanimous consent.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

* * *

EDUCATION

SUGGESTED ESTABLISHMENT OF OFFICE OF EDUCATION

The House resumed, from Monday, October 31, 1977, consideration of the motion of Mr. Herbert:

That, in the opinion of this House, the government should consider the advisability of establishing an office of education, to conduct research in the provinces with the co-operation of the provincial governments and also in other countries, to consider the provisions of federal financial assistance for second language training in elementary and high schools and to disseminate information with a view to improving the education of Canadian youth.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I rise to speak against the motion moved by the hon. member for Vaudreuil (Mr. Herbert) that the government should consider the advisability of establishing an office of education. I believe that at this time, when we are all concerned about fostering national unity, such a move would be regarded with deep distrust as an intrusion by the government of Canada into an area of provincial responsibility. Such a move would serve only to widen the gulf between the different levels of government rather than pulling us closer together as seems to be necessary today.

Historically, at the time of confederation the government of Canada played no role in education in Canadian society and the British North America Act placed the responsibility for education with provincial governments. The Government of Canada has been and is directly responsible for education in the Yukon and the Northwest Territories, in the armed forces, in the penitentiary service, and for the education of Canada's native peoples.

Throughout our nation's history there have been many occasions on which the government of Canada has been called upon to play an active role in educational developments. For example, the government of Canada became involved in education in response to the educational demands of industrialization in the early 1900's, the demands of veterans returning from two world wars, and the enormous expansion of post-secondary enrolments in the 1960's. In each case, participation by the government of Canada was effected without usurping the authority of provincial governments and for the benefit of the country as a whole.

In 1966 Prime Minister Pearson clearly stated the position of the government of Canada with respect to education. He said:

Education is, under our constitution, a matter of provincial jurisdiction. The federal government does not dispute this or wish in any way to do so. At the

same time, education is obviously a matter of profound importance to the economic and social growth of the country as a whole . . . the federal government accepts primary responsibility for employment and economic activity generally in the country. We recognize that provincial governments share our concern in these matters and pursue these common aims in the conduct of their own affairs.

I believe that a review of the history of the involvement of the Government of Canada in education will demonstrate clearly that this involvement has occurred without usurping the constitutional rights of the provincial authorities.

● (1742)

Participation by the government of Canada in education dates back to 1876 when, in an effort to train more Canadians to serve as army officers, the Royal Military College was established at Kingston. Another early step was a 150,000 acre land endowment to the University of Manitoba in 1885, as provision for capital expenditures and establishment of a permanent source of revenue for the university. Although these early steps were of considerable significance, federal involvement was still quite limited in the latter part of the 19th century. Indeed, at that time education was considered to be a family responsibility and participation was largely determined by social status and religious belief. Public responsibility extended only to elementary schooling, and secondary schools, which were usually supported by religious organizations, were reserved to train future elites.

There was additional pressure on the Government of Canada in the early 1900's. This was linked specifically to the flow of young people from farms to cities, which began to jeopardize agricultural production, and to the shortage of skilled manpower in manufacturing industries. Following requests for action from business and labour, the Government of Canada appointed the Royal Commission on Industrial Training and Vocational Education in 1910. The work of the commission resulted in important legislation: the Agricultural Aid Act of 1912, and the Agricultural Instruction Act of 1913. The former supplied grants to provinces to develop agricultural education and techniques; the latter specifically gave assistance for training directly to the three existing veterinary colleges and, indirectly, by channelling funds through the provinces to agricultural colleges. This was the genesis of channelling federal aid for education through provincial governments.

In 1916, as a result of Canada's war involvement and a desire to improve research and development, the federal government formed the National Research Council. Initially, this was an effort to co-ordinate government research programs. During World War II, the National Research Council played a vital role in co-ordinating and conducting scientific research. The Council now has an extensive program of grants and fellowships.

When the federal government established the Dominion Bureau of Statistics in 1918, provision was made for a division to be concerned with education statistics. The education division published its first statistical report in 1921, and it has expanded its services and publications considerably since then.

Office of Education

The economic depression of the 1930's served to identify a major problem within the secondary school system. On school leaving, many students found that they had few occupational skills with which to enter the labour market. In an attempt to alleviate this problem, the federal government introduced a new program for technical education in 1937 with the Unemployment and Agricultural Assistance Act. This act, directed towards maintaining the morale and increasing the employability of young people, was negotiated in agreement with the provinces, on a cost-sharing basis, through the establishment of various occupational training projects. Eligibility was limited to those between the ages of 18 and 30. Emphasizing vocational and technical skill, this Act initially provided funds of about $2.5 million during its two years, but corrected only to a limited degree the inadequacies of technical and vocational education.

A Royal Commission on Dominion-Provincial Relations, known as the Rowell-Sirois Commission, was appointed in 1937 to make an assessment of the economic and financial basis of confederation; the distribution of federal and provincial powers; and federal-provincial financial relations. While its mandate did not extend to education, the commission felt that equality of educational opportunity did come within its domain. According to the commission, the concept "education" had changed and expanded to include new dimensions since the time of the BNA Act.

In view of this, the commission recommended that "the federal government should have full power to provide employment aid for those recognized as employable—which would make the training of unemployed youth a matter of even greater federal concern than at present." The commission assumed that the provinces would provide a system of courses to those Canadians requiring further training.

While the commission stated that a free hand in education was vital to provincial autonomy, it identified certain problems arising in this context. Representations were made to the commission concerning "the existence in several provinces of a sense of grievance which may well contribute to national disunity as well as to lack of harmony within the province concerned." Although the commission lamented the disparity in educational opportunity throughout the country, it made no relevant recommendations. Solutions rested on financial proposals which would place the provinces in a position to meet their responsibilities for education, if they chose to do so.

The commission also suggested that a council, analogous to the National Research Council, could be established to support research work in the social sciences in Canadian universities and elsewhere. The commission suggested, furthermore, that it might be appropriate for the federal government to establish a national library.

Growing Canadian cultural awareness and concern for a Canadian identity prompted the federal government to appoint in 1949 the Royal Commission on National Development in the Arts, Letters and Sciences. The commission, also known as the Massey Commission, released its report in June, 1951. In the field of higher learning the commission saw three major

problems: scarcity of financial aid to the arts and humanities; the financial condition of universities; and orientation toward a small educated elite. As the commission noted, the number of veterans enrolling as students was quickly diminishing and, as a result, the federal aid that came with them was eroding. The commission believed that action was urgently required in this sector and that it was the duty of the federal government to assist in some way.

In view of the fact that the Canadian constitution did not forbid financial assistance to a citizen in order to help him to carry on studies in his chosen field, the commission did not feel that it would be improper to recommend federal aid in the form of contributions to individuals. A further recommendation was the continuation of federal support for the program of the National Research Council. As for disciplines outside of the boundaries of natural science, the commission recommended the establishment of what is today the Canada Council.

Perhaps I should stop at that point because we have certainly run into problems as a result of the establishment of this council. I would certainly recommend that the government look at the present Canada Council appointments and especially at whether parliament should in some way be involved with the appointment of people to the Canada Council instead of the present system whereby they are appointed under the direction of the Secretary of State.

Many of us are aware that some of the publications which have been subsidized by the Council—and I refer particularly to the Blue Ointment Press in Vancouver—are a degradation to the printed word in Canada. At a time when this parliament is examining the question of pornography and legislation to curb it, it seems very strange that pornographic materials should be published under the auspices of the Canada Council. I hope members on both sides will look very seriously at a body appointed by the federal government to determine whether funds should be appropriated to assist artists, novelists and poets which degrades itself by publishing pornographic materials. I think the House should look at this question, whether in a committee or whether when brought up on estimates.

● (1752)

I think there should be some regulation governing the Canada Council whereby members of this House would have the right to assist in appointments. In an attempt to be fair and impartial, so that decisions are not made by political bodies as to what is art and what is not and as to what should be funded in the cultural area, what has happened is that in appointing people who have a knowledge of the arts something has gone wrong, and material which should not be published is being published under the auspices of the Canada Council. I say that more in sorrow than in anger because I feel that the Canada Council has an important role to play in Canadian culture. However, if publications such as the one I mentioned by the Blue Ointment Press of Vancouver are published as a result of government funding, I suggest that a thorough examination should be made so that Canadian culture rather than Canadian pornography is advanced.

[Mr. Anderson.]

In view of the fact that the Canadian constitution does not forbid financial assistance to citizens, I wonder if I may raise another point which I think should be considered, since very seldom do we have the opportunity to discuss education in the House of Commons. It appears from what has occurred in the last several years that our educational system is not providing the skills which are needed in the work force. One of the highest rates of unemployment in Canada can be found among students.

I think we are dealing with an antiquated system. Our society needs more skilled people every year, but our students, while being educated, are not acquiring the skills required by the labour market. Perhaps even more importantly, they are coming out of high school without any definition as to what their role in society might be. High school graduates are going from job to job because they have not considered future occupations, and they are not being advised what opportunities there are or what path they should be taking. As time goes on I think it will become more and more important that there be guidance at both the provincial and federal levels. At a time when our school enrolments are decreasing our universities are attracting more and more students. I certainly do not believe that the Government of Canada has any right to step in and say to a person that he cannot make use of certain facilities because there is no forseeable need for certain skills; but this information should at least be made available.

Surely students should be counselled before they enter faculties of education or faculties of general arts. They should be told that their skills may not be needed, so that if they proceed they will at least know that they may have problems finding jobs upon graduation. For a number of years students have not been counselled as to what jobs might be available in the future or made aware that some job opportunities may diminish as time goes on because of a variety of factors. The birth rate has decreased over the last 15 years or so, and in the future fewer schools and fewer teachers will be required.

A great deal of work can be done, not necessarily through an educational council, but through working with the provinces. There have been various conferences in the last month or two at which federal and provincial governments have discussed matters of common concern. Earlier in the pipeline debate I said that there will be a crucial shortage of trained personnel when pipeline construction begins. At the present time we do not have enough welders and mechanics. We know that the pipeline will be coming on stream. Therefore, provincial and federal governments should be making arrangements. They should not wait until construction begins; these arrangements should be made several years in advance. That to me seems elementary. However, are we making those arrangements now? Is the federal government, in conjunction with the provinces, doing that?

I honestly believe that we do not need another bureaucracy. We need departments—for example, the Department of Employment and Immigration—which use common sense. Federal and provincial departments together should determine what the needs will be in the foreseeable future and work

together. We need heavy duty mechanics. There is not one logging camp or mine in British Columbia which is not advertising for heavy duty mechanics. There are many people who wish to work, but I suggest there are not enough skilled people; one does not have to be the most gifted parliamentarian to understand that. On an almost daily basis business people come to me telling me that they cannot get Canadian labour and asking me if they can hire labour from outside Canada. What have we been doing with our education system for the last ten years? Why do we not know what our requirements are in the field of specialized skills? We are going to require more people with special skills when pipeline construction begins.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Ralph Stewart (Cochrane): Mr. Speaker, it is unfortunate that private members' hour had to start late today because this is an extremely important and interesting subject, and I had hoped to deal with it at some length.

I must say that I have some reservations about the motion before us. I have reservations not so much because of the principle of the motion but, rather, about the form of the motion. I am certainly on record as having favoured some kind of co-ordinating authority for Canadian education. I think it is deplorable that students across Canada are denied any degree of mobility from province to province because of different educational standards. I find it equally deplorable that Canadian history is different from one part of the country to another.

The hon. member who preceded me gave us a useful and succinct account of the constitutional aspects of education in Canada and the history of federal involvement. I think we have to remind ourselves that under the BNA Act the legislatures of the provinces are responsible for education. However, perhaps that act should be modified. Perhaps a modification is overdue, but I do not think the modification should be as outlined in the motion before us.

Mr. Deputy Speaker: Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

ANTI-INFLATION ACT

AMENDMENT TO EXTEND RANGE OF PERSONS TO WHOM ANTI-INFLATION GUIDELINES APPLY

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-18, to amend the Anti-Inflation Act and guidelines, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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

Some hon. Members: Now.

Mr. Chrétien moved that the bill be read the third time and do pass.

● (2012)

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I should like to put on the record a few remarks with respect to Bill C-18. I should like to emphasize that the history of this bill, both in the House and at committee, has been a most unfortunate one. The fact is we have had a Minister of Finance (Mr. Chrétien) whom we all agree is only a part-time Minister of Finance.

Mr. Paproski: That is right.

Mr. Lalonde: Where was the hon. member for the last ten minutes?

Mr. Stevens: The hon. minister for intergovernmental affairs, whatever that means, has asked where I was. I was explaining to the Canadian Press why the minister has found it necessary to raise the bank rate another half point, and why he has now gone to the Canadian chartered banks and asked for $2.5 billion as the new line of credit, instead of the $1.5 billion standby line of credit which was originally arranged by the minister with our chartered banks.

Mr. Lalonde: Order. The hon. member should deal with the bill.

Mr. Stevens: As soon as I start giving an explanation as to where I was, the very same minister who asked for that explanation now interrupts by saying "Order".

In dealing with Bill C-18, it is critical for the House to realize how inept the federal government has been with respect to the handling of our economy, and in particular, the handling of the inflation situation in this country. The fact is the government has failed to give a proper explanation to the

House, or certainly to a committee of the House, as to why its so-called anti-inflation program has failed so miserably.

We must bear in mind that we were told by the government this year that our inflation level would be down to 4 per cent by about October. Incidentally, the Minister of Finance keeps changing his story. Initially we were told in committee by the Minister of Finance that the inflation level in Canada would be 6 per cent during 1978. Realizing how devious this minister can be and how he twists his terms, we zeroed in specifically at committee and said: "Mr. Minister, would you explain? What do you mean by 6 per cent? Do you mean come June, 12 months over June 1977, it will be 6 per cent? Is it the average 1978 inflation level over the average 1977?" He said: "No doubt about that; I am talking average 1978 over average 1977". Within two weeks the minister reversed himself and said that he meant a 6 per cent inflation level in December this year compared to December 1977. That is an entirely different picture. The present Minister of Finance is about the only Canadian who believes today, if he in turn believes, that we are going to reach even a 6 per cent inflation level by December 1978.

The reason I refer to the sorry progress of this government with respect to Bill C-18, both in the House and in committee, is that when the government returned to the House and asked for this amending legislation to be passed in order to patch up some of the deficiencies in the initial anti-inflation program, I would have thought any responsible minister of finance would have said: "I feel you in the House should be given a full accounting of how the program has worked, a blow by blow description of how we have failed and where we have been successful in the anti-inflation program". I would have expected the minister to outline where the fiscal restraint, which was promised in October 1975, was felt in the economy. None of us can find the spending restraint which they claimed in October 1975 was going to be followed. I expected the Minister of Finance to explain why the monetary growth has been so aggressive since October 1975, yet we were told that they were going to be more restrained in their monetary growth at that time. Also, the Minister of Finance should have indicated where the promised deregulation took place since October 1975. In fact, more government regulation, not less, has been put on Canadian industry and the Canadian public since then.

I make these points to outline how the government has not given a proper accounting in the House regarding its anti-inflation program. Most importantly, the activities of the Anti-Inflation Board and the entire effect of the so-called anti-inflation program has been glossed over by the government. For example, the Prime Minister (Mr. Trudeau) attempted to get away with certain misstatements today during question period, when he indicated that somehow or other our economy was doing tremendously well. I do not know why he singled out Japan, but he indicated that, other than Japan, Canada is doing better than anyone else. That is an untruth which he put forward in the House and generally to the Canadian public.

Let me be specific on this important subject. In the February 1978 *Bank of Canada Review* there is a very interesting analysis of what the bank calls the international economic and financial developments in 1977. This report was prepared by the international department of the bank, under the direction of Mr. John White. At page 10, table II, it is made quite clear that Canada's record, as far as inflation is concerned, has been a disaster in spite of the controls program which we are now being asked to patch up, in the sense of relieving some of the deficiencies existent in the program from day one.

Every hon. member should read the entire Bank of Canada article, and in particular, what is said with respect to Bill C-18 concerning consumer prices. In the 12 month period of December 1976 to December 1977, the inflation level shown for Canada is 9.5 per cent. Of course, that is the rate put out by Statistics Canada on that date. The performances of seven major industrialized nations of the world have been reviewed. Included in the United States, Japan, Germany, France, United Kingdom, Italy and Canada. Inflation in those countries for that one year period ending last December reached a high of 7.2 per cent. So we have the startling revelation by the statistical department of the Bank of Canada, which is confirmed nothwithstanding the anti-inflation program introduced by the government in October 1975, that we have had higher inflation than other countries during the same period. In fact, our inflation was 2.3 per cent higher. When one reviews the figures of the Bank of Canada, perhaps the most serious observation to make is that our main trading partner has consistently had a better inflation record without controls than we have had with controls.

● (2022)

It is unforgiveable for the Minister of Finance to sit in the House tonight and remain mum about these facts when we are reviewing a bill designed to amend the legislation about which when it was brought in the government was saying it would perform such magic with inflation. This minister owes an explanation on behalf of his former minister of finance, and certainly on behalf of his emperor, sometimes called the Prime Minister of this country, as to why this country's record has unfortunately been so much worse than the economic records of other countries.

Let me go back to what I think is a most serious revelation, and that is the comparison of Canada's inflation level at various time periods, reviewed in the "Bank of Canada Review", with the inflation level for the same time periods of the United States, our main trading partner. For example, we find that in the 12 months ended December, 1975 the U.S. inflation level was 7 per cent while our inflation level was 9.5 per cent. For the 12 months ended June, 1976 the United States brought its inflation level down to 5.9 per cent, and I emphasize that this was without controls, whereas Canada's inflation level was still 7.8 per cent. For the 12 months ended December, 1976 the United States inflation level was down to 4.8 per cent—below 5 per cent—yet the Canadian rate was 5.8 per cent, still above the U.S. level. By the 12 months ended in

June, 1977 the U.S. inflation rate was 6.8 per cent compared to the Canadian rate of 7.8 per cent.

In short, for every period to which I have referred there has been a worse Canadian inflation rate than that of the United States. In the last 12 months period ending in December the Canadian inflation rate was worse than the rate of any of the seven major industrialized nations, and certainly worse than the inflation rate of our main trading partner, the United States. For the 12 months period ended December last year the United States inflation rate was 6.8 per cent compared to an unbelievable Canadian rate of 9.5 per cent. This is the background for the debate we are entering into tonight, and these are the facts we must consider when deciding whether this government should receive support for Bill C-18, to amend the anti-inflation legislation.

As we know, the bank rate has been increased again tonight. This government has sought and obtained an additional $1 billion stand-by credit from our Canadian chartered banks. In all likelihood a revelation will be made tomorrow morning concerning the outflow of funds from our foreign exchange which will truly startle the international market once again. As I said today during the question period, it has been estimated there probably was an outflow of $500 million during March. My advisers quite frankly tell me it was much more; I was trying to low-ball the facts today. In fact, we believe this outflow could have been as much as $700 million during the month of March. In any event, we are going to know these figures in the morning.

In asking for an additional $1 billion to shore up the Canadian dollar, this government is clearly anticipating the anxiety to be felt tomorrow not only by Canadians but by the international market regarding our falling dollar and the state of our foreign exchange fund.

Is it surprising that we have this dilemma of high unemployment, high inflation and a current account deficit four times that of the average deficit of any major industrialized nation in the world? Is it surprising when we realize that since last December there has been thrust upon us a Minister of Finance who has turned out to be only a part-time minister? This is a position that requires the full-time attention of our best available person; but unfortunately we do not have such a man in our present Minister of Finance.

Having regard to the plight of our dollar, how often have we been told that somehow or other the fact that our dollar has depreciated or is falling in value has resulted suddenly in more attractive exports in international trade? We have been told that somehow or other we should have had a discounted dollar long ago. The Minister of Industry, Trade and Commerce (Mr. Horner) has told us that in his view an 89 cent dollar is a good thing for Canada.

I point out these facts because I believe this government has no idea of the effect of a cheap dollar on the inflation rate in this country. It is interesting to note that at page 10 of the "Bank of Canada Review", to which I have already referred, Mr. White comments concerning the falling dollar situation in Italy and the United Kingdom that occurred a few years ago. He states:

> In Italy and the United Kingdom where depreciation of their currencies have added to inflationary pressures the relative stability of both the lire and the pound this past year contributed to slower rates of price increases.

What Mr. White is confirming in that article is that a falling dollar means more inflation in the country whose currency is falling. It is as simple as that. Unfortunately our dollar has been falling because this government has been less than candid and less than clear as to the level at which it deems the Canadian dollar should be trading. This government's lack of knowledge about how to handle this type of problem has resulted in an undermining of world confidence as far as international money markets are concerned. This has created the impression that this government would somehow or other welcome an even lower level for our dollar. This is virtually a bottomless pit, and it apparently does not matter how far the dollar drops.

During one of the briefing sessions for Canadian businessmen by the Department of Finance the businessmen were floored when an official, asked if he would worry should our dollar drop to 80 cents, said that a floating dollar is a floating dollar, and if it goes to 80 cents, that is where it goes. That is not how international money markets operate. Other countries expect governments to have confidence in their ability to handle the economic affairs of their countries and they expect those governments to be able to indicate whether their currency is at a fair level in a specific range.

What this goverment has been doing is pretending on the one hand that it has not interfered with the behaviour of our dollar on international markets, while on the other hand it has been using hundreds of millions of dollars from our United States foreign exchange reserves to defend the dollar that it claims it would like to see float even lower. The sad result is that we now have the worst of all worlds. This is the result of this government's hard-nosed measures and tendencies to have the dollar dribble down and down in value, while at the same time allowing our reserves to be dissipated. Perhaps when the figures are revealed tomorrow we will find we have lost $1.5 billion of our reserves since January 1, while at the same time we have a dollar valued obviously much below the point to which the government felt it should fall.

Our dollar would not be trading at today's level if we had a government which inspired international confidence. This government can fool many Liberals in this country, as it likes to do; it can fool many Canadian voters, as it wants to do; but it will not fool for any prolonged period of time, if at all, those hardnosed international financiers of this world. This government has now faced up to the stark reality of having to deal with international bankers who do not want rhetoric or charisma, but rather, hard, cold facts about how our economy, which is obviously out of whack, is to be righted.

● (2032)

Those are the facts, Mr. Speaker, and it is pertinent when we are dealing with Bill C-18 to bear them in mind because I

do not feel that this government even now has learned the lesson that their spending programs, previously and currently, their monetary increases, and that type of policy bring inflation which, in turn, undermines international confidence. This means that our currency will be put at a lower price level in relation to the other harder currencies; but perhaps they would like to see that.

When I say this I think of one piece of misrepresentation that we must put on the record and make sure there is no doubt, so far as Canadians are concerned, as to what it is all about. This government likes to fool various people. They went into New York and they tried in their way to fudge the issue concerning our economic picture for 1979. We have never been able to get a firm statement from this government as to what their revenue and expenditure position will be in the coming year. They have tried to fudge the issue.

When this government went to New York with a preliminary prospectus issued on March 8, 1978, they tried to get by with simply showing the fiscal 1978 figures for Canada and making no disclosure as to what the deficit might be for 1979. Frankly—and you will recall some of the questioning in this House, Mr. Speaker—this surprised us because we were told by certain investment officials with the American government: "There is no way that we were going to tolerate the Canadian government not making full, true and plain disclosure before $750 million was loaned to them" which is what the government was seeking effective April 1, 1978. They said: "Tell us what will be your cash deficit where 1979 is concerned; come clean." Let there be no doubt, Mr. Speaker, that is why this little Minister of Finance crept into this House on March 16 and gave a statement as to what in fact the deficit would be as far as cash needs for 1979 are concerned.

We now find that on March 22 the March 8 preliminary prospectus filed in Washington was changed to give a more complete disclosure as to the plight we are actually facing in Canada. There is a new footnote put into that prospectus and it very interestingly says this:

> In a statement by the Minister of Finance on March 16, 1978, it was indicated that financial requirements for fiscal 1978 are now expected to total $8,800 million—

This is up decidedly from what they tried to get by with showing in Washington and New York. The footnote goes on to state:

> —and are anticipated to be about $11,000 million for fiscal 1979.

I think it is a tragedy that we have a government, led by the emperor, who is now so indifferent to knowledge in Canada. And to our right to have the facts, that he has no compunction through his Minister of Finance about refusing to give out facts until he is brought to his knees in Washington and New York, and only when his bankers said: "Unless you tell us those facts you are not going to get your money".

We are now dealing with a new problem as far as foreign financing is concerned, and this was revealed earlier today. The long end of the American issue that was placed in New York is now selling at a discount of $1.75. It was brought out at par, Mr. Speaker, and it is now trading at $88.25; and if you want to undermine the confidence of international investors still further, pull that kind of trick on them. Sell them an issue effective on April 1, tell them it is properly priced, that you think there is an equitable rate structure put on your issue, and then on Monday, April 3 have them live with a $1.75 discount on the issue that you have sold them. Try selling another issue, Mr. Speaker, as you need further funds down the road, and you will receive a very chilly reception.

I mention this because of the news today. The increased bank rate, the increase in our line of credit with our own Canadian chartered banks, means the government is going to have to go back to the international trough once again and say: "Please give us another bail-out". What I am suggesting is that, because of the way the present issue has been handled, they are going to get a pretty chilly reception. Let there be no doubt, Mr. Speaker, when I say that the issue fell to $1.75 discount from its issue price, the long end of it; that put it into perspective. It now means that in the eye of international investors, Canada's credit rating is lower than that of most of the major U.S. corporation credits.

Most of the large finance companies in the United States are now being given money at a cheaper yield than Canada is able to borrow in that international market. It is very humiliating for a nation with the resources and talented people we have in Canada to have to live with a situation where our national credit is put on a basis junior or more speculative than the credit of certain corporations, including finance companies, in the United States. Those are the facts.

In dealing with Bill C-18, Mr. Speaker, we have got to bite the bullet. The reason our dollar has gotten into its present plight and that we are on bended knee in New York and Washington asking for more and more foreign borrowing is because the inflation program of this government did not work. As I said at the beginning, we have higher inflation than the combined inflation levels of seven industrialized nations of the world. Every year that the program has been in effect our inflation level has been running higher than the inflation level in the United States, and that to international investors means that our dollar has to go down in relation to the American dollar. And down it went.

The government, in an attempt to make a bad thing look good, has said the discounted dollar is the best thing that was ever invented and that somehow or other it is going to spur the economy. I have already read into the record John White's comment as to what happened with a depreciated dollar in Italy and the United Kingdom. The fact is that a discounted dollar that is lower as far as its relationship, for example, to the American dollar is concerned, is only a good thing if you take advantage of the competitive position it artificially gives. A depreciated dollar is only good if you can get a handle on your own inflation to ensure that the depreciation that you are now trying to utilize will remain and keep you competitive with your international competitors. The United Kingdom tried lowering the value of their pound, and we find today that if their oil revenue is taken out they are still running a substantial current account deficit with the rest of the world,

in spite of their so-called depreciations or devaluations. On the other hand, the Germans have never had a devaluation or a depreciation. They have had nothing but a surplus with the rest of the world.

Those are the hard facts. We will not gain permanently by simply depreciating our dollar. In fact, it becomes a repetitive thing—the more you depreciate the more your inflation goes up; the more inflation goes up the more you have got to depreciate still further. There is no doubt the government would rather see our dollar higher, and every protestation that they make that somehow the dollar is a good thing at 87 cents is simply trying to let on that a bad thing is a good thing. However, it will not be bought internationally. If it was otherwise, surely we could ask the government why they encouraged the dollar to go to $1.03 premium at one time; why did they go to our corporations and municipalities and our provinces and ask them to go into foreign lands to borrow money? Why did they drop the withholding tax to facilitate borrowing that money in order to keep up the Canadian dollar if at the same time they thought it was a bad thing to have a high Canadian dollar? They cannot have it both ways. If they now say it is a good thing to have an 87-cent dollar, that must mean it was a bad thing when the dollar was at $1.00 or $1.03. On the other hand, if it is good to have an 87-cent dollar, why is it not even better to have a 77-cent dollar or a 50-cent dollar? How is it that the magic level that the so-called floating dollar reaches is always the ideal level, according to this government? I think we know the answer, Mr. Speaker. The government is in a tizzy. It is panicking. Its political expediency does not jell with economic reality. Today we have perhaps the greatest indication of how political expediency rules as far as this government is concerned.

• (2042)

In spite of the fact that it has been generally felt that we needed new budgetary measures six months ago, or possibly twelve months ago, the government consistently said they were not needed and that the economy was doing better than most economists said, that inflation was better than most economists said, and that real growth was better. In March, 1977, the previous minister of finance—now gone like so many other ministers—said that unemployment would be less toward the end of 1977 because of the imaginative provisions he brought in. Yet we now have the highest unemployment of any industrialized nation in the world.

This is the record of this government, Mr. Speaker. It asks us virtually to rubber stamp this bill, to pass this act for the anti-inflation program. I think it behooves us to ask why this part-time Minister of Finance is not willing to stand up in this House and give a full explanation of the failings of the anti-inflation program.

On that score, Mr. Speaker, perhaps I should be more specific about why I feel he is a part-time minister. We have never had a Minister of Finance so reluctant to come before the Standing Committee on Finance, Trade and Economic Affairs. We cannot get him there.

Mr. Chrétien: I am always there.

Mr. Stevens: When he gets there he does not want to answer any questions. Let me take the House through the scenario of Bill C-18. The government brought in Bill C-18 and we gave it relatively prompt passage in this House. Our caucus, and I believe the caucus of the New Democratic Party, felt that the proper place to deal with such a technical bill was in committee where we could ask questions of the minister.

Mr. Chrétien: I was there five times.

Mr. Stevens: We hoped to receive information in return. There were certain amendments we proposed to make to the bill and we wanted to get it out of second reading and into committee for study. We got it into committee and there was, I suppose the term is "leaked" to us, certain draft legislation concerning the setting up of an inflation monitoring agency and also another bill called the Financial and Compensation Data Returns Act.

We were left with the impression, from the responses of the minister in committee, that we had caught the government slightly off guard—that they had tried to slip Bill C-18 through, hoping the legislation would remain dormant, that nobody would question it and that they subsequently intended to bring in both these bills for which we had the drafts.

When we brought this matter up, the minister's response was rather odd. First of all, he said he knew nothing about the legislation and did not know what I was talking about. It was pointed out that the draft legislation had his name on the first page. It said that "minister" means "minister of finance". Clearly if somebody had been drafting legislation that the minister knew nothing about it was a most curious thing, and it makes one wonder what the government is up to. We pressed the point and there was a kind of admission that maybe at some lower echelon someone might have been toying with draft bills. In any event, the minister wanted no part of it.

In order to facilitate the questioning of the minister—because up to that point he had refused to acknowledge there was such draft legislation—I offered him the draft, but he said he did not want to touch it. It was untouchable, Mr. Speaker. I can only presume that if any member of the House was minister of finance and someone came to committee with a draft bill that said he was the minister referred to in the bill, he would be curious to find out what was going on. This minister, however, said he did not want to touch it. We pressed him and the answer was to the effect that really it did not have much to do with Bill C-18. In fact it had everything to do with Bill C-18 because it is on the question of what happens after the anti-inflation program ends. The impression was left that this does not have too much to do with Bill C-18, that the Prime Minister had asked the Economic Council of Canada to do the monitoring but certainly they did not want any provisions like those referred to in the draft legislation.

It was a stand off, Mr. Speaker. In effect, we said if the government want us to pass Bill C-18, they had better come clean and tell us what they have in mind for a monitoring

agency and this so-called returns act, which had provisions such that people could go to jail for years if they almost inadvertently failed to sent in a requested report. The result—and I do not disagree—was that the chairman suggested we adjourn the committee until it was clear what the Economic Council was going to do. If it is not going to get into monitoring, clearly some provision will have to be made for monitoring, and this legislation, or something similar, will have to be brought in. I emphasize that the aura that the minister tried to put around it was that there was nothing to the draft legislation I referred to; that it was almost a figment of someone's imagination and he did not contemplate bringing in legislation immediately.

That leads me to the delay, Mr. Speaker. It was decided to postpone future meetings because in fairness it was felt the minister should be given the opportunity to get his house in order. It was not clear whether he was going to go the Economic Council route, or the route of some legislation along the lines of that I referred to.

The plot thickens, Mr. Speaker. As you know, the illustrious emperor, the Prime Minister, sent a letter to Dr. Ostry of the Economic Council of Canada dated March 15 and signed by his own hand. It set out very, very interesting things that he requested the Economic Council to do.

As a preliminary matter, perhaps I should make it clear that in effect what has now followed is that we have an Anti-Inflation Board carrying on with respect to the bulk of Canadian companies and workers till December 31, 1978; but as of April 14 we have Dr. Ostry and her posse coming into the picture to scrutinize what is going on in the nation with respect to inflation. Specifically, it refers to her checking out and "analyzing price and cost developments in the national economy". Those are the emperor's actual words.

● (2052)

I mention this because it is absolutely hypocritical of this government to pretend to the Canadian public that they are doing all these monitoring procedures, that they are desperately trying to identify who is the villain as far as prices are concerned, who the villain is on the labour side, whether the small shopkeeper or whoever, without accepting the responsibility for inflation. They do not have to go 100 yards from where they stand to find out where inflation is created in this country. It is literally created on the south side of Wellington Street by the printing of an excess amount of money in reference to the real growth of the economy. Any economist will acknowledge that.

This government is allowing the printing presses to be run through the Bank of Canada facility. It allowed 12 per cent more money to be created in Canada last year than the year before, in spite of the fact we only had 6.2 per cent real growth. I said our inflation was 9.5 per cent. Is it any mystery? Add up those figures and you will see why we have the inflation to which I am referring.

Is it not hypocritical for a government to pretend, presumably for political reasons, that they are trying earnestly to do something about inflation? They are now setting up a two-tier level of monitoring and supervision of inflation when they have been goosing the economy through the printing of excess money. Those are the hard facts.

When dealing with the role of the Economic Council, I want to draw to the attention of hon. members a very interesting fact. The Minister of Finance said that the draft legislation that I referred to had no meaning, or somehow or other was virtually a figment of somebody's imagination. However, when we review the letter from the Prime Minister to Dr. Ostry of March 15, we find that he sets out from A to F the various jobs he would like the Economic Council to do. Save for a realignment of paragraphs and a few changes of words, we find what he has asked Dr. Ostry to do is almost word for word what was in the draft legislation bearing the name of the Minister of Finance, which he told us in committee he knew nothing about. If we are to believe the Minister of Finance, something is really amiss in the Department of Finance and throughout the entire government. Presumably somebody is on the loose drafting legislation and is sufficiently in the know that his terminology is able to leap into the Prime Minister's letter to Dr. Ostry and be adopted by no less than the Prime Minister as the terms of reference for the Economic Council of Canada to follow in carrying out their monitoring procedures.

When I started to bring this out in committee, I was rather startled to find that the well-primed chairman of that committee was quick to say that it had no relevance to Bill C-18, in spite of the fact we delayed any further meetings of the committee until we could understand what the role of the Economic Council of Canada would be. We were told it would have no relevance. When we persisted, the Minister of Finance quickly refused to answer any questions. He said that what the Prime Minister said in the letter was not his business, that he would answer anything concerning Bill C-18 but not get into the role of the Economic Council in relation to monitoring or what-have-you.

The reason this is important is that if hon. members read the October 20, 1975 statement of this government, the fourth prong or wheel of their anti-inflation program was a deregulation of the Canadian economy. They said that was going to relieve—and I believe it would have—the present constriction within the economy that is contributing to inflation.

The program really had four wheels. It had de-regulation for the first wheel, fiscal restraint for the second wheel, monetary restraint for the third wheel and the AIB activities to which this bill is addressed for the fourth. Where it is relevant to concern ourselves with the Economic Council, in spite of the fact that the other three wheels have not worked worth a darn, namely fiscal restraint, monetary restraint and de-regulation, we find that the government is now proposing through its approach to the Economic Council of Canada a continuation of the AIB to have still further regulation and supervision of our industry beyond anything that was ever conceived.

It is important to bear in mind that the chairman of the Anti-Inflation Board gave us the following estimates of the

percentage of companies, professional firms and employees who would be released from controls by various dates. Bear in mind the government has represented that their de-phasing or de-control period will begin on April 14 of this year. It is important that we remember what they mean by that.

The chairman of the AIB made clear that by May 1, 1978, only 9 per cent of the employees in Canada, 9 per cent of the companies and 4 per cent of the professionals will be free from the AIB activities. By June 1, 13 per cent of the employees, 10 per cent of the companies and 8 per cent of the professionals will be free. By October 1, 62 per cent of the employees, 78 per cent of the companies and 77 per cent of the professional people will still be bound by the anti-inflation program. On December 1, 53 per cent of Canadian employees, 68 per cent of the companies and 75 per cent of our professionals will still be bound by the program. Let us get that into perspective. Until December 1 this year, the majority of the employees, over two thirds of the companies and three quarters of our professional people will still be bound by the Anti-Inflation Board rulings and the whole program, notwithstanding the de-phasing that begins on April 14.

I put those figures on record because there has been too much talk that somehow we are suddenly going to go out of controls. In truth, that is not right. We are not out of controls until very late this year. In fact, the chairman of the AIB made it clear that they do not see us being completely clear of the AIB for at least a year after December 31, 1978.

We are in the position tonight of having to face the fact that the government has represented that de-controls begin on April 14, when in all likelihood de-controls in the form they anticipate will not be effective until well into December of this year for the bulk of our businesses, employees and professional people. That is the main point I want to make on this subject.

Notwithstanding that degree of control, we find that the Prime Minister, in the letter to which I referred, has asked the Economic Council of Canada to do an overview of everything that has been happening. Not only is it an overview, but on page three of his letter the Prime Minister states:

> Because of the potential importance of an individual price or cost increase and the need for information which is not publicly available, however, it may be considered by the Council or—

I would stress the word "or".

> —the government that a special inquiry into a particular case is warranted. It is recognized that the carrying on of such special inquiries into individual price or cost increases under the powers of the Inquiries Act may be needed from time to time, but that such special inquiries would not be appropriately carried out by the Council itself. Such special inquiries would, however, be facilitated by the assistance provided from the Council's ongoing analyses and staff support.
>
> On this basis and pursuant to Part 10 of the Economic Council of Canada Act, I therefore request that the Council undertake a specific responsibility for analyzing price and cost developments in the national economy. More particularly under this reference, the Council would exercise the following duties, subject to the description and limitations set out above:

● (2102)

He then lists the terms of reference he would like the Economic Council to follow. They are essentially the terms of reference anticipated in the government's draft inflation monitoring agency act to be carried out by that agency should the act ever be passed.

Not only do we find these two levels, but the Prime Minister goes on to say he feels the Council should review the situation for two years. These are his words addressed to Dr. Ostry:

> You should discuss with the Treasury Board the provision of the additional resources which the Council will require in order to carry out these additional duties.

Nobody knows the number of additional staff the Economic Council feels it should have in order to carry out this new monitoring function. It has been estimated that 100 additional civil servants will be needed. News accounts from various sources are now making it clear that in any event there will be no abandonment of the 700 employees who presently work for the AIB. Thus we may end up with 700 employees from the AIB "doing their thing", plus another 100 people working for the Economic Council, all hoping to get a handle on inflation in Canada.

Referring to the employees of the AIB, an article in the April 1 edition of the *Financial Post* states:

> There are several hundred who are full-time civil servants and these people have been guaranteed new government jobs with no cut in pay.

Think of the scenario. We have the Leader of the Opposition (Mr. Clark) credibly arguing that the time has come to cut down the public service, not by firing people but through the ordinary process of attrition; and at the same time the government, so we are assured in this article, has guaranteed that these employees will not lose their government jobs or suffer any reduction in pay. Yet this is a perfect example of an area in which they could cut down costs. The article in the *Financial Post* went on to say:

> The AIB's middle managers have been preparing one-page resumés on all of these people. The resumés are being sent to all government departments to be used in filling job vacancies—when the AIB is ready to let them go.
>
> Most of these workers will be released toward the end of the year. Blackwell—

That is the name of an official quoted earlier in the article.

> —concedes there is a danger the job market could be temporarily flooded but he predicts the huge Ottawa bureaucracy will absorb the workers fairly smoothly.

Is it not almost laughable to find a government which pretends it is a government of restraint giving ironclad guarantees that none of these employees will lose their jobs or suffer pay cuts?

I am giving this background because I think we must accept the fact that, should the party opposite ever be returned with a majority to this House, the controls program will not end. What they intend to do, through this devious approach, is to reignite the entire controls system at the earliest opportunity and inflict it, perhaps for an indefinite period, upon the Canadian public. I do not think there is any doubt about it. The Prime Minister believes in controls. He has lost faith in our system. He no longer believes in the economy of the marketplace. He does not believe that the system which has brought prosperity to this nation can build an ever greater nation on the basis of free enterprise. Somehow he has accepted the line of the socialists, the supporters of the NDP, that an even greater degree of state intervention and control is needed

in order to secure increased prosperity. He does not realize that exactly the reverse is the case, and that if we wish to turn the economy around what we need is a renewed vigour on the part of the private enterprise system as opposed to an extension of government controls.

We are dealing tonight with a big subject. Bill C-18 is a measure which contains many clauses and it is important we should deal with some of its inconsistencies and draw attention to amendments which ought to have been considered before the legislation left the finance committee. Hon. members who took part in the meetings of the finance committee on the bill will, I am sure, agree with me that it was passed only under the guillotine. The more the Minister of Finance refused to answer questions concerning the anti-inflation program the more the Liberal members on the committee insisted that the measure should be passed at once. Using the brutal majority they exercise in every committee of the House they insisted that the bill be passed without the benefit of further evidence from the part-time Minister of Finance or of amendments which we on this side thought were needed.

At this point, Mr. Speaker, I should like to be specific. I will begin by drawing attention to clauses 1 and 8. Clause 8, as undoubtedly Your Honour knows, makes the application of clause 1 retroactive to December 16, 1975, which is the date of the order in council establishing the regulations of the Anti-Inflation Act itself. Clause 1 enlarges the coverage of the present guidelines to include businesses in trucking, shipping, longshoring and grain handling sectors which bargain collectively. The amendment in C-18 ensures that profit guidelines will apply to companies which as a wage negotiating group form a unit large enough to merit control. The Anti-Inflation Act is constructed in such a way that wage-earners come under controls when the employing company comes under control. The amendment would also enlarge the coverage of wage controls.

● (2112)

Some additional construction companies are also brought under the controls by use of the same method applied to transportation industries. The companies and unions identified in clause 1 were brought under controls on April 22, 1976 by Order in Council P.C. 1976-910: SOR/76-273. The order came into effect on April 15, 1976 and was issued under the authority of section 3(2)(a)(v) of the Anti-Inflation Act. Before that section could be used it was necessary that the governor in council order the Anti-Inflation Board to study the potential inflationary impact of the groups to be affected and to report back.

The governor in council ordered the study on December 16, 1975. That was order No. P.C. 1975-2927, but it was never gazetted. That was one of the questions I wanted to put to the Minister of Finance in committee. Why was that order not published in the *Canada Gazette*? In any event, it was passed under what was alleged to be the authority of section 12(2) of the Anti-Inflation Act. Evidently the groups were found to be of strategic importance to the containment and reduction of inflation in Canada. Those are the words of section 12(2) of the Anti-Inflation Act.

The study and recommendations were not published and appear to exist only as internal memoranda within the AIB itself. Surely we in the committee were entitled to ask for that memoranda and not to be cut off and guillotined by the majority Liberals on that committee, as happened on March 21.

The purpose of clause 1 is merely to give explicit legislative sanction to procedures already authorized by order in council. That must be clear. For reasons that are not completely clear, the government passed orders in council which by clause 1 the government wishes to confirm. No new procedures are authorized in clause 1. What is new is that the guidelines are made retroactive to December 16, 1975, whereas the order in council applied only from April 15, 1976. It is not clear who the government is trying to catch. Presumably there is a little black hole into which the government feels it must throw some people because of the inadvertence of the government with its order in council. I think this House has the right to know exactly who the government feels it is retroactively catching with the wording in clause 1, which is different from the wording in the order in council to which I have referred.

In any event, the Anti-Inflation Board advises that this change is a formality undertaken for the sake of uniformity and that no company or union will be required to give back profits or wages because of the new retroactive application. I hope the board is right, but surely in committee we were entitled to learn from the Minister of Finance what his answer would have been to that type of question. If clause 1 is of such small significance, one wonders why the Minister of Finance has chosen to trouble parliament with it. If the insertion of clause 1 was necessary to the legislative coherence of the program, why was it not necessary to insert it into Bill C-89 in the first instance? Why was it not put into Bill C-89?

Hon. members will recall that Bill C-89 was debated in April, 1976, the same month in which the order in council was proclaimed. The order in council was virtually identical to clause 1 of Bill C-18, the bill before us tonight. Apparently the administration did not wish parliament to debate this measure, although a ready opportunity existed when Bill C-89 was before the House. Delay in the debate of a measure like clause 1 clearly shows the reluctance of this administration to permit public debate on the anti-inflation program. That is one of the points I have been trying to bring out tonight.

This government—and I do not blame it—is obviously embarrassed by the failure of the anti-inflation program. However, whether it is embarrassed or not, it should be willing to make a complete reckoning to this House, and through this House to the Canadian public, as to why it has failed so miserably with its anti-inflation program.

Coming back to measures like clause 1, I think I should simply conclude by mentioning that de-control day was to be April 14, 1978. We must wonder whether the measure was really prompted because of the debate that the government anticipated would take place with regard to the utility of wage

and price controls themselves. Those are the references I wanted to make to clauses 1 and 8 as they appear in the bill which is now before us.

Let me now touch on clause 5 and clause 6. Some have called these the "ghost" amendments for decontrol. These amendments introduce a novel legal concept. The Anti-Inflation Act will expire by proclamation, presumably, on April 14, 1978. Incidentally, the only indication we have that decontrol will begin on April 14, 1978 is a comment made by the Prime Minister and reiterated on October 20 by the Minister of Finance. That is all we have. We have found that we cannot necessarily believe what these two gentlemen say, so how can we be absolutely sure that decontrol will begin on April 14? The fact is that to date that has never been proclaimed.

In any event, as I was saying, if the government sticks to its word, the anti-inflation program will presumably begin to be dismantled on April 14. Compliance with the terms of the act will, however, still be required in the sense that we have referred to the percentage dephasing month by month.

This brings me to the so-called ghost amendments which we find in clause 5 and clause 6 requiring compliance with a law which, if we believe the Prime Minister and the Minister of Finance, will no longer exist. Clause 5 makes extensive revisions to section 47 of the Anti-Inflation Act. Hon. members will recall that section 47 provides for the continuance of proceedings already instituted under the act, even though the act expired in the middle of the proceedings. The purpose of the section is to allow the completion of work under way by the Anti-Inflation Board, the administrator or the tribunal despite the termination of the act which gives these bodies authority to regulate wages and prices.

The amendment in clause 5 goes one step beyond the original section 47 by extending the powers of the board, the administrator or the tribunal to operate after the anti-inflation program has been legally terminated. Clause 5 would allow the Board to initiate proceedings after the legal end of controls for violations of the controls program which may have occurred while the controls were still in force. For example, if a company generates what is called excessive revenue during the final compliance period of the controls program, this amendment would allow the Anti-Inflation Board to investigate the revenue portion of the firm, find it to be in excess of the guidelines and order and enforce the distribution of the excess revenue of the firm.

The board, administrator or tribunal would have these powers—and I emphasize this—despite the fact that the act which gave them these powers will have expired. If we pass the bill which is now before us, that would be its effect, and let there be no doubt. These residual powers necessitate certain additional consequential amendments. Reporting requirements will remain in force. AIB staff will be retained. Vacancies on the board may be filled. All this may take place after the act has expired, perhaps as long as a full year thereafter.

On this particular point I am always taken aback by the number of people on the government side—in fact, including the chairman of the AIB himself—who are unaware of the fact that the present anti-inflation legislation can be extended beyond December 31, 1978 by a simple order of the cabinet.

● (2122)

Mr. Chrétien: No, we have to come to the House.

Mr. Stevens: If the Minister of Finance would care to look at the act he would find that the government can extend the termination of the AIB to whichever period it sees fit, subject to confirmation by the House at a later date. But the important thing that is often being forgotten is that this act does not automatically terminate on December 31 of this year. It can be extended by the government, and the only restraint on the government after it has extended the act is to be overruled by a vote in the House.

This brings me back to what I was saying that if, heaven forbid, this government should ever be returned with a majority, let there be no mistake; it will extend the AIB program, and if the House cares to have a vote on that program, the government will use its majority to push it through the House.

Let us bear in mind when considering Bill C-18 that the AIB will not necessarily end simply because the emperor, the Prime Minister, has said he thinks it should end by April 14. Also the Minister of Finance has said that, but both can reverse themselves. Believe me, political expediency is the only law this government obeys. Economic realities are secondary. If the government thinks it is politically expedient to tell us today that it intends to have a decontrol of the anti-inflation program, given re-election it will restore the controls program at the earliest opportunity.

Let me come back to clause 5. Clause 5 also attempts to invalidate the so-called AIB clauses in wage agreements. This was a deficiency pointed out by the hon. member for Edmonton West (Mr. Lambert) at a meeting of the committee. He was the first to make it clear that the legislation which the government brought in was defective. So clause 5 attempts to invalidate the so-called AIB clauses in wage settlements or, as it is sometimes referred to, there is a bounce back effect once the controls program ends with respect to any type of wage settlement that might have been higher than the guidelines.

Clause 6 also deals with wage agreements that have been reached calling for increases in compensation within the guidelines but which also specify that, after the termination of the controls programs, wages shall be paid at a rate considerably higher than would be allowed under the guidelines. Let me be a little clearer on that. For example, a 6 per cent wage agreement in force might provide for wages to be increased by a further 6 per cent once controls expire on whatever date is set. Clause 5(5) of Bill C-18 declares that such a provision would have no force or effect.

I suggest this measure is also a ghost clause. It requires compliance with the provisions of an act which will have expired, if we believe what the government is telling us.

Clause 6 also deals with wage agreements and is designed to prevent what has been called the bounce back of those wages, to which I have already referred. The bounce back would

occur because of the particular method used under the Anti-Inflation Act to control wages. If a wage agreement has been negotiated providing for an increase in compensation in excess of the guidelines, the AIB or the administrator rolls back what would then amount to an increase in excess of the guidelines. The actual roll-back procedure does not affect the wage agreement itself but only the amount which can be paid out under it. Suppose a compensation agreement calls for a 12 per cent increase in wages when only a 6 per cent increase is justified under the guidelines. The decision of the AIB, or the ruling of the administrator, specifies that a 6 per cent increase only may be paid out. The decision or ruling does not, I emphasize, alter the terms of the contract itself. Thus, when the Anti-Inflation Act expires and the AIB ceases to exist, the original contract would immediately become payable at the old rate or, in the example I have given, at 12 per cent. Further, companies might be required to pay retroactively wages lost due to the AIB limit on the pay out of the settlement.

Clause 6 states that a ruling of the AIB or the administrator actually modifies the terms of the contract so that it will comply with the guidelines. This is not merely a ghost clause, as the "deemed modification" of a contract will take place while the Anti-Inflation Act is still in force, although the effect of the modification will be felt even after the act has expired. In conjunction with clause 5, clause 6 should prevent any attempt by a union or a company to exceed the guidelines while the compensation agreement is in force.

However, and this is the point, there is nothing in either clause 5 or clause 6 which will prevent a union and company agreeing to terminate a contract when the act expires. Once terminated, a new contract could be negotiated comparatively free of any guidelines.

The ghost amendments are a legal oddity and it is difficult to predict how effective they will be. Fortunately, they are only transitional powers for the decontrol period. One hopes that the administration will resist further attempts to create legal obligations pursuant to such non-existent laws. The ghost amendments show how much easier it is to start controls than to end them.

Having reviewed Bill C-18 and some aspects of the anti-inflation program to the point that I have at this time, let me point out that surely the Prime Minister was right when he made that famous statement that controls are a disaster looking for a place to happen. Do you recall that, Mr. Speaker? In fact, controls are not something that effectively control inflation—they cause problems. The Prime Minister had it right. Now unfortunately we have had inflicted upon us a controls program which, as I said earlier, has resulted in higher inflation in Canada than our main trading partners have experienced, certainly higher than in the United States. Yet we are being asked tonight, without, I suggest, having had a proper opportunity to review this legislation in the committee, to pass Bill C-18 relatively quickly, and without the explanation from the Minister of Finance to which I believe we are entitled.

This brings me to an interesting question when we are considering the anti-inflation position of the government. How often will we be subjected to the rhetoric we get from the government on what they propose and intend to do with respect to certain matters such as inflation? All we are left with is rhetoric but no action. I refer to this because already I have made reference to a letter written by the Prime Minister to Dr. Ostry in which he set out the terms of reference he would like her to follow in carrying out the monitoring of inflation starting on April 14.

There was also a letter sent by the Prime Minister to what were called business and labour leaders, which was dated July 29, 1977. In the letter the government set out what it regarded as an appropriate decontrol and post-control arrangement. The letter had many paragraphs in it, 15 I believe. In paragraph 8 it was stated that the government hoped to establish what they called a multipartite consultative forum and monitoring agency. This has been described in "Agenda for Co-operation", a copy of which I have here. The Prime Minister stated at that time:

These have been described in Agenda for Co-operation. In more specific terms, it is now proposed that the consultative forum should be constituted as follows.

● (2132)

This is the form he was proposing less than a year ago. He indicated that there should be ten participants from business, of whom at least five would be selected from a list of ten nominations by the business council on national issues. It would have ten participants from labour, of whom six would be selected in consultation with the Canadian Labour Congress. Five participants would come from interested groups, and five would be federal government ministers.

In item 9 of his letter he stated that, in selecting the participants, the government would ensure an appropriate balance with respect to industrial sectors and regions. In item No. 10 he stated that in selecting the board of the monitoring agency, the government would ensure that people of stature with a recognized experience in business and labour would be included.

On October 20 last year the Minister of Finance referred to those clauses before the House, yet we have heard nothing further. We have received no explanation from the Minister of Finance or the Prime Minister as to why the proposals were not carried out.

Mr. Danson: You did not ask me.

Mr. Stevens: Perhaps that is the best evidence we have received as to where the entire program has gone wrong. It may be administered by the Minister of National Defence (Mr. Danson). If that is so, it should have been made clear much earlier, and then we could have directed our questions to the Minister of National Defence. I was not aware that "Minister of National Defence" meant "defence against inflation", or whatever interpretation the minister places upon it. I do not mean to be critical of the jolly Minister of National Defence. He is a neighbouring member of parliament to my

riding. He is a jolly good fellow. If he was made Minister of Finance, I would hope he would do a much better job in that portfolio than he has done as Minister of National Defence. Certainly he could not do a worse job than the present Minister of Finance.

Perhaps we will receive a little more insight bit by bit from the ministers as to who has the truth. Now I have learned that we should have directed questions concerning the anti-inflation program to the Minister of National Defence, to that degree a little progress has been made this evening.

I should like to know what happened concerning this letter of July 29. At that time it sounded somewhat interesting. An illustrious emperor was going forth and stating, in a letter addressed to labour and business leaders, what he would like to see happen. Well, what happened? Where was he turned down? Are we to accept that the Economic Council of Canada is what he had in mind? If that is so, we must remember that the labour component of the Economic Council dropped away. They decided they did not want to participate any longer in the Economic Council. Clearly there is no labour participation in the Economic Council.

I raise these points, and in particular this letter, during the debate on Bill C-18 because we should have been entitled to ask the part-time Minister of Finance in committee what happened to those proposals. Was it the government's decision to drop them? Was it labour or business? Who exactly said "scrap that letter, the idea is no good"? I could refer to various sections of that letter, but I should like to indicate that the 15 clauses set out have never been heard from since. Perhaps the Minister of National Defence has been having secret meetings with business and labour leaders. Perhaps he is the man who runs the anti-inflation program. As far as we have been able to make out, no meetings have taken place. The government has not met with labour, business or consumer groups. In short, the government is getting ready for an election. They are hoping to bamboozle the Canadian public and ensure re-election when they decide to go to the country. If that is the intention of the government, it is very, very important for its performance with respect to inflation to be put on the record clearly.

The policies of the Trudeau government have placed this nation solidly in the grip of inflation on a relatively permanent basis. The current annual rate of inflation is 9.5 per cent. That rate means prices in this country will double every eight years if it is permitted to continue. Because of the ineptitude of the government, it will continue at some comparable level should the government be allowed to continue running the financial management of Canada. Every hon. member must accept the basic premise that inflation is created by the Bank of Canada through the excess printing of money in relation to our real growth. The government is aware of that. As long as that is tolerated, the consequences must be accepted. One of those consequences is high inflation.

High inflation is nothing new to the Trudeau government. Actually, prices have risen by 87 per cent since our Prime Minister took office. That is according to the consumer price index. If one looks at the deflator, or the implicit price index, one will find that prices have gone up 100 per cent. That 100 per cent increase is 13 per cent higher than what the CPI reflects. In the main it is government inflation which is reflected in the deflator. That has gone up even faster than the rate of price increases as reflected by the CPI.

When the government's record on inflation is considered, the broken promises regarding inflation should be noted. The Trudeau government announced that it had defeated inflation on several occasions, only to have it return with a vengeance. In December 1970 the Prime Minister crowed the following: "Inflation no longer exists in Canada". Since then, prices have risen by 72 per cent. When the Prime Minister campaigned against wage and price controls in 1974, the "emperor" then said: "We are going to bring inflation under control. That I pledge to you". That pledge has brought price increases of 35 per cent since then.

The litany of failure to bring inflation under control continues to the present day. In October, 1975, the Liberal administration introduced the wage and price controls which they campaigned against in 1974. This fact is well known. The controls program presented targets for inflation from a level of 10.6 per cent in October, 1975. The rate of inflation was forecast to fall to 8 per cent by October 1976, to 6 per cent by October, 1977, and to 4 per cent by October, 1978.

• (2142)

The 1978 target was achieved when the inflation rate stood at 6.2 per cent in October. One year later, however, the inflation rate had increased to 8.8 per cent, well over the target of 6 per cent. Although the Trudeau government promised 4 per cent inflation in 1978, it has reneged on that commitment and now forecasts 6 per cent inflation this year. My guess is that it will soon abandon that target as well. The fact is that at the present time the Minister of Finance, and possibly his emperor friend, are the only people in Canada who still seriously believe there will be 6 per cent inflation in this country in the current year.

What about the 1978 inflation prospects? Our minister has forecast 6 per cent inflation in 1978. Many private sector forecasters think this is unrealistic. The Conference Board of Canada expects inflation to average 7.4 per cent in 1978. In that respect I note that the Minister of Finance often quotes the Chairman of that Board, particularly since he decided to run as a candidate for this party.

The Bank of Commerce expects 7.8 per cent inflation this year; the Bank of British Columbia predicts 7.9 per cent and Lévesque, Beaubien, Incorporated in Quebec expects 7.8 per cent inflation. Even the government's own advisory agency, the Economic Council of Canada, which the government has asked to monitor inflation, expects inflation to average 7.4 per cent in 1978.

What are the inflationary pressures? We know wholesale prices are 10.9 per cent higher at this time than a year ago. Adding to inflation are two further pressures on prices in

Canada. I refer, of course, to the continuing fall of the dollar and our higher energy prices.

In the area of food costs, the impact of our falling dollar is already apparent. Higher import prices will continue to push up consumer prices. Canadian manufacturers who use imports in production face higher costs. Canadian corporations which have borrowed funds in foreign currencies will be required to pay much higher repayment costs.

In that connection, it has been estimated that the total foreign borrowings of Canadians, be they municipalities, corporations, provincial or federal governments, are approximately $33 billion. It does not take much of a mathematician to figure out that if you have a 10 per cent decline in the value of the Canadian dollar in relation to those currencies you have borrowed you will be losing $3.3 billion should you have to repay those foreign currencies with a falling Canadian dollar.

On that particular point—and I am pleased the Minister of Finance is here—I hope that before this debate ends he will explain to the House what his government expects to do to relieve the plight of the municipalities, corporations and provinces which, at the government's behest, went out and borrowed in foreign funds and are now left with considerably higher monetary amounts to pay than first anticipated, directly as a result of the government's current decision to allow the dollar to fall. I was going to say "allow the government to fall", which would be a blessing, Mr. Speaker.

Let me put that into another time frame. It could cost $3.3 billion in extra payout on the part of those who borrowed foreign funds if they have to pay off their debts in terms of Canada's fallen dollar. One must think of the interest cost as well, because most of those obligations were expressed not only in respect of capital, but in respect of the interest on foreign currencies. The debt or interest payments will also be 10 per cent higher than anticipated. There should be some indication from the government about its intent to relieve that situation. Does the government intend to leave those municipalities, corporations, and provinces in effect holding the bag because they acted in response to the government's request to go out and seek foreign funds at a time when the government was desperately trying to hold up the Canadian dollar? The dollar would have fallen in any event because our trade imbalance was already running at an alarmingly high level.

One other point I should touch upon is that we are very conscious of the effect of a falling dollar in relation to import prices. However, I was most surprised at a committee meeting to find that the Minister of Finance and his advisers were not as conscious of the effect of a falling dollar in relation to various commodities within Canada. I refer specifically to the price of some Canadian goods such as beef and lumber. The prices of both those commodities are quoted to Canadian buyers in terms of the U.S. dollar equivalent. As a result, to the extent you have a falling dollar you automatically ensure that domestically in Canada the price of beef, lumber and other commodities will go up. Hopefully the Minister of Finance will come forward and explain why this government feels the falling dollar is such a desirable thing when it will have such an impact, not only on the price of imports to this country, but also on the price Canadians will have to pay for such commodities as beef, lumber and others.

Dealing with this broad subject of the inflationary pressures we will experience this year, the federal Department of Finance has estimated that the recent devaluation of the dollar could add 4 per cent to our inflation rate within two years. The government will increase the domestic price of oil and natural gas twice during the year, each time by one dollar per barrel or its natural gas equivalent. The immediate impact of the price change will be felt in home heating and automobile fuel. The two price changes alone will raise the consumer price index by 1 per cent by the year end. Oil and gas used by consumer goods producers will result in higher consumer prices. Energy costs account for between 5 per cent and 10 per cent of farm production costs. The 1978 energy price increases may increase, if we follow that through, consumer goods by 1 per cent or more. These are some of the pressures we are facing in relation to inflation during 1978.

Let me touch on one question which is perhaps more important during this debate than any other. What causes inflation? The blame for inflation has been laid at almost everyone's doorstep. I mentioned earlier that the government liked to say that labour, business or foreign countries were to blame. Do hon. members remember when we had that minister of finance, two or three back, by the name of Mr. Turner? He used to come into the House when he was embarrassed about inflation and say that because anchovies off the coast of South America had gone wrong—somehow or other they could not find them—it meant we had higher inflation in Canada. At other times we have been told inflation was caused by the financial gnomes in Zurich who were manipulating the system. We were even told there were mysterious cartels at work which somehow or other caused inflation. It later became brutally clear that this government had set up a cartel in respect of uranium, the like of which the world had never seen before. As a result this will cost Ontario consumers, and presumably other consumers in Canada, additional hundreds of millions of dollars. It does not matter who the government pretends is responsible for inflation; the fact is that inflation could not and would not occur unless the government either encouraged, or permitted it, and that is the simple truth. Not only the Minister of Finance but the emperor himself have consistently encouraged inflation and permitted it. Inflation is always caused by government. It is the government which controls the supply of money, and it is excess money which causes inflation.

● (2152)

This brings me back to the falling Canadian dollar. The interesting thing that has happened is that while the government has been acting so irresponsibly with respect to inflation, they to a certain degree were getting away with it so long as other governments acted equally as irresponsible. However, there has been a sobering influence in the world. Countries such as Germany and Switzerland, and Japan to a lesser extent, have decided they are going to stop the excess printing

of money as far as the economy is concerned. They have said they are going to get a handle on inflation and in short are not going to play the game of printing more money and living with inflation any longer. The result is that our big spending friends on the other side have been caught off base because they now find that the game has changed and that they no longer can spend as excessively as originally. The government can no longer print money as excessively as they were because countries such as Germany, Japan and Switzerland are not doing it.

To the degree that this government has failed to be equally as responsible, we find that international investors have been moving away from our dollar to invest in the German Deutschmark, the Swiss franc or the Japanese yen. That is what is happening, and let there be no pretence of anything else. In the eyes of the world, we are one of the weak currencies today, and to the degree that the international investor looks upon Canada as a weak nation, the run will continue so long as they look on the German, the Swiss or the Japanese currencies as stronger. The run will continue from our currency to that type of more solid currency.

I think it is important when we are considering this amendment to the government's Anti-Inflation Act that we virtually insist that the Minister of Finance get up and give an explanation as to why as were told in October, 1975 that the government have a program to handle inflation and yet we find that we still have no answers.

Mr. Chrétien: You have taken two hours.

Mr. Stevens: The Minister of Finance is saying that he thinks I am taking too long. To what extent, Mr. Speaker, am I entitled to time? I was not given the right to put questions in the finance committee. Surely if there are points that have not been made by the minister or his cohorts concerning this anti-inflation program, members of this House have the right to speak and ask what they feel fit.

Let me come back to the main point that I want to make, Mr. Speaker, and that is that the government can control inflation. As an example, suppose a customer has $100 to spend and he normally spends $25 on each of food, energy, housing and clothing. If the price of energy, for example, should double, he must either buy less energy or less of something else. The only way he can continue to buy the same amount of goods as before is if he increases his supply of money. It is the same with government and with the Canadian economy. An increase in the price of oil or an increase in wages or profits is not inflationary unless more money is printed at the same time. If the supply of money remains the same, an increase in the national price of oil simply causes people to spend less on other items. If the pie remains the same size, a larger slice for one group means a smaller slice for other groups. Individual price, profits or wage increases are redistributed in their effect and are only inflationary if the government tries to stop the redistribution by increasing the supply of money. By trying to cancel the effect of price and wage changes through increasing the supply of money, the government only provokes others to restore their share. More money in the system does not necessarily make the pie any larger. It just makes it more expensive to buy.

When the federal government lives beyond its means, one of the ways it pays for its deficits is by selling securities to the Bank of Canada, and it in turn pays for the securities by printing money. This is inflation in its most direct form. The government should not finance deficits or even try to ease the shock of a particular price increase by an increase in the money supply. Stimulated monetary policies are not necessarily inflationary, and the money supply should always expand in relation to the actual size of the economy.

It must be made clear that inflation cannot occur unless it is permitted to occur by an expansion of the money supply. The relationship of monetary growth to inflation is clear. From the winter of 1968 to the late fall of 1977 the money supply increased by 156 per cent. I hope you will pay particular attention, Mr. Speaker, to the figures that I am giving. Between that period this government printed 156 per cent more money in Canada. Over the same period real economic growth was 55 per cent. The difference between the two, 101 per cent, represents the amount of money created in excess of that required to finance the growth in the economy. It is no surprise, therefore, to discover that the general price level in the economy increased by 100 per cent in the same period, almost exactly the same as the amount of excess money printed.

Let us note those figures again, Mr. Speaker. In the period from late 1968 to the fall of 1977 the government caused the Bank of Canada to grind out 156 per cent more money supply in the nation. During the same period the real growth was only 55 per cent, so they created in excess of 101 per cent as far as the money supply is concerned. Our inflation when you use the deflator was exactly 100 per cent during that period, within one per cent of the excess money created during this government's reign of office.

Those are the facts, Mr. Speaker, and when we are considering amendments to the anti-inflation legislation, Bill C-18, the government should explain why they continuously pretend that they need monitoring agencies, that they need controls, that they are not too sure what is causing inflation when, simply, they are printing the inflation that we are living on.

I would like to touch on the historical perspective of this situation. A large proportion of the money printed in recent years has gone to finance the Trudeau government's deficits. The Bank of Canada has printed money to finance 33 per cent of the federal cash requirements in the past five years. The $5.6 billion of federal securities purchased by the Bank of Canada represents more than 60 per cent of the total addition to the money supply over that period. The spending practices of the Trudeau government created the budgetary deficits which were partially financed by increasing the money supply. Since 1968, federal spending has more than quadrupled—

Mr. Deputy Speaker: Order, please.

Adjournment Debate

• (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

THE CANADIAN ECONOMY—INCLUSION IN BUDGET OF INCENTIVES FOR VOLUNTARY WORK-SHARING

Mr. Paul E. McRae (Fort William): Mr. Speaker, it is always interesting to listen to a monologist explaining his simple theories in a very complex world.

I believe that at this point we are in the middle of an international economic crisis with the problems that most countries have to face. Techniques are not working, particularly techniques which clearly should create jobs and increase demand. Those particular techniques do not work and have not been working as they used to. A good example of this is that, although we have put $4.5 billion or so on the demand side of our economy in the last 15 months, we have not been able to solve the problem of creating employment. In addition, we have serious energy problems which make for greater economic problems.

Because of the baby boom in the 1950s and early 1960s, Canada is experiencing a very large growth in the labour force. About 300,000 young people come on the labour market each year, or about four or five times the number that came on the labour market in the 1950's. These problems create some very serious distortions in the economy and create unemployment at the rate of 8 or 9 per cent. In the age group 15 to 24, unemployment is in the area of 14 or 15 per cent.

Because it is very difficult to create jobs, given the fact that demand and other techniques do not work and respond the way they used to, we have to look at methods of reorganizing the job market. I am particularly concerned with the failure of our experts to increase the number of jobs available. The rate of growth in the United States in the first quarter of this year is most disturbing—it is actually a zero growth rate. Given this kind of problem, it seems to me we must do something far more significant in terms of job creation or putting a large number of people into the work force.

One method we might look at is this. If we cannot create additional jobs, then the amount of work available could in some way or other be shared among the people available to do it. I should like to look at work sharing and the possibilities of voluntary work sharing as a partial solution to some of the problems which face us. I know there is already some work-sharing, especially when plants have lay-offs, but it seems to me a large number of people who are working would voluntarily adopt some form of work-sharing. This could be pairing, shorter weeks and so on. The reward, of course, would be the extra leisure time. I think this is particularly the case in professions such as teaching and nursing where pairing is worth-while. Many people would like half the work-load by taking half a day's work each, or working a week at a time, for instance.

Some problems are involved in work-sharing but one of the advantages, particularly with pairing, is that the productivity of the two individuals involved is usually higher than the productivity of one person doing the job full time. Other problems concern benefits, incentives, extra clerical work required by the employer for pay-rolls and so on.

• (2207)

These are some things that could and should be looked at by this government. I ask the minister to look seriously at incentives which would have the effect of overcoming some of the objections to work sharing. I would like the government to take on a program of attempting to get Canadians to volunteer to share the work they have with those Canadians who cannot find work. In that way we would not have one large group of people on the labour market, working eight hours a day for 40 years, with another group not working at all. I know there are regional problems and so on, but that would be a partial solution.

With the government coming out with a new budget within the next month or so, I hope it will seriously look at incentives to share the amount of work available among the people available to do it.

[*Translation*]

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, in the area of job opportunity development, the government has proposed to create more jobs through its employment strategy and also to support the principle of sharing the work that is available between a larger number of people.

In 1977-78, the government allocated $458 million to the employment strategy for fiscal year 1978-79. That amount includes nearly $330 million for direct job creation under those two programs, Canada Works and Young Canada Works which have proven both viable and flexible, because they created jobs for the unemployed in areas where they were most needed. In 1977-78, it is estimated that the various programs and initiatives funded under the employment strategy gave work to some 185,000 people, an approximate 611,000 man-months.

In 1978-79, a total $50 million from the Canada Works Program will be used to support the new economic growth segment of the program. That segment stems from the realization that a significant number of federal bodies can develop worthwhile projects capable of creating immediate jobs and also promote the creation of a greater number of jobs in the private sector.

In addition to programs involved in the employment strategy, mention should be made of two other initiatives in the area of employment. First $150 million were allocated to Federal

Labour Intensive Projects to create more job opportunities in the public sector. Second, the employment tax credit program will promote more job creation in the private sector. Under this two-year program started March 8, 1978, an estimated $100 million will be granted annually in the form of tax reductions.

Last year, the government amended the Unemployment Insurance Act so that among other goals employment levels could be maintained through work sharing in industries where lay-offs were needed. Under the new measures, the people involved in any given week will be paid for every day worked, and get UIC benefits for the remaining days.

At the beginning, labour representatives and management had some reservations regarding the principle of work-sharing. Nevertheless, despite these reservations, a good many companies and groups of workers had shown their interest by participating in this program as soon as it was started. It seems that the companies and the groups have adopted a realistic approach toward the usefulness of that program. This participation has naturally taken place on a purely voluntary basis, the application being jointly presented by the management and the workers of the companies concerned.

In order to assess the usefulness of the principle of work-sharing in the Canadian context, the program has been started on an experimental basis. On March 27, 14 such agreements regarding work-sharing were signed, thus preventing some 770 persons from being laid off. The concerns expressed by labour representatives and management toward work-sharing show how important it is to carry out a thorough assessment of each pilot project at the trial stage—

Mr. Deputy Speaker: I regret to inform the hon. parliamentary secretary that his allotted time has expired.

The hon. member for Winnipeg North Centre (Mr. Knowles).

● (2212)

[*English*]

VETERANS AFFAIRS—REQUEST WAR DISABILITY PENSION BE RAISED TO LEVEL OF 1973 FORMULA

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Friday, March 17, as reported in *Hansard* at page 3872, I put two questions to the Minister of Veterans Affairs (Mr. MacDonald). One of them had to do with the basic rate of the war disability pension and the other with the formula which determines when a disabled veteran's widow will get a pension following the death of her husband.

As the minister knows, and as the House knows, I put these two questions to the minister as often as I can. Indeed, earlier this afternoon I sought to present a motion under Standing Order 43 dealing with these two issues. Until not many weeks ago my questions about veterans affairs were three. In addition to my plea that something be done about the basic rate and the formula respecting widows, I was calling for amendments to the legislation respecting compensation for prisoners of war. As the minister knows, not only did he win his battle in cabinet and obtain agreement to bring in a bill extending compensation to prisoners of war of the first world war and also to evaders and escapers in the second world war, but he also won that legislation on the floor of the House in a matter of two or three hours; the bill went through all its stages on the same day.

I remind the minister of this because I should like to impress upon him, as I did when I questioned him on March 17, that he could do it again. If he brings in a measure improving the legislation affecting our veterans I can guarantee that the House will give it approval in a very short period of time. Speaking of time, we all know there is not much of it left for this session or, indeed, for this parliament. Surely the minister would like to go into an election campaign knowing that this legislation has been passed instead of having a record which says, time after time, only that the matter is under consideration. I would remind him that the convention of the Royal Canadian Legion may be held right in the middle of the election campaign, and though he may be busy in Prince Edward Island I suspect he will be invited to that convention. When he gets there he will find that two foremost issues will be those I am bringing forward tonight—the question of the basic rate and of the formula which applies to the widows of veterans.

With respect to the basic rate, the facts are well known to all concerned. Back in 1973 a formula was agreed to which called for the rate to be set so that the amount available for a 100 per cent disabled veteran would be equal to the average take-home pay of five categories in the federal public service. The hope was that this formula would carry through. Instead, although the rate was set in 1973 the increase each year has been only in accordance with the rise in the consumer price index and the basic rate has fallen behind.

It is true that the 7.2 per cent increase in January of this year narrowed the gap slightly. I received a letter only today informing me that the gap was now down to $311 a year. But I would remind the minister that this year's increase for the public service has not yet come through and no doubt when it does the gap will be back to $500 or $600 a year.

This is an issue on which there are strong feelings from coast to coast. I am making a plea to the minister. But I am also giving him a tremendous opportunity. He is going into an election campaign. He is going to a meeting of the Canadian Legion. Why not come through with this restoration of the basic rate to the amount that would be calculated by the formula agreed to in 1973?

● (2217)

I make the same offer to the minister with respect to widows. In fact, it would not surprise me if, when the Legion convention is held, those who take the resolutions before that convention will give very high priority to this question of widows. As veterans get older and more and more of them realize that their pensions are below 48 per cent and that their

wives will not get a pension if the veteran dies first, they are concerned about this provision. It still just does not make sense to say that when a wife looks after her veteran husband who is on a 48 per cent pension and he dies first she gets a full widow's pension, but if the wife next door is looking after a veteran who is on a 47 per cent pension or anything less, she gets no pension at all. To say she can fall back on the war veterans allowance really does not answer the point.

I appreciate the fact that the minister has stayed here for the late show tonight. If he is looking for something new from me, I have to reply that there is nothing new to say on these two issues. We have been over them time and time again. The something new is in the minister's hands. The something new is for the minister to get up tonight and not just say that they are under consideration but to say that he shares my hope and the hope of all members of this House that these two issues will be acted on by the government and by parliament before this session ends.

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I thank the hon. member for Winnipeg North Centre (Mr. Knowles) for his continuing concern for the wellbeing of our veteran population and their dependants. The hon. member knows that the question of increasing the basic rate of disability pension has been discussed in this House several times in the last few months. Disability pensions were increased by 7.2 per cent on January 1 of this year. The basic rate for an unmarried 100 per cent pensioner is $596.70 a month. If that pensioner is married, the amount is $745.88 a month, and if he and his wife have two dependent children, his pension is $880.15 per month.

I have said that I intend to have the government consider the possibility of raising the basic rate again, and when I have something to report to the House on this subject, I shall be pleased to do so.

The hon. member suggests that a widow should receive a pro rata pension if her husband had been in receipt of a disability pension of 47 per cent or less. This is because she would receive a widow's pension if his pension had been 48 per cent or more at the time of his death. It was decided that a veteran receiving a 48 per cent or more pension would have been disabled to the degree that his disability would have contributed to his early death. It should be remembered that a widow will be pensioned if her husband's death occurred during wartime or was attributable to his service, regardless of the degree of the assessment of his disability.

Canada continues to be a world leader in providing benefits to disabled veterans and their dependants. I know of no other country that pays automatic survivor benefits to widows approaching the 48 per cent basis that we in Canada use.

NATIONAL DEFENCE—ARMED FORCES PERSONNEL ENGAGED IN SEARCH FOR REMAINS OF SOVIET SATELLITE

Mr. Cecil Smith (Churchill): Mr. Speaker, on February 1, as recorded at page 2438 of *Hansard*, I asked the Minister of National Defence (Mr. Danson) if the armed services personnel stationed at Churchill were involved in searching for the satellite which came down in the Northwest Territories. At that time I was appalled by the remarks made by the minister. He said he had been up to the Northwest Territories, and he told us of the very harsh conditions in the Northwest Territories under which the armed forces personnel had to work. I pointed out that there are thousands of people in the Northwest Territories who work in these conditions day in and day out.

That brings me to the reason I have raised this matter in the adjournment debate tonight. Over the last 25 years Churchill has become a very important area for winter warfare training. I believe Churchill is the most appropriate location for winter warfare training because there is tundra just north of Churchill, the tree line is just to the south of Churchill and there are ideal training conditions.

● (2222)

Over the past few years we have seen a total erosion of the involvement of the armed services and of the Department of National Defence in Churchill. Fort Churchill was built in 1946; now it has been almost totally demolished. There are only 35 armed services families left there. There is concern that these 35 families will be slowly transferred out of Churchill and that the fort will be almost completely dismantled, which will mean that no one from the armed services will be left in that location.

Let us take a look at the geographic location of Churchill, the excellent airport facilities and storage buildings there, etc. Fort Churchill is the most northerly point along the Hudson Bay coast and into the Arctic, and it is an essential location from which to protect our northern frontier. I do not understand why the government, instead of training personnel in winter warfare in other locations where northern conditions must be simulated, does not put more emphasis on relocating the armed forces personnel in Churchill.

In 1946 when the army was first located in Churchill, the town was built up to a point where approximately 5,000 people were living in Churchill between the fort and the town site. Now that the fort has been dismantled, a $50 million resettlement plan was set up for the Churchill town site which involved moving all the facilities from the fort.

At the same time the CBC is pulling out of Churchill at the end of June, which will mean that only 12 CBC people will be left there. Also, the National Research Council will pull out of Churchill, as I understand, because, as they say, it is too expensive for them to remain there. That will leave only two NRC families in Churchill. The space program is to be continued but people will move from Gimli to Churchill for the rocket launches and then back to Gimli.

I am glad to see the minister here tonight because it is very important to the people of Churchill and, I believe, to the whole of Canada to have an active and effective winter warfare training element in a place like Churchill. A further erosion of the presence of armed forces in Churchill will mean that a community where a $50 million redevelopment program

has been commenced will decrease to the point where it will number some 1,200 people only. First there was the building up of a community from 1946 onward until the tearing down of the fort in 1976. Then there was a redevelopment and rebuilding of the town. Now the federal government is slowly pulling out its services from that community. This is another blatant example of lack of government planning.

There is an $11 million recreation complex being built in the town of Churchill as part of the redevelopment program. This complex is serving now some 15,000 people only. It is like an albatross, around the necks of the people in Churchill amounting to about $8,000 a year, which the maintenance of this complex is costing them. Churchill does not have a big enough tax base to support such a complex. The population of Churchill is faced with actually locking the doors on it if there is to be an erosion of government involvement there. It is the government in the first place that made the main decision for the redevelopment because the federal government paid the lion's share for it.

● (2227)

I ask the minister to give serious consideration to retaining a good size core of armed services personnel in Churchill. It provides an excellent opportunity. There is not another place in Canada where winter warfare training can be simulated any better. A unit such as that would be very beneficial in searching for a satellite which has come down, though I hope that never happens again. The troops would be accustomed to the climate and conditions and would be able to step in because they have taken their daily training in that area.

Also I should like to mention I was very disappointed to see the Thompson application for a militia was turned down. This ties in with the fact that the number of armed services people in Churchill is diminishing. We want to see a little more involvement by the Department of National Defence in the north to protect our frontiers.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I was interested in the comments of the hon. member for Churchill (Mr. Smith). I appreciate he is aware of the tremendous investment the federal government has made already in Churchill. I hope in the long run that will pay off. Particularly I was interested in his comments regarding its suitability as a winter warfare training centre. The hon. member is quite right; the conditions of the Arctic can be simulated there.

The units which participated in the search for the downed satellite were not from Churchill. I am sure many of the people who were involved received their Arctic training in the Churchill area. This area is certainly considered a valuable training area. It does not lend itself to the large infrastructure required by the nature of the training. One difficulty is that there are a variety of different types of Arctic conditions. Our troops are training in different parts of the Arctic. When they move there, they are there to survive in that very rugged atmosphere. One of the good things is that there is an opportunity for relaxation in Churchill because of the excellent facilities which have been provided. I know the sports and recreation complexes to which the hon. member referred.

We must look at the broad picture of where we receive the most value and best return for the investment in infrastructure which we have. That is done automatically on a continuing basis to see that taxpayers' money is being handled properly in the first place, and that we are using the facilities to their best potential. Certainly Churchill offers a potential, but it does not lend itself to the large type of infrastructure of other places because of the nature of the training. The troops are on the road and away from the base itself, but they are necessary to maintain minimum facilities. I am sure the hon. member realizes that, as he also realizes the value of that training to the Canadian armed forces.

With regard to the other point about other government departments, I am not in a position to comment, nor is it appropriate for me to comment, on the Thompson situation with reference to the Cameron Highlanders. We are not talking about pulling out any who are there, but it is something which has been under consideration. In so far as Churchill is concerned, there are no immediate plans for any changes there. The value of the area for Arctic warfare training is appreciated. Our troops go there on their own and maintain themselves in that quite rugged environment. It is that type of training which has made our troops among the best in the world in Arctic and winter warfare.

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

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Tuesday, April 4, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

GRAIN

PAYMENTS UNDER GRAIN STABILIZATION PROGRAM—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, that being the government's reluctance to pay out moneys owing to Canadian farmers under the grain stabilization plan. The amount of the payment is known to be in the range of $80 million to $95 million, and the statement of the Minister of Agriculture (Mr. Whelan) to the effect that the cabinet must consider the final figures is utter nonsense and means nothing more than fixing the date of payment in relation to the timing of the upcoming election. I therefore move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the money owing to western grain farmers under the grain stabilization program be paid out immediately and not be subjected to the political manipulations of the Minister of Agriculture and the minister responsible for the Canadian Wheat Board.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL FILM BOARD

WINNING OF TWO ACADEMY AWARDS—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I hope I can get unanimous consent for this non-partisan motion which I move under the provisions of Standing Order 43. In view of the fact that the Crown corporation, the National Film Board of Canada, won two Oscars at the 1978 Academy Awards for best animated and short films, I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House congratulate the NFB and the directors and crews involved for this outstanding achievement.

[*Translation*]

INCOME TAX

REQUEST FOR REDUCTION—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to introduce a motion dealing with a matter of urgent and pressing necessity.

Considering that the Minister of Finance (Mr. Chrétien) announced yesterday that he will soon bring forward a budget, and that in a period of economic crisis; given also that according to the report of the National Welfare Council the income gap between the rich and the poor increases continuously, and that in 1976 it was two and a half times as large as in 1951, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House direct the Minister of Finance to introduce in his budget a series of measures such as tax reductions, the exclusion from taxation of government pension plans and a real annual guaranteed income plan.

Mr. Speaker: The House has heard the hon. member's motion. Under Standing Order 43, such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

POST OFFICE

INFORMATION KIT PRODUCED BY DEPARTMENT—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, in light of the fact that the Post Office Department and the Postmaster General have seen fit to produce an information kit containing a 44-page, colour brochure at enormous cost to the taxpayers, indeed a wasteful exercise, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the Postmaster General provide this House and the people of Canada with a full explanation of the reasons for this ridiculous exercise in pseudo-public relations and inform Canadians of the cost of this arrant nonsense.

Mr. Speaker: Presentation of such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTHERN DEVELOPMENT

REQUEST BUSINESSMEN IN THE PAS, MAN., BE COMPENSATED FOR LOSS—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On March 23, 1978, the Minister of Indian and Northern Development (Mr. Faulkner) announced a $4.2 million contribution to the Otineka Development Corporation of The Pas. In view of the fact that many businesses in The Pas were forced out of business by this development, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this Liberal government also compensate the private businessmen in The Pas who have suffered loss of business.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

REFUSAL OF DEPARTMENT TO ALLOW WOMAN TO UNDERGO PILOT TRAINING—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the refusal of the Minister of National Defence (Mr. Danson) to allow Julia Walsh, a young woman from Ajax, Ontario, to apply for the Canadian armed forces pilot training program because, in the words of the Canadian armed forces recruiting officer, "young ladies are not eligible to apply for pilot training", considering the minister's rejection of my appeal on her behalf, and further considering the subsequent decision by the chief human rights commissioner of Canada to support Miss Walsh and help remove the unfair impediment to her becoming a Canadian armed forces trainee, contrary to the provisions of section 2 of the Human Rights Act, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the Minister of National Defence to accept Julia Walsh and other qualified women candidates as applicants for pilot training and support, rather than retard, the movement toward equality of opportunity for both men and women.

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

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

FINANCE

SUGGESTION GOVERNMENT CAN AFFORD INCREASED EXPENDITURES—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the statement made by the Minister of National Health and Welfare in Sherbrooke, Quebec, on March 13, 1978, that the government must be able to afford increased expenditures, I ask leave to move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the minister make a statement to the House making it clear whether or not she knew that the government would, as of now, require to borrow another $1 billion for use as standby credit, whether or not she had given consideration to the pending $11 billion cash requirement of the government this year, and whether or not the extra money required would be derived from increased taxation or a further budgetary deficit.

Mr. Speaker: Such a motion can be put to the House only by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

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

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the government has had almost six months in which to consider the final report of the International Joint Commission with respect to the Garrison diversion project, I would move, seconded by the hon. member for Lisgar (Mr. Murta):

That the subject matter of the IJC recommendations with respect to the Garrison project and, as well, the subject matter of the Andras Plan proposed by the U.S. Secretary of the Interior be referred to the Standing Committee on Fisheries and Forestry in order that members of this House might make a meaningful input into the final position taken by the Government of Canada.

Mr. Speaker: Presentation of this motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ANNIVERSARIES

BICENTENARY OF COOK'S LANDING IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. In view of the fact that the Royal Hudson, the unity train, arrives in Ottawa today—indeed, Captain James Cook is himself present in our gallery—I should like to seek the permission of the House to share with British Columbia in the celebration of its bicentenary, Captain Cook having landed in Friendly Cove, B.C., 200 years ago.

Some hon. Members: Hear, hear!

* * *

INDUSTRY

REFUSAL OF GOVERNMENT TO STOCKPILE NICKEL—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that the federal government has refused over the last few months to consider the stockpiling of nickel as a move to protect nickel mining communities and the jobs of miners, in view of the fact that Inco last week raised the price of nickel by 7 per cent a pound in a move which may be the start of a recovery in that industry, and bearing in mind the fact that if the government had acquired a one-month inventory of 30 million pounds of nickel to protect the jobs of miners they would now be in the position of having made an inventory profit of over $2 million, I ask leave to move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House condemn the short-sighted policies of this government which have not only cost over 4,000 jobs in this industry but which have cost Canadian taxpayers $2 million because the government lost an opportunity to make a profit on Canadian resources.

Mr. Speaker: Under the terms of Standing Order 43, such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

INCREASE IN BANK RATE—EFFECT ON ECONOMIC SITUATION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I will address my question to the Minister of Finance, who is formally responsible in the government for monetary policy. The Bank of Canada last night raised the bank rate by a further one-half per cent. In the light of this development, can the hon. gentleman tell the House whether the government still expects the real growth rate of the economy to be 5 per cent in 1978, and whether he still expects inflation to be running at an annualized rate of 6 per cent by the end of 1978?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will give those answers in the budget speech which I will be making in this House very soon.

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, we will see how far the dollar drops before that budget speech is finally delivered. My question to the minister concerns the reasons of the government or of the Bank of Canada for not announcing the increase in the bank rate last Friday, when the market expected that increase to be announced. Can the minister tell us why he waited until last night to announce that increase in the bank rate, thereby causing the Bank of Canada to drain in the neighbourhood of another $100 million unnecessarily from our foreign exchange reserves?

Mr. Chrétien: Mr. Speaker, the governor of the Bank of Canada came to see me only last night, so I could not have made the decision on Friday.

Mr. Clark: Mr.Speaker, it must be very comforting for the minister to have another public servant upon whom he can lay the blame for the economic failures of this government.

Some hon. Members: Shame!

Mr. Clark: On March 7, in this House, the minister told my colleague, the hon. member for York-Simcoe, that there was, and I quote his words precisely "no basis in fact" for the suggestion that the fall in the Canadian dollar was the result of speculation by certain international investors. Yesterday, the minister was quoted on CBC radio as saying that if there are some people trying to run down the Canadian dollar in a speculative way, the government would act to stop that. I wonder if the minister could tell the House whether he has changed his position and is now saying that the fall of the Canadian dollar is related in some way to speculators and to speculation.

Mr. Chrétien: Mr. Speaker, there is always the possibility that people can speculate against the Canadian dollar. That is

why, for example, we decided to make sure that we have enough credit so that we can tell the market that we will not let anybody run down our dollar. However, of course, it is a floating dollar and the interventions of the Bank of Canada are designed to make sure that the floating of the dollar is done in an orderly way.

An hon. Member: Floating?

VALUE OF CANADIAN DOLLAR—POLICY OF BANK OF CANADA

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I have a supplementary question for the Minister of Finance. In spite of the half point bank rate increase yesterday and the announcement of a further $1 billion increase in the Canadian chartered banks' line of credit, the Canadian dollar today is still under heavy pressure. Another $30 million in United States reserves has been dissipated so far today, as of 2.15 p.m. Is the minister at least willing, now, to telephone the governor of the Bank of Canada to find out why the policy enunciated yesterday does not seem to be working today?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am in touch with the governor of the Bank of Canada regularly. The policy was announced yesterday. If the hon. member would read very carefully the statement of the governor of the Bank of Canada, he would find that the international situation is a very fluid one at this time; and the foolish speculation of the hon. member is not helping the situation.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, I can assure the minister—and he knows it—that this is not foolish speculation; it is the truth. Yesterday, the governor of the Bank of Canada indicated in effect that if the dollar continued to fall, it would bring pressure on inflation and somehow counteract our competitive position as far as the world is concerned. This sentiment was certainly expressed in the CBC interview of the Minister of Finance when the minister said that we have to make sure that the floating of the Canadian dollar is not creating too much pressure on inflation. Is it now government policy to hold that an 88-cent dollar is about as low as the dollar should go, notwithstanding so-called floating?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the Canadian dollar is a floating dollar. As the governor of the Bank of Canada said yesterday, I also say that the dollar must float rationally; excessive pressures over too short a time could lead to serious distortions in the value of the dollar. That is why the governor intervened yesterday.

[*English*]

Mr. Stevens: Mr. Speaker, in view of the fact that the half-measures consistently taken by this government with respect to our foreign exchange position are not working, would the minister cause a reference to be made to the appropriate committee of this House so that we can have a full airing as to exactly what is the government's policy with respect to the dollar and what the governor of the Bank of Canada intends to do? In short, let us get to the truth as to why the government is handling this so ineptly.

Mr. Chrétien: Mr. Speaker, the policies are enunciated by myself and by the governor of the bank. There is a public debate about this, and I do not think I can add much more at this moment. I think that the market would be even more worried if we were to take the advice of the hon. member.

• (1422)

VALUE OF CANADIAN DOLLAR—EFFECT ON INFLATION AND UNEMPLOYMENT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. At the outset, I ask if he would be completely honest in his answer and acknowledge that a rational float amounts to a dirty float, which is no float at all. Will he acknowledge that the government has abandoned the principle of the floating dollar? When answering that question, will he explain why, at a time when he is jacking up interest rates, which will inevitably lead to higher costs for business to expand—which means a rise in inflation and a rise in unemployment—he is pursuing that kind of policy at this time?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the statement the governor of the Bank of Canada made yesterday stands by itself. He gave very good reasons for his move, and I have agreed with it.

Mr. Broadbent: The minister is responsible to the House, not the governor of the Bank of Canada, and when he has an obligation he should exercise it to explain to the House, briefly, why he has embarked on the course of action he has, because the inevitable consequence is an increase in unemployment and a simultaneous increase in inflation.

Mr. Chrétien: I take the responsibility. I said I have agreed with the statement of the governor.

Mr. Broadbent: Mr. Speaker, I will try different tactics. Considering that the government of the United States has not taken steps to prop up its dollar, on the very sensible ground that it wants to boost its exports, contrary to the desires of Japan and West Germany, why does the Minister of Finance of Canada not follow a similar policy and allow our dollar to float, which will inevitably boost Canadian exports abroad and create more jobs?

Mr. Chrétien: It is odd to hear a member who has always complained that Canada is following the U.S. too closely say that we should follow the Americans on that score. I think we have an independent economic policy. We made that move because it was in the best interests of the Canadian economy to do so.

Some hon. Members: Hear, hear!

[*Translation*]

AGRICULTURE

DATE NEW DAIRY POLICY WILL BE ANNOUNCED

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Agriculture.

On the last sitting day before the Easter break, I asked the Parliamentary Secretary to the Minister of Agriculture what the dairy policy would be for the coming year. Now that we have reached April 4 and that dairy producers, at least in my area, are asking many questions about the dairy policy they can expect this year, can the minister tell the House whether he will soon tell us what type of dairy policy he intends to propose and implement for the dairy year which started on April 1?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member is forgetting that we have a dairy policy which is subject to review every quarter. Naturally, we meet with dairy producers and processors, and we hope to be able to announce the continuation of the program which is presently being followed. We were not able to do that as of April 1. However, I am sure the hon. member will be very happy when the program is announced for the coming year. It will be quite similar to the present policy, with not much change. As I said, it will be one of the best in the world.

[*Translation*]

REQUEST FOR CHANGE IN DAIRY YEAR

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, on a supplementary.

As it was suggested before the Standing Committee on Agriculture that the dairy year be changed, that is extended to allow dairy producers to eliminate, during the winter, those units that are not profitable, and so respect their quotas, can the minister tell the House whether that proposal was accepted and whether in fact the dairy year will be changed when a statement is made on the coming year?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, this suggestion has been publicly debated by many different dairy producer groups and other people in Canada. That suggestion has been put forward.

* * *

● (1427)

THE CANADIAN ECONOMY

REASON BANK OF CANADA INCREASED BANK RATE

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Minister of Finance. It is supplementary to the answer he gave the hon. Leader of the Opposition about the change in interest rate. Are we to understand the reason the Minister of Finance has given for the action of the Bank of Canada is the fact that the minister did not have a chance to speak to the governor of the Bank of Canada until Monday night?

An hon. Member: That is not what he said at all.

Mr. Gillies: Is there not constant communication between the Minister of Finance and the governor of the Bank of Canada concerning what should be done about the decline of the dollar?

Hon. Jean Chrétien (Minister of Finance): No, Mr. Speaker, that is not the reason. I said that the governor came to see me to make the recommendation yesterday. I talk with the governor of the Bank of Canada regularly. I think he is a fine public servant and a very capable man.

Some hon. Members: Hear, hear!

Mr. Gillies: Mr. Speaker, following along the same line of questioning and the degree of speculation that is taking place on the dollar, does the minister not believe that the statements being made by him and by officials of the governement on borrowing reserves and on maintaining an orderly market are a total invitation to speculate? No speculator has any risk, given the position the government is taking at the present time. Can the Minister of Finance tell us what, in the estimate of the Bank of Canada and the Department of Finance, proportion of the decline in the value of the dollar since January 1 has been caused by speculation rather than by normal market forces?

Mr. Chrétien: Mr. Speaker, I think it is very amusing that the hon. member would put that question, because by the very fact that he is asking these questions he invites speculation. If I were to follow his advice, I would just sit in my seat and not say a word. So if he is worried about it, he should tell his colleague next to him—who is always throwing all kinds of figures around the place just to create the confusion he wants—to shut up and he will help the nation that way.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Gillies: Mr. Speaker, again my question is directed to the Minister of Finance. It seems to me any minister of Finance who has presided over a decline in the dollar of this dimension has no right to be saying that hon. members on this side of the House should shut up about this problem.

Some hon. Members: Hear, hear!

Mr. Gillies: There is grave concern in this country about the decline in the value of the dollar, because of what it is doing to economic policies, the level of inflation and the level of unemployment. Does the government, the Department of Finance and the Minister of Finance have no feeling or indication that there is a need for the government to say that it will not

protect the dollar totally, and if people want to speculate against it, they can take the risk, or to say that they are going to protect it so that speculation will be removed from the market and the dollar will not be forced down by these untrue market forces?

Mr. Chrétien: Mr. Speaker, nothing would be worse speculation than to reply to that question. Like most of the currencies of the world, the Canadian dollar is on a floating exchange basis. We intervene to make sure that the floating is done in an orderly manner. That is the policy of the government and that is the policy we intend to carry forward. I do not have to add anything to the statement made yesterday by the governor of the Bank of Canada.

EEC MONITORING OF PRICES AND WAGES

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. Has the government any reason to believe that the Economic Council of Canada, which will monitor price and wage performance after controls are lifted on April 14, will be any more successful in obtaining compliance with the government's price and wage guidelines than was the Prices and Incomes Commission under the chairmanship of Dr. John Young, which proved to be completely incapable of doing so? If so, what are the government's reasons for so believing?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, since that appeared in the early seventies we have reached two-digit inflation. Co-operation was forthcoming from the private sector during the period in which we had controls. It is obvious there was a great deal of co-operation from the private sector because they realized the danger of runaway inflation. Because of this, we are quite convinced that the private sector and the government, as employers, will be very, very serious in their undertaking to control any inflationary spiralling.

Mr. Hees: Mr. Speaker, of course, that is pure speculation. The Prime Minister avoided answering a serious economic question, as he always does. I have a supplementary question for him. Does the Prime Minister not realize that without teeth to require compliance with the government's guidelines, the pressures that have built up on prices and wages during the past 2½ years will bring about an even greater price escalation than that which necessitated the imposition of controls in the first place?

● (1432)

Mr. Trudeau: Mr. Speaker, I point out to the hon. gentleman that it is not, to use his words, pure speculation: it is based on an agreement reached between the ten provincial premiers and myself, when we met in mid-February, to act as employers in a way which would keep any upward pressure on the public sector within the same range as that of the private sector. That is not speculation: it is an agreement set out by the ten premiers and myself in the communique issued at the end of the conference.

[Mr. Gillies.]

Mr. Hees: Does the Prime Minister not realize that this is not a matter which can be settled by the ten premiers but, rather, by the heads of labour and management in this country? There has been no agreement whatsoever among labour, management and the government to keep prices and wages down. Therefore, does he not realize that we are right back to where we were when the government, in 1969, formed the Prices and Incomes Commission; and does he not realize that we are headed on the same disastrous course?

Mr. Trudeau: I think the fact which escapes the hon. member is that the governments in this country—federal, provincial and municipal—are also employers, and when they undertake to follow a certain line of conduct as employers, this is certainly a very important advance in attempting to control the inflationary spiral. Beyond that, Mr. Speaker, it is a matter for the hon. gentleman opposite to have confidence in the ability of the provinces to deliver on their word.

As far as we are concerned, there is a bill before the House now, the Public Service Staff Relations Act, dealing with amendments which we invite the opposition to vote for, and thereby give the government the power to make sure that it does stay within a reasonable escalation of wages. I await the support of the opposition for the government to deliver on its undertaking.

* * *

POST OFFICE

GOVERNMENT ACTION TO IMPROVE SERVICE

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Postmaster General. In view of the promises of former postmasters general not to increase postal rates until the service improved, what action is he taking, specifically, to deal with the poor service? I refer specifically to proposed reductions in door to door delivery, delayed deliveries in the Toronto area, and the enormous amount of rural mail delivery complaints.

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I am not aware of promises made by former postmasters general about reducing rates. I would state that there is no intention whatever to curtail services already in existence in any part of Canada.

Mr. Darling: Mr. Speaker, if I may direct a supplementary question to the Postmaster General, what assurances will he give this House and the Canadian public that they will be getting their money's worth in smooth and speedy mail delivery in the not too distant future?

Mr. Lamontagne: Mr. Speaker, the hon. member of the opposition must know that at the moment we are having problems between labour and management. If you read the article that was in the *Globe and Mail* yesterday about the spirit of the CUPW toward the CLC and their Quebec congress, I think you will realize that it is very hard at the

moment to improve efficiency until we have labour peace. That is what we are trying to achieve.

* * *

INDIAN AFFAIRS

ONTARIO—TRIPARTITE ARRANGEMENTS TO DEAL WITH CONCERNS OF INDIAN PEOPLE

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. It is reported that the interim report of the Hartt commission on the Northern Ontario Environment will recommend tripartite arrangements to deal with the concerns of Indian people in Ontario. What is the view of the minister regarding such arrangements involving the federal government, the province of Ontario and representatives of Ontario Indian chiefs? What role is envisaged for Mr. Justice Hartt if such a recommendation were to be implemented?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have not had a chance to read Mr. Justice Hartt's submission, but to the extent that it makes that recommendation, I would strongly support it. I would also point out that we have already had, in fact, the first of those tripartite meetings: it was held in Toronto recently with representatives of the government of Ontario, the Indian people and the federal government. It was an extremely successful meeting. I would say a recommendation of this kind would meet with the full approval of the federal government.

* * *

CANADA COUNCIL

REQUEST MANDATE BE STUDIED BY COMMITTEE

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, my question is for the Secretary of State. In view of the fact that the Canada Council has now publicly refused access to files including application forms, assessments of those applications, financial documentation and progress reports, and in view of the fact that all members of this House of Commons, including ministers, have been denied access to these files, does the minister not agree that it is time to refer the mandate of the Canada Council back to the parliamentary committee in order to assure accountability and fiscal responsibility of the Canada Council to parliament?

Hon. John Roberts (Secretary of State): Mr. Speaker, of course, the Parliament of Canada, in establishing the Canada Council, placed limitations on the degree to which members of parliament and, indeed, ministers could interfere with the day to day operations of the Council. The resistance to allowing the intrusions which the hon. member described really flows from the fact that the Council is independent in its day to day operations.

As to the more general question of whether there should be further consideration by the committee on the mandate of the Canada Council, I would certainly reflect upon the hon. member's representation. The committee does, of course, have during the consideration of estimates the authority to discuss with the Council its programs and policies.

Mr. Wenman: Mr. Speaker, the question I would like to ask is, if we as members of parliament, and the minister, are denied access to information by the Canada Council with regard to applications, and so forth, how can he possibly make a judgment as to whether more money should be spent, or substantiate the Auditor General's comment that there is fiscal irresponsibility here or financial documentation procedures that need to be improved? How can you make that decision if you are denied access to such information, and should that subject matter not be of great concern to the minister and all members?

Mr. Roberts: Mr. Speaker, I have never been denied access to information which I felt was necessary to assess, whether the budgetary proposals of the agency were necessary or not.

* * *

NATIONAL UNITY

REQUEST FOR ASSURANCE FLQ CRIMINALS WILL REMAIN EXILED

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to ask a question of the Prime Minister. My question arises from information that PQ officials are interviewing FLQ exiles, and has reference to the deal made by the Prime Minister and his government with Jacques Cossette Trudel and Louise Lanctot regarding the kidnapping of Cross and the people connected with the murder of Laporte. Will the Prime Minister assure the House and the country that these people will not be permitted to return to Canada unless they are then subject to due process of the law? I believe this is one of the matters that affects the unity of this country.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the report of these meetings has been brought to my attention. I believe the Department of External Affairs is attempting to follow up and determine to what extent the reports are well-founded. I know that our embassy in Paris has not been contacted to arrange such meetings. The puzzling aspect from our point of view, if the meetings did take place, is that apparently they would have taken place in the presence of French intelligence officers. This is something of a puzzlement to us, because why would the Quebec government want it to happen that way?

On the issue itself, the Minister of Justice and myself have made it repeatedly clear that if these people return to Canada, they will, of course, be subject to due process of the law; and that would include criminal charges against them.

Mr. Woolliams: I appreciate the answer the Prime Minister has given me, Mr. Speaker. May I now put a question to the minister for external affairs. Can the minister add anything in reference to the negotiations—particularly in light of what the Prime Minister has said—and say that these two people who were exiled from Canada under a deal by the Canadian government will not return unless they are subjected to the due process of law which, in the Prime Minister's words, means they will be subject to charges with reference to the kidnapping and, indeed, the related offence of the murder of Laporte?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the supplementary question is simply a paraphrase of the one asked of the Prime Minister. I can only reiterate the comments of the Prime Minister and perhaps amplify them to the extent that the department was not aware of the interviewing that has taken place in Paris. Incidentally, I have ascertained that it was appropriate, or at least proper in the legal sense, for the Quebec government to do so under a treaty dating back to 1928.

* * *

● (1442)

IMMIGRATION

REASON FORMER SOUTH VIETNAMESE GENERAL NOT DEPORTED

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Minister of Employment and Immigration in his capacity as minister responsible for immigration. It concerns the notorious former South Vietnamese general by the name of Dang Van Quang who is living in Montreal. I have tried over the last three years to have this person deported, and I have failed.

I would like to ask the minister why Dang Van Quang, who is presently under an order of deportation, was granted a work permit and is working in the city of Montreal, when over one million Canadians are out of work and looking for jobs?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member's efforts to have this particular individual deported exceeds the time that I have spent on it, by approximately one year. I did check with the officials in Viet Nam and determined that if he was, in fact, sent back to Viet Nam he would not even be allowed off the plane. It did not seem to me to be a good expenditure of taxpayers' money to send him halfway around the world to find out something I already knew in the first instance.

With respect to his being granted a work permit, it seems to be more appropriate that he should be working, and not living off welfare in that particular province. He is prepared to work at the job he has found. That seems, to me, to be the right approach.

[Mr. Trudeau.]

Mr. Blackburn: Mr. Speaker, I have a supplementary question, I am absolutely flabbergasted at that answer—

Mr. Alexander: Astounded.

Mr. Blackburn: —in view of the fact that law-abiding Canadian citizens and landed immigrants are being forced on welfare because they are no longer eligible for unemployment insurance. In view of what I have just said, is it the minister's intention to withdraw that work permit, in view of the fact that Dang Van Quang has several very wealthy friends in Montreal from South Viet Nam who could easily afford to bankroll him for the rest of his life and for the lives of his children?

Mr. Cullen: Mr. Speaker, not too many of them have come forward in the past two years to offer that kind of assistance. The situation has now reached the point where the individual fears for his life. He has some concern from day to day as to his safety. The fact that he has seen fit to work in this country rather than go on welfare, at least means there is a little bit of good—

Some hon. Members: Oh, oh!

Mr. Cullen: Well, the hon. member would say, "Let's put the expense on the taxpayers and let this individual be taken care of by the government". I do not think that is appropriate.

An hon. Member: Is he staying at the Chateau Champlain?

* * *

NATIONAL UNITY

REFERENDUM LEGISLATION—PRIOR CONSULTATION WITH PROVINCES

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the minister responsible for federal-provincial relations: it refers to the referendum legislation which was introduced yesterday. In view of the fact that this legislation covers "any question relating to the constitution of Canada"—that is, matters falling within both provincial and federal jurisdictions—would the minister say if, prior to the introduction of this legislation, he consulted with either the provincial premiers or his provincial counterparts about the legislation?

[*Translation*]

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, consultations have been held in accordance with the commitment made by the Prime Minister during the debate on the Speech from the Throne at the outset of this session. There was consultation with the leaders of all parties of this House. There was no formal consultation with provincial governments since all referendum questions which might be asked should necesssarily be related to an issue under federal jurisdiction.

There was no formal consultation with provincial representatives but this point has been informally discussed on various occasions.

[*English*]

Mr. Clark: Incredible.

Miss MacDonald: My supplementary question is also to the minister. Is he saying that in a matter of such constitutional magnitude as this, which in effect could reflect on matters within concurrent jurisdictions, or within provincial jurisdiction as well as within federal jurisdiction, he did not consider it necessary to consult the other partners in our federation? Is that not what federalism is all about?

[*Translation*]

Mr. Lalonde: Mr. Speaker, it is quite clear that if a question involving provincial authorities were raised, there would then be consultations with the provinces about issues which might affect them. However, if the questions raised were strictly within federal jurisdiction, it is quite clear in such a case that consultations would not be required. This bill authorizes parliament to put questions dealing with referendums. The type of consultations which should be held will be determined according to the question raised when those questions will be specifically submitted to parliament for consideration. It is as simple as that.

* * *

REGIONAL ECONOMIC EXPANSION

DATE AGREEMENT SIGNED WITH QUEBEC ON TOURISM DEVELOPMENT

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. A few weeks ago the minister stated in the House that he was negotiating an agreement with the Quebec government to sign a subagreement for tourist development in that province. Considering that the citizens of the Gaspé Peninsula are anxious to learn the contents of that agreement, could he tell us whether those negotiations are completed and at what date he expects to sign that agreement for tourist development in Quebec?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, indeed those discussions are completed. We will sign that agreement in Quebec City on Thursday next if nothing untoward develops until then. On Thursday next, we will sign an agreement with the Quebec government in Quebec City.

[*English*]

HEALTH AND WELFARE

GOVERNMENT POLICY ON POSSESSION OF SOFT DRUGS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I would like to address a question to the Minister of National Health and Welfare in relation to governement policy on marijuana, cannabis. In 1972, the then minister of health, now the Minister of Labour, and later in 1973 the then minister of health, now the Minister of State for Federal-Provincial Relations, both announced that the federal government was going to move possession of marijuana, cannabis, from the Narcotic Control Act to the Food and Drugs Act. Bill S-19 was introduced but allowed to die in parliament.

I understand there was some discussion on this topic at the recent little séance the Liberals had in Ottawa. I wonder if the government has a policy, and when it intends to act upon it, because it has been dilly-dallying for five years now.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the member is right in speaking of one of our little séances. For us to have 3,500 people discussing questions is a little séance.

Some hon. Members: Hear, hear!

Miss Bégin: We easily attract crowds much larger than that. Relating to the hon. member's question, I would like to inform the House that further to representations made to me, to my predecessor and to other departments of the government by the Canadian Medical Association, the Solicitor General's department is reviewing the draft Bill S-19 with a view to improving certain sections. When it is ready, this House will, of course, be informed.

Mr. Dick: Mr. Speaker, I would like to address a question to the Solicitor General. In view of the information just received from the Minister of National Health and Welfare that his department is, in fact, redrafting Bill S-19, can he inform the House whether the intent is to have possession of marijuana changed from the Narcotic Control Act to the Food and Drugs Act? When does he propose to introduce that bill: will it be in the next few weeks?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, review of the bill which has been identified by the hon. gentleman, Bill S-19, is taking place. My department is interested in that matter, not independently of consultation with other departments; there are ongoing discussions and a bill will be presented. I doubt, however, that it will be done within the time-frame specified by the hon. gentleman.

Some hon. Members: Hear, hear!

● (1452)

AGRICULTURE

PRICE OF AGRICULTURAL CHEMICALS AND EFFECT ON IMPORTATION

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a question for the Minister of Agriculture. In late March the minister stated that if any irregularities were found in Canadian agricultural chemical pricing, he would either open the Canada-U.S. border or use import permits to permit agricultural chemicals to come into Canada. Since farmers have to know the government's intentions, will the minister advise what action the government is prepared to take on the whole question of agricultural chemicals and chemical pricing in Canada?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the last meeting with the committee which advises the minister and the department on the price of chemicals found no real evidence that a great debate is necessary or that we are paying too much for these chemicals. They point out that many chemicals used in Canada are much cheaper than chemicals used in the United States. There are pocket areas where there is a discrepancy: we recognize this. As Minister of Agriculture, I have to look at the whole Canadian scene and then decide whether irregularities exist and whether there is a rip-off of farmers who have to use the imported chemical brought into Canada by some dealers.

Mr. Murta: Mr. Speaker, the minister knows full well that he has examples: I provided some from Manitoba. Has this committee determined the price spread between distributor and retailers of agricultural chemicals in Canada, and whether such price spreads have widened since the closing of the border last year?

Mr. Whelan: Mr. Speaker, they have looked at all aspects of the price spread. As I said, many chemicals are cheaper in Canada than they are in the United States. How do you come to a decision when one or two chemicals used here cost more in Canada than in the United States? Do we throw the baby out with the bath water, or do we hope that the competition in a free market system will look after this? We are hopeful this will be done. We know this has happened in some instances where the American supplier not only had one agent in Canada but used three or maybe even four in some instances.

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EXTERNAL AFFAIRS

UNITED NATIONS' DISCUSSIONS ON RHODESIAN SETTLEMENT

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Since the spokesmen for terrorism and kidnapping in Rhodesia, Messrs. Nkomo and Mugabe, were able to make known to the Security Council their views on the matter of a Rhodesian settlement, is the minister able to say what steps he took or would be prepared to take to get at least equal time with those who negotiated a settlement in Rhodesia, in the person perhaps of Bishop Muzorewa or Mr. Sithole.

Some hon. Members: Hear, hear!

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the necessity for making a specific decision did not arise because of the awareness made known to us that the majority on the Security Council were, in fact, not going to agree to these gentlemen appearing. Here I am expressing a personal view, because I have not consulted the permanent members or others on the Security Council. I cannot see that any damage is done by hearing all points of view. I emphasize that it is hypothetical in that sense, because I do not think anything that Canada or, indeed, the western countries could have done would have been able to set things up in such a way that they could have been heard.

Mr. Munro (Esquimalt-Saanich): I assume we can take it from that answer that no steps were taken to secure a hearing with those who negotiated the settlement. In view of his ofttimes expressed preference for negotiated settlements in international questions, what steps is the minister now taking to remove from the forces of terrorism, murder and kidnapping in that area the support that Canada is now providing to them either through third countries or through certain non-governmental agencies?

Mr. Jamieson: Mr. Speaker, may I just file a slight reservation on the preamble to the hon. member's question until I have an opportunity to check in order to be absolutely sure so there will be no argument. To the best of my knowledge, there was no formal discussion about their being heard. I recall having said informally that I saw nothing particularly wrong with it.

On the second part of the question, if the hon. member, in his use of adjectives, is referring to the patriotic front, we of course are not providing anything by way of what might be described as aggressive assistance for anything other than humanitarian purposes. We are, of course, giving a certain amount of support specifically for educational assistance for the children, some food aid and things of this nature. I would question whether it would be desirable to withdraw that. I am not being facetious when I say I will take a look at the possibility.

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MANPOWER

JOB VACANCIES BEING FILLED BY PERSONS OUTSIDE PROVINCE

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is to the Minister of Employment and Immigration. In 1976 and 1977, students from Shawinigan, Quebec, received preferential treatment in filling job vacancies in Flin Flon, Manitoba. These students arrived in Flin Flon with their papers totally completed, bypassing the local Manpower office. Can the

minister give me some guarantee that this practice will not be continued in 1978?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have heard the hon. member's representation. I will look into it.

* * *

HEALTH AND WELFARE

REASON MINISTER DID NOT MEET DELEGATES OF CHINESE BARBECUED MEAT PRODUCTS COMMITTEE

Mr. Art Lee (Vancouver East): Mr. Speaker, my question is for the Minister of National Health and Welfare. In view of the fact that 55 delegates of the National Committee to Save Chinese Barbecued Meat Products are here in the nation's capital—many of them are now in the public galleries—at their own expense, and they are here from Vancouver, Edmonton, Calgary, Montreal, Ottawa and Toronto—

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

Mr. Lee: Can the minister explain why she has been unable to see the delegation, and why to date she has not seen fit to grant an exemption under the regulations respecting Chinese barbecued meat products?

Some hon. Members: Hear, hear!

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, there are difficult moments in life which one cannot avoid. Unfortunately, I cannot accept the invitation to sample barbecued meat: another meeting was arranged a long time ago with the Canadian Medical Association. Also, I am on a diet!

Some hon. Members: Hear, hear!

Miss Bégin: I wish to assure the hon. member and the Chinese merchants who are in the galleries that I appreciate the culture which has given us such extraordinary recipes. However, because the Department of Justice has laid a few charges against some Chinese restaurants in Toronto and Vancouver, I do not think it would be appropriate for me to exempt an ethnic cuisine; because in most parts of the country food merchants have complied with the regulations very well.

Some hon. Members: Hear, hear!

PRIME MINISTER'S STATEMENT ON NARROWING GAP BETWEEN RICH AND POOR

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Prime Minister. In view of the excellent speech that the Minister of National Health and Welfare made in Sherbrooke, Quebec, on March 13—a copy of which, she told us this morning, had been supplied to the Prime Minister—in which she said "not only can we afford more equality, we must afford it", and in which she documented the fact that although the poorest people in our society are not, in absolute terms, as poor as they were 30 years ago, nevertheless the gap between rich and poor is as wide as ever, a fact which has been confirmed in the report of the National Council of Welfare on "Taxation and the Distribution of Income", in view of all this, would the Prime Minister like to correct the statement he made in Calgary a while ago when he said the government had narrowed the gap between the rich and the poor, and would he indicate to the House whether the Minister of National Health and Welfare has his support and the support of the government in her pursuit of a program of a guaranteed annual income?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in view of the length of the question, I hope you will permit me to speak a little bit about Liberal philosophy in this matter.

Some hon. Members: Oh, oh!

Mr. Hees: General election, here we come.

Mr. Trudeau: Mr. Speaker, when we in this party speak of equality, we do not try to equalize all citizens and lower the incomes of upper income people to a very low average. This is the view of equality pursued by the New Democratic Party. That is indicated by the nature of the question itself, which lays emphasis on the gap between the lowest quintile and the highest quintile.

● (1502)

In our approach to these questions we talk of equality of opportunity: we do not talk about absolute equality of income among our citizens. What is important is that the group of Canadians below the poverty line be reduced in number. We do not say they should all become equally rich; we say they should become less poor. The statistics I gave in Calgary bear this out. When the government took office in 1968, about 18 per cent of Canadian families were below the poverty line.

Some hon. Members: Order.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. We are dealing with a matter of very general policy here. Obviously, the pursuit of this line of questioning would lead to a very wide-ranging debate. I allowed a lengthy question from the hon. member, and a lengthy answer was given. I do not think I ought to allow the matter to be pursued any further.

* * *

HOUSE OF COMMONS

VACANCY

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, that brought about

by the resignation of the Hon. Stanley Haidasz, P.C., member for the electoral district of Parkdale.

Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

* * *

POINT OF ORDER

MR. HNATYSHYN—ALLEGED HANSARD OMISSION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a point of order with respect to proceedings in the House of Commons yesterday and the motion under Standing Order 43 proposed by the right hon. member for Prince Albert (Mr. Diefenbaker). I should like to make a correction to *Hansard*. At that time I stood in my place and pointed out that the Deputy Prime Minister (Mr. MacEachen) had said no to that motion.

* * *

PRIVILEGE

MR. McKINNON—ALLEGED ALTERATION IN DEFENCE COMMITTEE RECORD

Mr. Allan B. McKinnon (Victoria): I rise on a question of privilege, Mr. Speaker, arising out of something which happened at a meeting of the defence committee this morning. I note the ruling which Your Honour made on March 20 concerning the Secretary of State (Mr. Roberts) having altered the official *Hansard* record. My question of privilege has to do with a similar occurrence this morning in the defence committee. The chairman of the committee has agreed to conduct an investigation into the matter, and I simply wish to reserve my right to put forward a question of privilege after he has presented his report, should it prove unsatisfactory.

Mr. Speaker: The hon. member will realize, I am sure, that the Chair is powerless to do anything about events which take place in a committee until such time as the committee reports to the House. But the hon. member is, obviously, simply guarding his position, and I respect that.

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORT

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to section 17(2) of the Anti-Inflation Act I wish to table, in both official languages, seven copies of a report sent to the Administrator by the Anti-Inflation Board.

* * *

MISCELLANEOUS STATUTE LAW AMENDMENT ACT, 1978

MEASURE TO CORRECT REVISED STATUTES

Hon. Ron Basford (Minister of Justice) moved for leave to introduce Bill C-41, to correct certain anomalies, inconsistencies, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970.

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

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CRIMINAL CODE

MEASURE RESPECTING LANGUAGE USED IN COURT TRIALS

Hon. Ron Basford (Minister of Justice) moved for leave to introduce Bill C-42, to amend the Criminal Code.

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

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PETITIONS

Mr. Art Lee (Vancouver East): Mr. Speaker, I wish to present a petition on behalf of the National Committee to Save Chinese Barbecued Products. It contains 26,106 signatures.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 341, 350, 546, 904, 925 and 1,137.

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

[*Text*]

CBC—COVERAGE OF MANITOBA PROVINCIAL ELECTION CAMPAIGN ON OCTOBER 11, 1977

Question No. 341—**Mr. McKenzie:**

1. What was the total number of CBC staff members involved in the coverage of the Manitoba provincial election campaign and the election results on October 11, 1977 and, in each case (a) what were their functions (b) how much time was spent in actual election coverage work?

2. Were any brought into Manitoba from other parts of Canada for the specific purpose of the Manitoba election coverage and results and, if so (a) how many (b) who were they and what were their functions (c) from where did they come and what were their transportation costs (d) what were the costs for food, lodging and other expenses while in Manitoba (e) what was the total cost of bringing these employees into Manitoba for the election coverage?

3. (a) What was the cost to the CBC for computer services and staff for election results coverage (b) who was hired (c) how many computer operators and related staff were involved (e) what was the total cost for all of the computer related services?

4. What was the total cost of covering the Manitoba provincial election campaign and the results and what were the costs involved in reaching this figure?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. One hundred sixty-five staff members took part at one time or another in actual election coverage work, i.e. coverage of the five-week campaign and/or election night results, on behalf of four services—English television, English radio, French television and French radio—for local, provincial and national use.

(a)	(b)
English Television	
1 national news reporter	10 days
1 national news reporter	1 day
1 film cameraman (national news)	10 days
3 film cameramen (local news)	75 days (total)
3 news reporters (local news)	75 days (total)
1 national news reporter (local info. item)	7 days
1 cameraman for above item	7 days
1 director	1 day
1 producer	2 days
1 producer	30 days
2 directors	10 hours (total)
4 script assistants	26 hours (total)
6 production assistants	46 hours (total)
1 news supervisor	11 hours
1 news editor—host	11 hours
4 news editors—decision desk	41 hours (total)
3 news editors—editorial desk	24 hours (total)
2 announcers	19 hours (total)
1 reporter-analyst	11 hours
5 reporters—remote locations	33 hours (total)
1 reporter—ENG	5 hours
1 editorial assistant—control room	11 hours
1 editor—remote liaison	11 hours
6 riding reporters—phone results	36 hours (total)
1 host	6 days
1 communications specialist	35 days
1 communications assistant	7 days
1 communications specialist	6 days
1 teletype operator	1 day
1 teletype operator (backup)	1 day
6 runners	60 hours (total)
13 telephone operators—-results	91 hours (total)
Plus staging and design staff	
English Radio	
3 news reporters	6 weeks (total)
1 executive producer	120 hours
1 story producer	28 hours
1 results coordinator	28 hours
1 results coordinator	10 hours
1 host	28 hours
1 host	49 hours
2 results announcers	20 hours (total)
5 technicians	50 hours (total)
4 reporters—remote	40 hours (total)
English Radio	
1 reporter	1 week
1 producer	1 week
1 news reporter	1 week
French Television	
1 editorial liaison	1 day
1 reporter-analyst	5 weeks
1 reporter-analyst	3 weeks
1 reader—partial returns	1 day
1 anchorman	2 weeks
2 Viacom operators	2 days (total)
1 Extel operator	1 day
1 coordinator	4 weeks
1 floor manager	1 day
3 script assistants	12 weeks (total)
2 script assistants	2 days (total)
1 producer	4 weeks
1 assistant producer	1 week
1 host—guest desk	1 day
French Radio	
1 Viacom operator	1 day
2 Extel operators	2 days (total)
1 reporter-analyst	5 weeks
1 editorial liaison	1 day
1 coordinator	4 weeks
1 producer	4 weeks
1 assistant producer	1 week
1 anchorman	2 weeks
1 reporter-analyst	3 weeks
1 office junior	1 day
3 readers—partial returns	3 days (total)
1 display board operator	1 day
1 supervising technician	2 weeks
1 technician	2 weeks
2 technical operators	2 days (total)
At Party Committee Rooms (French Radio and Television)	
1 reporter—with NDP	5 weeks
1 producer	1 day
1 floor manager	1 day
1 radio technician	1 day
1 reporter—with Liberals	5 weeks
1 producer	1 day
1 radio technician	1 day
1 reporter—with Conservatives	5 weeks
1 production assistant	1 day
1 radio technician	1 day

2. Yes. (a) English Services Division—11; French Services Division—16*. (b) With reference to names, see note below re individual employees. Functions (this staff also included in answers to 1. and/or 3. (c):

	(c)
English Services	
1 TV director	Toronto
1 TV producer	Toronto
1 host	Toronto
2 communications specialists	Toronto
1 communications specialist	Ottawa
1 project manager (computers)	Toronto
1 computer specialist	Ottawa
1 computer analyst	Toronto
1 computer specialist	Ottawa
2 computer programmers	Ottawa

	(c)
French Services	
1 TV coordinator	Montreal
3 TV script assistants	Montreal
1 TV producer	Montreal
1 reporter	Regina
1 reporter	Chicoutimi
1 reporter-analyst	Montreal
1 TV anchorman	Montreal
1 radio coordinator	Montreal
1 radio producer	Ottawa
1 radio anchorman	Montreal
1 reporter-analyst	Edmonton
2 Video TV technicians	Montreal
1 computer analyst	Montreal

* 16 staff members required because of the comparatively small French-language operation at CBC Winnipeg

See note below re transportation costs and for parts 2 (d) and (e)

	English TV	English Radio	French TV	French Radio
(a)	2(i)	—	3(i)	—
(b)	35(i)	4(i)	2(i)	3(i)
(c)	26	0(ii)	2	0
(d)	0	1(iii)	0	0
(e)	3	3	3	3
(f)	8(iv)	0	0	0

(i) In each vertical column, the figures given in (c), (d), (e) and (f) are included in (a) and (b).
(ii) technicians' time was less than one day and no seperate technician was assigned to radio.
(iii) producer and editor-in-charge.
(iv) editorial and production staff.

3. (a) See note below. (b) Only CBC staff were used. (c) 18. (d) See answer to 4. below.

4. It has not been customary to require the CBC to provide such details of its internal management and administration as the names of individual employees and the costs involved in program projects. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

3. English TV-special program 1,700 hours, The National 221 hours. English Radio—249 hours. French TV and Radio—384 hours (same staff used for both services).

4. (a) A car and a plane were hired to transfer program material. (b) See the reply to 1. above.

CBC—COVERAGE OF PREMIERS' CONFERENCE AT ST. ANDREWS

Question No. 350—**Mr. McCain:**

1. What was the total cost of CBC's coverage of the Premiers' Conference at St. Andrews covering such items as (a) transportation of personnel and equipment to the conference (b) accommodations, meals and related expenses (c) setting up of equipment (d) production and telecasting of the TV special on the conference (e) managerial expenses (f) accounting costs?

2. How many persons were employed by CBC for the Conference in the category (a) on camera personnel (b) off camera personnel (c) of a technical capacity (d) of an administrative capacity (e) as a reporter or correspondent (f) miscellaneous positions?

3. What was the total number of working hours spent by the employees of CBC in covering the Conference and in producing the programme on the Conference?

4. Were helicopters, airplanes or other vehicles used to transfer tapes, recording and program material from St. Andrews to stations for broadcasting and, if so (a) how many were rented and from whom (b) how much was paid for each vehicle?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. It has not been customary to require the CBC to provide such details of its internal management and administration as the costs relating to individual program projects. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

[Mr. Roberts.]

CBC—BUDGET FOR "THE FIFTH ESTATE"

Question No. 546—**Mr. McCain:**

What was the budget of CBC program *The Fifth Estate* covering such items as production, air time, capital costs, etc., for 1976-77 and what is the budget for 1977-78?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: It has not been customary to require the CBC to provide such details of its internal management and administration as the budgets for individual programs. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

IMPORTATION OF FISH SPECIES

Question No. 904—**Mr. Marshall:**

What fish species did Canada import in the years 1976 and 1977 and, what was the dollar value?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Statistics Canada is concerned: Source: Statistics Canada, Catalogue 65-007, imports by Commodities.

NOTE: Current statistics only available to September, 1977.

CANADIAN IMPORTS OF FISH PRODUCTS, BY MAIN SPECIES, 1976-77

Quantities (Q) in metric tones, product weight; Values (V) in thousand dollars

SPECIES and PRODUCTS	1976		1976 (Jan. Sept.)		1977 (Jan. Sept.)	
	Q	V	Q	V	Q	V
COD	1,790	3,147	1,370	2,404	1,891	2,747
Fresh or frozen	1,790	3,147	1,370	2,404	1,891	2,747
HADDOCK and HAKE	2,539	3,161	1,578	1,892	2,267	2,257
Fresh or frozen	2,539	3,161	1,578	1,892	2,267	2,257
HALIBUT	965	3,137	661	1,945	316	1,260
Fresh or frozen	965	3,137	661	1,945	316	1,260
SALMON	3,495	10,305	2,250	6,253	5,299	7,166
Fresh or frozen	1,505	4,835	1,088	3,213	2,970	4,581
Canned	1,990	5,470	1,162	3,040	2,329	2,585
SPECIES and PRODUCTS	1976		1976 (Jan. Sept.)		1977 (Jan. Sept.)	
	Q	V	Q	V	Q	V
TUNA	12,903	23,712	8,212	16,163	11,943	23,432
Fresh or frozen	3,883	2,765	1,450	1,075	6,251	5,591
Canned, flake pack	3,577	7,988	2,698	5,736	1,782	5,961
Canned, not specified	5,443	12,959	4,064	9,352	3,910	11,880
TROUT	701	1,782	516	1,233	709	2,180
Fresh or frozen	701	1,782	516	1,233	709	2,180
HERRING	565	779	366	476	390	589
Pickled	289	362	221	257	108	152
Canned	276	417	145	219	282	437
ANCHOVY	233	721	183	531	333	1,303
Canned	233	721	183	531	333	1,303
SARDINE	1,277	2,668	748	1,529	1,041	2,106
Canned	1,277	2,668	748	1,529	1,041	2,106
SEAFISH, NOT SPECIFIED	—	30,167	—	22,168	—	28,587
Fresh or frozen	14,365	14,335	12,275	11,281	17,639	12,332
Fresh or frozen, steaks and blocks	5,933	7,716	4,502	5,603	7,483	10,789
Smoked	238	380	194	303	228	319
Salted or dried	1,693	3,625	937	1,874	940	2,210
Pickled	87	80	59	58	47	40
Canned	2,601	1,715	2,305	1,260	1,025	1,577
Liver and Visceral oil	—	213	—	160	—	228
Fish and marine animal oil	299	233	271	208	264	173
Meal	962	309	792	243	406	128
Foods and feeds	2,323	1,561	1,080	1,178	333	791
FRESHWATER FISH, NOT SPECIFIED	1,114	1,876	730	1,029	1,789	1,149
Fresh or frozen	1,114	1,876	730	1,029	1,789	1,149
CRAB	836	3,462	483	2,119	1,107	3,468
Fresh or frozen	811	3,389	463	2,063	917	3,369
Canned	25	73	20	56	190	99
LOBSTER	2,524	23,401	1,782	17,051	2,245	17,523
Fresh or frozen	2,524	23,401	1,782	17,051	2,245	17,523
OYSTER	1,829	4,379	1,087	2,799	1,298	4,245
Fresh or frozen	597	1,015	217	524	271	599
Canned	1,232	3,364	870	2,275	1,027	3,646
SPECIES and PRODUCTS	1976		1976 (Jan. Sept.)		1977 (Jan. Sept.)	
	Q	V	Q	V	Q	V
SHRIMP and PRAWN	11,002	60,585	8,205	41,715	7,399	46,908
Fresh or frozen	8,607	47,678	6,427	32,585	5,849	35,433
Canned	2,395	12,907	1,778	9,130	1,550	11,475
CLAM	2,387	2,947	1,538	1,821	1,254	2,274
Canned	2,387	2,947	1,538	1,821	1,254	2,274
SHELLFISH, NOT SPECIFIED	2,867	6,628	1,943	4,533	2,633	5,905
Fresh or frozen	2,094	4,128	1,467	2,830	2,052	3,602
Canned	773	2,500	476	1,703	581	2,303
TOTAL IMPORTS	—	182,857	—	125,660	—	153,099

Point of Order—Mr. Cossitt

IMPORTED PENICILLIN

Question No. 925—**Mr. Herbert:**

What steps are taken to ensure that imported penicillin is manufactured under the same exacting standards for plant and premises as are enforced on Canadian drug manufacturers?

Hon. Monique Bégin (Minister of National Health and Welfare): For parenteral antibiotics, the Department of National Health and Welfare inspects foreign firms and issues licences for the manufacture of specific products offered for sale in Canada. For all other drugs, the Canadian importer must maintain detailed information and evidence that the conditions prescribed in the Food and Drug Regulations, relating to manufacturing and quality control, are met. Importers are routinely requested to furnish this evidence for evaluation. The Health Protection Branch of the Department has concluded bilateral agreements with four countries, the United States, France, the United Kingdom and Sweden, to exchange information on the capability of manufacturers. Commercial shipments of drugs entering Canada are also monitored.

DEPARTMENT OF PUBLIC WORKS—ADVERTISING IN NEWSPAPERS OF THE PROVINCE OF QUEBEC

Question No. 1,137—**Mr. Herbert:**

During the past year, did the Department of Public Works insert (a) French language advertisements in English language newspapers (b) English language advertisements in French language newspapers, in the Province of Quebec and, if so (a) on how many occasions (b) for what reason?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works): (a) French language advertisements in English language newspapers, in the Province of Quebec, were placed by the Department of Public Works: (i) on one occasion; (ii) because of the importance of the project and the large circulation of the newspaper, the department wanted to reach the largest number possible of French and English contractors. (b) There were no English language advertisements inserted in French language newspapers in the province of Quebec.

* * *

[*English*]

POINT OF ORDER

MR. COSSITT—DELAY IN ANSWERING QUESTIONS NOS. 44, 45, 48 AND 52

Mr. Tom Cossitt (Leeds): I rise on a point of order, Mr. Speaker. I should like to begin by drawing attention to question No. 1,085 which was placed on the order paper on January 23 and which has not as yet been answered. In doing so I should like to thank the Postmaster General (Mr. Lamontagne) for sending me the answer which should, actually, have been tabled in the House. I cannot understand how such a thing could happen, but it happened. Here is the answer which should have been given in the House some time ago. What is even more interesting is the fact that the reply bears a departmental notation which reads as follows: "There is a time limit of ten working days for preparing replies to written questions." The notation then goes on to say other things concerning steps to be taken if an extension of time is required, and so on. The note is signed by Ronald Regimbald, Public Affairs Branch, Parliamentary Returns.

Mr. Speaker, if there is a ten-day limit on preparing replies to questions put down by members of this House, I think I am justified in asking why question No. 44 which was originally placed on the order paper on December 20, 1976—one year and four months ago—concerning a letter sent by the Minister of Transport (Mr. Lang) to all members of the Liberal party in this House, has not been answered, bearing, as it does, upon his use of government aircraft.

I draw attention, also, to three further questions which are in a similar category, first, No. 45, placed on the order paper one year and two months ago on February 7, 1977, concerning the massive fingerprinting operation carried out on public servants; the government will not disclose the number of those who have been fingerprinted, but it runs into thousands and thousands and involves an invasion of privacy about which the Canadian people have a right to know. Question No. 48 has been on the order paper for one year, or almost one year, dating from April 18, 1977. It concerns certain remarks which the Minister of Agriculture (Mr. Whelan) made in a speech about a year ago. Finally, I refer to question No. 52 which was placed on the order paper last June, eight months ago, concerning Martin Goldfarb and the amount of public business he has received, he being the chief pollster for the Liberal Party of Canada.

● (1512)

I feel that if ten days is the limit, a member has a perfect right to rise, bring a question to the attention of the President of Privy Council (Mr. MacEachen), and to ask him if he is prepared to guarantee that before this parliament is dissolved, whether it be this week, next week or the week after, as it surely will be, all questions on the order paper which have been there for more than four or five months will definitely be answered. I think it is a disgrace to every member who puts questions on the order paper that they are not answered and that the information requested is not forthcoming. I do not know how the minister can sit there, keep a straight face, look off into space, and have nothing to say on this subject. I hope he has the intestinal fortitude to rise at this time—not leave it to his parliamentary secretary—and tell us why, ten days being the rule, two years seem to be the actual fact.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the standing orders of this House do not provide for any minimum and specific delay for answering questions on the order paper. If the hon. member sees some notes on the documents, they might be internal administrative delays which have nothing to do with the rules of the House but in any case I will check the point he has raised.

As regards his questions, I want to point out to the House that the hon. member has always been well treated by parliament and that we shall continue to do so in the future.

[*English*]

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

Mr. Cossitt: On a further point of order, Mr. Speaker—

Mr. Speaker: Order, please. The hon. member has been given the floor and permitted to develop a rather extensive point of order. There is no machinery by which I can allow a second intervention on a point of order.

Mr. Cossitt: On a question of privilege, Mr. Speaker, I simply want to correct what the parliamentary secretary has said. He has completely twisted the remarks I made, and I therefore have a question of privilege.

Mr. Speaker: Order, please.

Mr. Cossitt: Mr. Speaker, I do not intend to let him sit over there and lie about what I said to this House.

Mr. Speaker: Order.

Mr. Cossitt: I have the right and the privilege to raise this point because he completely misquoted what I said. I think I have a right to bring it up.

Mr. Speaker: Order! I listened very carefully to the remarks of the parliamentary secretary, as I did to the hon. member for Leeds (Mr. Cossitt). Neither were out of order in any respect.

Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CAPE BRETON DEVELOPMENT CORPORATION ACT

AMENDMENT TO ENLARGE POWERS OF CORPORATION

Hon. Marcel Lessard (Minister of Regional Economic Expansion) moved that Bill C-38, to amend the Cape Breton Development Corporation Act, be read the second time and referred to the Standing Committee on Regional Development.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. In view of discussions which have taken place I believe there is an understanding that we can put this bill through all stages right here in the House. So far as we are concerned, there is to be no debate on it. It is simply voting some money which was dropped out of a supply bill a while ago.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the House will recall that this was a dollar item which had been ruled out of order in another appropriations bill, and there is the agreement of all parties to proceed directly with the matter through all stages without debate.

Mr. Speaker: In which case the motion would obviously have to be changed. Rather than referring the bill to the Standing Committee on Regional Development, with the consent of the House the motion would have to be changed to read "to the Committee of the Whole". Does the House consent to that change?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

* * *

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be read the third time and do pass.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. There appeared on the notice paper this morning a proposal to amend the standing orders of the House of Commons dealing with reporting to parliament. In rising on this point of order I would like to commend the hon. member for Yukon (Mr. Nielsen) and, indeed, the minister, for the discussions which were conducted in the committee, and before we begin this important debate at this final stage of the bill I wonder if the minister could indicate that forthwith upon third reading it is his intention to call and have dealt with finally this amendment, which would add to our standing orders a provision that the agency would be reporting to a standing committee of this House in the terms of the proposal on the notice paper.

Mr. MacEachen: Mr. Speaker, I would like to take this opportunity to speak very briefly in the debate at third reading of this historic bill.

Mr. Knowles (Winnipeg North Centre): What about the point of order?

Mr. MacEachen: I will deal with the question of parliamentary scrutiny of the operations of the pipeline agency in the course of my remarks.

It is not my intention to speak at any length at all because the issues involved in this legislation have been carefully considered by the standing committee, and yesterday the House of Commons dealt with all the amendments which had been put forward at the report stage of the bill.

The legislation governing the construction of a pipeline to carry both Canadian and United States natural gas from the Arctic to southern markets in both countries is necessarily lengthy and complex, but I am pleased to say that, despite very thorough and careful consideration by all members of the House, the main outlines of the bill and the framework of the legislation have emerged intact from that careful and thorough consideration.

At the same time the bill has been dealt with expeditiously, I believe reflecting a recognition of the immense contribution this project can make to the Canadian economy and to increasing our energy self-reliance. As hon. members recall, the bill was debated for seven days at second reading stage. The special committee which was established to consider the legislation in detail sat on 11 days and held 21 sessions. During that period it did receive the views of a substantial number of witnesses.

● (1522)

Certainly I would like to express my appreciation to members of the committee who attended with great dedication and who conducted the sessions with the minimum of partisanship and a maximum amount of cooperation. Also, I should like to express my appreciation to witnesses who appeared before the committee and whose views were carefully considered by members of the committee and, in some cases, whose views were directly reflected in amendments that were made to the bill either in the special committee or at the report stage of the bill itself.

A number of proposals were made in the committee, notably by the hon. member for Yukon (Mr. Nielsen) and other members, to improve and strengthen the bill. They were adopted unanimously. In fact it is worth mentioning that in the course of the committee's deliberations there was not a single recorded division. Every clause, every item before the committee, was accepted unanimously without any recorded division. But, of course, not included among the amendments that were accepted in the committee, or indeed at the report stage, is the matter of providing parliament with a continuing opportunity to maintain surveillance over the process of the project itself. I gave an undertaking in the course of the committee hearings that I would propose, on behalf of the government, an amendment to the standing orders establishing a continuing committee on northern pipelines. Hon. members will have noticed that there is on today's notice paper a motion in my name, proposing:

That Standing Order 65(1) be amended by adding immediately after subsection (s) the following:

"(t) Northern pipelines, to consist of not more than 15 members, to which shall stand permanently referred all reports, orders, agreements, regulations, directions and approvals mentioned in sections 12, 13, 14, 15 and 22 of the Northern Pipeline Act; provided that the said committee shall report thereon *at least three times* in every sesssion."

Provided that this subsection shall be deleted from the standing orders on the day on which the Northern Pipeline Agency ceases to exist.

I propose, in reply to the questions raised by the hon. member for Grenville-Carleton (Mr. Baker), to call this motion and put it before the House as soon as it is appropriate to do so following the passage of the bill. I am not quite sure whether we must wait until the bill has received Royal Assent because of the reference to the sections of the Northern Pipeline Act, but in any event it is my intention to call the motion and have it adopted, if the House so wishes, at the earliest appropriate opportunity.

The creation of this special committee will make it possible for members of the House of Commons to sit with a continuing reference, and to receive reports, orders, agreements, regulations, directions and approvals as mentioned in the relevant sections of the bill. The committee, of course, will be free to organize its own activities, but this material will be automatically referred, and to ensure that the House will have an opportunity to examine the work of the committee there is a provision that the said committee shall report thereon at least three times in every session. I believe that is a reasonable stipulation which will provide the committee with occasions to meet and to report to the House. I believe that is a constructive provision.

From the very beginning I undertook in the House to ensure that parliament was brought in at every stage, and indeed we did provide for a debate in the House of Commons during last summer when all political parties had an opportunity to express themselves on the Berger inquiry and to indicate what, in their view, should be the main lines of any ultimate pipeline construction in Canada.

I am happy to say that the agreement which was negotiated between Canada and the United States and the bill which is now before the House contain, if not all, a substantial proportion of the suggestions and ideas that were put forward by members of all parties. Even though the New Democratic Party has raised certain objections to certain aspects of the bill, if reference is made to the speeches made on the occasion last summer and the philosophy outlined in those speeches, it will be found that a substantial part of the proposals made by them was reflected subsequently in the agreement and in the legislation.

In the case of the official opposition, I want to express my appreciation to the hon. member for Yukon and his colleagues on the committee for the constructive approach taken with a view to providing an expeditious passage of the bill, and also to providing certain changes which, in my view, were an improvement on the original measure as it was introduced in the House of Commons.

The last time I had the opportunity to put a major bill through the House of Commons was, of course, when I introduced the bill on the reform to the Election Expenses Act, and that, as hon. members will recall, was a major change in our electioneering. It will be applied, of course, for the first

time in the next election. However, political parties have already felt the benefits of that legislation, and political parties and candidates will appreciate even more the benefits that have accrued from the major undertaking. On that occasion as well there was a high degree of cooperation in the committee, and when the bill was passed it was, in a sense, a bill that had emerged from the House of Commons rather than the government itself.

I do not say that the same degree of consensus exists with respect to the northern pipeline bill, but I will say that, as time goes on, members as well as citizens throughout the country will appreciate even more the substantial benefits that will accrue to Canada in terms of increased production, employment, and access to energy reserves from the building of this huge pipeline system. The debate itself and the discussions in committee served to underline the enormity and the significance of these benefits.

• (1532)

Of course the question of Canadian participation and Canadian content has been a matter of debate. We dealt with amendments proposed on that subject yesterday. It is not my intention to relive that debate, except to say that evidence in committee, given by the company particularly and by officials from the Department of Industry, Trade and Commerce, has certainly served to strengthen my conviction that Canadians will participate to the maximum possible extent in the construction of this line, and that the estimates which have been made by myself, when the agreement was signed and in the course of the debate, with respect to Canadian employment, Canadian jobs, impact on Canadian industry, and the benefits to Canada's balance of payments, will be fully realized.

In addition to what I have said already, it is important to underline the acute awareness on the part of hon. members on all sides of the House that this project be carried out in a manner which will minimize the adverse social and economic effects of the project on all of the people of the north, including the native people; and minimize the adverse effects on the environment in which they live and work, at the same time as ensuring that they will derive the greatest possible benefits both in the short run and over the longer term. We believe the project will contribute significant benefits to all of Canada, but we want to ensure that the adverse environmental and social effects be minimized. That sentiment was reflected in the comments made by all hon. members of parliament. I think that can be achieved, and I think the benefits for the northern people can be maximized during the course of construction.

In conclusion, I thank hon. members for the manner in which they have approached this measure. I wish to express the hope that it can be dealt with at this stage of the debate in the same expeditious manner which has characterized the preceding stages of the debate.

Some hon. Members: Hear, hear!

Northern Pipeline

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I have listened to the remarks of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) with interest, just as I listened with interest to his statements in response to questions put in the pipeline committee on which I was privileged to serve. That committee dealt with the entire aspect and many issues surrounding the Alaska pipeline.

In the area of another responsibility, which I share with other hon. members of the House, I have had some concern over the failure of one particular department to engage in any fashion in the discussion and debate surrounding the Alaska pipeline. That concern was reflected in *Hansard* dated March 16, 1978, when I asked the Minister of Regional Economic Expansion (Mr. Lessard) about his role and his department's role in the development of the Alaska pipeline. By way of questions raised by the hon. leader of the New Democratic Party (Mr. Broadbent), we had an opportunity to review the summary provided by DREE. It was a summary provided for the pipeline committee. I am not referring to the pipeline committee of the House, but rather of the government. Certainly the review occasioned some concern in the House which was demonstrated during question period. It concerned the degree of Canadian involvement in the project. Some of those concerns have been answered, and some will not be answered until the pipeline project goes forward.

The concerns which have not been answered with reference to the role of DREE appear to indicate on the surface that this is where the role of DREE will stop, rather than where the role of the Department of Regional Economic Expansion will begin. In response to my question about his role, the minister provided me with vague and general rhetoric, without any categorical statement or indication that his department would be most substantially involved in the pipeline. The minister indicated that there had been some discussion with the province of British Columbia. He said that there had been no discussions with the municipalities, which is not quite correct. DREE officials have met with representatives of the regional district in a conference which was held in Fort St. John, a conference which was quite noticeable by the absence of any provincial representation. I see no reason why, in concert with provincial representatives, officials from the minister's department could not meet with municipal officials concerning the industrial infrastructure which is bound to follow the development of the pipeline, and perhaps even precede it.

The minister apparently thinks the service industries will have to respond. He said the same to me when I raised the question before the Standing Committee on Regional Development on March 21. At that time the minister said the following:

> What we intend to do is to make sure that while the pipeline is being built we maximize the benefit to Canada and also, in your case, you were mentioning obviously British Columbia.

Also in response to my question in the House, he indicated that the service sector would certainly be involved. He said the following:

—I think the service industries will have to respond to the opportunities that will be offered to them on the construction—

This gives me further cause for concern, because apparently no study is going forward or being planned for some semblance of orderly development of the service sector. Hopefully the service sectors will remain in an organized fashion in industrial parks or as needed. Certainly I hope we do not see the service sectors scattered along the route of the Alaska highway and the Alaska pipeline, eventually to become little isolated ghettos of rubbish and garbage which are so apparent after major construction projects of this kind. The minister has failed to address himself to this particular issue.

In response to my inquiry before the standing committee, the minister said that he intended to make sure there would be maximum benefits. He then went on to say the following:

—how to ensure the maximum benefit for B.C. in that instance through the whole exercise, I have no explicit plan in mind, but we have discussed that.

On the one hand the minister provided a statement through his departmental officials. A very substantial degree of analytical study went into that statement. The minister has indicated his department's concern only with reference to the future possibility of Canadian participation in the pipeline and the economic impacts. I must say I do not believe that particular aspect is in his mandate. Beyond that, when we move into the area of the minister's mandate dealing with economic development, the expansion of the economy, and areas which are disadvantaged, we find the minister really is not interested.

● (1542)

This morning, sir, before the same Standing Committee on Regional Development, I had an opportunity to ask the minister again whether he had expressed any concern to his provincial counterparts regarding the inquiry into the British Columbia railway. The minister apparently realizes, and his report indicates it, that rail is going to be one of the very substantial modes of moving pipe and other equipment to construction sites—at least in so far as rail runs into northern British Columbia. The minister's officials are not really aware of the fact that British Columbia had a very substantial inquiry into B.C. Rail. He is not aware that there has to be a very substantial upgrading of the roadbed before that rail system can provide the kind of service that is expected.

The minister has signed a subagreement as well with the province of British Columbia dealing with roads to resources in the north, whether they be railroads or highways, particularly in regard to coal development in the north. He did not seem to be aware this morning that, in fact, coal development in the north has been shunted aside because of the economy and the fact that coal is not selling. That particular type of soft coal has no market at this time.

The minister does not seem to be concerned over the fact that the forest industry, which is an important industry in northern British Columbia, also utilizes B.C. Rail and should also be receiving some form of assistance through DREE. He was unaware of the fact that the lieutenant governor of the province, in delivering the throne speech a week ago, stated that the government was seriously concerned about the condition of the forest industry in the province.

You may ask, Mr. Speaker, what the forest industry in British Columbia has got to do with the pipeline. The simple fact remains that the subagreement with respect to northern British Columbia, where 500 miles of this pipeline will be built, has two subagreements dealing with transportation and with forest and coal development. It would naturally follow, in a government with any sense of organization and forward thinking, that if the economy of the north is to be developed in one way, whether it is coal or forest or pipeline, then one should complement the other. There should be a realization that there is, indeed, going to be a very heavy demand on those transportation modes. It should also be realized that the service sector alone is not sufficient in the way of DREE examination.

I am not suggesting to the minister or the government that there should be DREE funding for the service sector, Mr. Speaker. I think, sir, as most supporters of free enterprise would think, they should be able to fend for themselves. Surely DREE, in concert with its provincial counterpart, should be looking at the fact that the service sector is going to go forward. Further, the minister and his departmental officials should be reading what has been said in the pipeline debate about the type of industry which will go along with the construction of the pipeline and follow the eventual development of the line once the system is in operation.

The minister has given no indication whatsoever of any concern in this regard. Indeed, I would think that it would be the minister's responsibility to look at the type of equipment that is going to be used in this pipeline, and to think in terms of heavy equipment, which we traditionally import from the United States. He should reflect on the fact that heavy equipment, manufactured in Canada by Canadians for Canadians on the Alaska pipeline, may be a very sensible investment.

There is not only the Alaska pipeline. Surely, to follow, will be the Dempster lateral, and then some years down the line we will eventually see a polar gas route. Bearing this in mind, Mr. Speaker, the horizons that are there now and that are going to develop in the north, it would be wise for the minister to expand his thinking to include the north. The Minister of Regional Economic Expansion has failed in appreciating and seizing upon an opportunity to advance the economic development of this country. I am not surprised when I see the type of attention he has failed to give to probably the single largest opportunity that has ever slipped through that minister's grasp.

Again, I must state for the record that I am astounded at the generalizations made by the minister in response to questions that I have raised in the House and before the committee with reference to the Alaska pipeline. I am appalled at the failure of the minister even to address himself to this vital subject.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I am pleased to participate in the third reading stage debate on the bill on the northern pipeline. I want to reiterate the stand of the New Democratic Party in favour of the building of the northern gas pipeline, the Alcan pipeline as it is called.

Our concerns and, indeed, our reasons for voting against the bill that we have before us are that we feel it is inadequate and it does not represent the true interests of Canadians and Canadian companies. The bill has serious deficiencies and weaknesses, which I predict, some years down the road, will come back to haunt us. As I said, we are in favour of the Alcan pipeline running through Canada but we want to ensure that it will be built on the grounds that it will maximize Canadian content and Canadian jobs on the project. We have had assurances from the Deputy Prime Minister (Mr. MacEachen) that this will be the case. However, those verbal assurances for us are not enough. We want to see something written into legislation which will become the law of the land and will guarantee maximum Canadian content and Canadian labour participation in this huge undertaking. To that extent, we moved a number of amendments in the House of Commons yesterday which, regrettably, were voted down by both the Liberal and Conservative members.

It might be worth while, Mr. Speaker, to recall the position of the New Democratic Party when it became apparent that the Alcan pipeline would be chosen over the Canadian Arctic Gas submission to bring natural gas down through the Mackenzie Valley to the southern part of Canada, and to the United States. In the debate in this House of Commons on August 4, 1977, the leader of the New Democratic Party, the hon. member for Oshawa-Whitby (Mr. Broadbent), moved an amendment to the government motion recommending the Alcan pipeline route. His position in that amendment, is worth while recalling, and I would like to quote from page 8044 of *Hansard:*

> —and after considering the evidence and reports of the relevant inquiries, this House approves the granting of a certificate for a pipeline through the southern Yukon as recommended in principle by the National Energy Board and the Lysyk and Hill inquiries, with particular reference to the following conditions:
>
> (1) That an Alcan pipeline authority be established immediately comprised of representatives of the native communities, labour, small business, consumers and conservationists from the affected pipeline corridor and from the federal, provincial and territorial governments, and that this authority be empowered to manage the regional impact of pipeline construction especially with respect to employment practices, and food, housing and utility prices as well as assuming the other responsibilities recommended by the above inquiries;

● (1552)

> (2) That a "Canada first" priority be enforced in hiring, contracting and supplying the pipeline with particular preference to local residents of the Yukon, British Columbia and Alberta in the vicinity of the pipeline route;
>
> (3) That no pipeline construction precede a fair settlement of the affected native land claims; and
>
> (4) That no pipeline construction commence before August 1981, and that the interval be used to inquire further into the local impact of pipeline construction, to determine final route selection, and to control project planning;
>
> and furthermore that exports of Canadian natural gas licensed for delivery to the United States after 1985 be considered as credits to be redeemed from the United States on an equivalent BTU basis."

Those were the conditions the NDP put forward and which we wanted to see incorporated in this legislation before us. Unfortunately, only part of those conditions are in the legislation. Indeed, the Deputy Prime Minister and President of Privy Council said he believed most of the conditions the NDP had asked for were met. I have to disagree with him on that point. We do have a committee, not only a government committee which will be supervising the planning and construction of the pipeline, but also, of course, the House of Commons committee which will be monitoring these developments.

Every member in this House knows from past history the attitude of this government to northern development. Not always has it been in the interests of northerners, and often their interests are sacrificed for the expediency of those more powerful interest groups in southern Canada. We also know from experience that this government has had a very sad record in protecting northern environment and the rights of native people in the north. It was this government and its former ministers of Indian affairs and northern development who were all gung-ho on the Mackenzie Valley pipeline route. So I am a bit suspicious that any agency set up by this government, and under this government's control, will prove to be beneficial to Canadian interests, and especially to northern interests.

I am also worried that the parliamentary committee, set up to monitor the progress of this pipeline will be ineffective in the long run. Every member in the House of Commons knows that every House committee is dominated by Liberal members. If there is an embarrassment to the government in terms of any phase of the construction or development of that pipeline, we all know that any attempts by opposition members to move correcting motions or courses of action are outvoted. All that we can hope for as an opposition is to generate enough publicity to embarrass the government into taking some corrective action.

It seems to me, Mr. Speaker, that this government has long since become insensitive to publicity. One thinks only of the examples of the economic problems in this country, the serious representations that opposition members have made to correct the situation and how those representations have fallen on deaf ears.

For these reasons the bill before us needed strengthening and yet we do not have these corrective measures in it.

The real concern my colleagues have is the lack of specific guarantees in the legislation to maximize Canadian content and participation. It was for these reasons that we moved a number of amendments to incorporate in the bill before us some very specific, concrete and clear demands on the government and the pipeline companies so that we would have, as the Deputy Prime Minister assured us verbally, at least 90 per cent Canadian content in this vast undertaking, and that we would have at least 100,000 man-years of employment during the construction of this pipeline. It seemed to us that if the

government is so confident that this could be achieved, it would have no objection to having such provisions in the legislation so that we could rely on law rather than on some cabinet minister's assurance, a cabinet minister who might be here today and gone tomorrow.

Why have we moved such amendments? Why are we so concerned that we will not achieve this maximization of Canadian content? We are concerned for a number of reasons. First I would like to cite some of the government's own departmental studies which have given rise to our concern.

We know that the Department of Regional Economic Expansion undertook a study of the proposed pipeline. They did an exhaustive analysis and came up with the conclusion, and we have quoted it in this House, that, unless there were guarantees, we could be more likely assured of only 67 per cent Canadian content, not the 90 per cent the minister promised, and not 100,000 man-years of employment, but more realistically somewhere between 60,000 and 68,000 man-years of employment. Surely if a respected government agency has produced a study like, this we should have some cause for concern if they are saying themselves that we need guarantees, or because of market situations and unfair trade situations and the way the treaty has been written, we will not get the maximum Canadian participation.

We have also heard reports from our friends in the American government. This is an energy pipeline and it will mainly benefit the Americans. It will move Alaskan gas through a Canadian land corridor to the 48 states. The Americans have been telling their business, their industry, and their Congress that it is a most beneficial undertaking. They have set up a situation or an agreement whereby they expect to achieve their maximum in terms of content and labour participation. Indeed the Americans are so confident that they predict 97 per cent American content in the Alaska portion of this pipeline yet here we are quibbling or afraid to even guarantee 90 per cent.

I recall when the Deputy Prime Minister first made the announcement after the negotiations and it was something like 98 per cent Canadian content. Then this figure was reduced to 90 per cent. The Americans are confident that they will get at least 97 per cent of the work on their section of the pipeline and will be employing American labour. It would seem to me we should be assured that we get maximum on the Canadian portion of the line.

We know the Americans have more competitive advantages, many more than we have in Canada. They have skilled labour which has recently worked on the Alyeska pipeline. This labour will be pressuring to move into northern Canada to work on the line here. As I say, I have some worry about whether our monitoring agency will be able to exclude these personnel, especially under the terms of some of the contracts that may be granted. We know there is American pipeline equipment that was used on the Alaska pipeline which has been bought up by American contractors at discounted prices. They are ready to go, in terms of submitting bids to work on the Canadian section of the line.

• (1602)

We should be guided by the fact that the Alyeska pipeline in the state of Alaska was eventually constructed with Japanese steel. It was not an American company that won the contract. I fear that this pattern may be repeated for the contracts issued on the pipeline coming through Canada. We have this government's studies and these American projections, all of which lead us to worry about whether we will get the 90 per cent content promised to us by the Deputy Prime Minister.

If the Department of Regional Economic Expansion Study is not enough to convince hon. members that there indeed may be some difficulties, I refer them to another report issued by the Department of Industry, Trade and Commerce entitled "Canadian Industrial and Manpower Requirements and Content for Northern Gas Pipeline". I went through this report in detail yesterday during the course of moving my amendments. I would again like to quote a couple of relevant sections from that report which back up the contention of this party that, unless we have these guarantees, we are not going to get the maximum benefits from the pipeline project. I quote from the report by the Department of Industry, Trade and Commerce:

> Given that American firms are very well placed to win contracts for the U.S.A. portions, they, as a result, are in a more favourable position to bid on contracts for the Canadian segment by being able to pass on to the pipeline contractor some portions of the savings to be achieved by combining the Canadian requirements with their existing production for the U.S.A. sections of the line.

Here again American industry, through the efficiencies and economies of scale in terms of their production capacity for the sections of the line that will run through American territory, will have a competitive advantage over Canadian firms. That is an admission by the Department of Industry, Trade and Commerce. That same report worries about the state of our economy in terms of the degree of foreign ownership and the relationship between subsidiaries and parent companies as far as Canadian content in this undertaking is concerned.

I again quote from the report:

> The danger that sales contracts of Canadian branch plants of foreign multinationals which exceeded their existing capacity would simply be transferred to the non-Canadian parent instead of to alternative Canadian suppliers. Similar problems could occur if the low cost offshore plants were to be used to fill a bid made and originally intended for the successful Canadian subsidiary.

There is a very real possibility that Canadian companies will not get any spillover if American or foreign subsidiaries are producing at their maximum capability. Instead, that business will be transferred to the parent company of a subsidiary. I again quote from the Industry, Trade and Commerce report:

> Competition in world markets is intense and Canadian companies could be outbid by the pricing strategies of Japanese and European pipe producers. Projections by steel experts reflect a tough world competitive situation.

The pipeline treaty between Canada and the United States allows for open competitive bidding. It is not just a bidding situation between the United States and Canada. Japan, West Germany, Italy, or any other foreign country which has a steel industry will be able to bid on the contracts for this pipeline. Surely hon. members do not need to be reminded that, in a world of international competition, all kinds of devices and

strategies are used that in the end amount to unfair competition, submitting bids at a low cost, bids that no Canadian company can match because of the lack of subsidies and other kinds of incentives provided by countries such as Japan.

This has been demonstrated again and again. I think, for example, of the latest charge under the Anti-dumping Act against Japan, by Algoma Steel in my constituency, for dumping on the Canadian market. There are also examples of American steel companies. One example is a recent pipeline contract in Mexico. American companies deliberately underbid 20 per cent so that they would get the contract for the Mexican pipeline and thereby not have to reduce the operation of their steel mills.

There is a slack in the world steel economy in terms of productive capacity. The bidding will be very intense. Is anyone naive enough to believe that the steel industry of Japan, West Germany, Italy, or the United States under the DISC program, will not have special concessions and assistance in terms of taxation policies, transportation policies or grant policies to allow them to submit bids in an unfair way to the detriment of Canadian steel producers?

The Canadian steel industry is confident it can win the bulk of the contracts on a competitive basis. We must remember it is an assumption of a fair competitive basis. I am worried that with unfair competition and lack of commitment in terms of some kind of guarantee, in the face of unfair competition Canadian steel companies and construction companies will not get the contracts for this undertaking. That is why we moved amendments recently to ensure that in the legislation we would have these guarantees of 90 per cent content and so on.

The government argues we cannot have that kind of guarantee in the legislation because it would be against the GATT treaty, the General Agreement on Tariffs and Trade. I reject that argument. This is a bilateral agreement, an energy cooperation agreement between Canada and the United States. It mainly falls outside the narrow provisions of the GATT treaty. Indeed, the Department of Industry, Trade and Commerce in its analysis of the situation correctly pointed out there have been precedents in the past relating to pipeline construction in both countries, the Interprovincial and the Portland-Montreal pipeline, as well as the Trans-Canada gas pipeline, whereby preference has been given to the country through which the pipeline passed in terms of construction and general contracts.

We made a mistake in the treaty that was signed with the United States, allowing for international competitive bidding. I am confident, if we had the competitive bidding within Canada, that our industry could meet the requirements of that pipeline construction at a fair cost. It is my worry that without guarantees we will find ourselves at such a competitive disadvantage that we will not get the maximum of the contracts. Certainly we may get something like 50 or 60 per cent. However, in light of the fact that we are taking all the risks for this construction, it is unreasonable because we will not be receiving the benefits in terms of natural gas until some long-off future date if and when a Dempster lateral spur pipeline is built in the Mackenzie valley.

● (1612)

I have no qualms about arguing there should be provision for maximum Canadian participation. I think the government is using the GATT argument as an excuse. The monitoring committee of the House of Commons, as I have said, while a welcome improvement to the bill, will be powerless to redress any major setback in terms of Canadian content.

Mr. Speaker, another position taken by the NDP was that there should be no construction of the pipeline through the affected areas until native land claims had been settled. That amendment was not accepted by the House. We have offered another amendment which, in my opinion, is weaker but which, nevertheless, is better than nothing. It would provide that the native people's land claims would not be prejudiced while the pipeline continues to be built, supposing, of course, that they were not settled prior to the actual construction. My fear is that unless these land claims are settled before the pipeline construction commences, we shall be faced with a number of problems. I see real difficulty for Foothills in trying to raise the necessary capital in the financial markets of the world unless investors are assured that there will be no challenges in the courts by the native people, long litigation or other such delays in construction which will raise the cost of the pipeline. The only alternative, it seems to me, is to ensure the land claims issue is settled prior to the beginning of construction. Construction is not due to begin until 1981.

I had hoped that our amendment on the native claims issue would have brought pressure on the government to move expeditiously and fairly in getting a settlement to the land claims. We know the history of this government has been a sad one as it relates to the native people in terms of betrayal of their trust and interests. Had the amendment been passed it would have been a legislative incentive, an inducement to the government to stop dragging its feet and to get the land claims settled in a fair and judicious manner. Unfortunately, that amendment was not accepted. I hope the land claims issue, which unfortunately is now in limbo, but which could conceivably be a very contentious one if not settled by 1981, will not delay construction of the pipeline project, though, as I have said, I do have certain fears that it may do just that.

I am also puzzled in a way by some of the statements of my friends in the Conservative party who have rushed to the government's defence. I know the members who represent steel industry towns, such as the hon. member for Hamilton West (Mr. Alexander), were very concerned, as we in the NDP were that the government did not see fit to legislate guarantees to maximize Canadian content and Canadian labour. Unfortunately, the minister has not been able to convince his colleagues that this represents a real danger and I regret his failure to do so.

Again, the hon. member for St. John's West (Mr. Crosbie) has castigated the government for blaming the GATT agreement for its failure to include guarantees in the bill. That argument, too, seems to have been abandoned by his colleagues. I hope the Conservative party has not misplaced its trust in this Liberal government. I find it strange, in light of

the criticisms it has made of the way in which the goverment has behaved that the Conservatives have been willing to accept a bill which is in a weak form when it could have been strengthened considerably. For those reasons I regret that they have not supported the amendments we advanced.

This is a great undertaking, Mr. Speaker. It will mean a cost of some $10 billion, and it may mean at least some temporary relief to the massive unemployment situation we are facing as a result of Liberal government mismanagement of our economy. I hope that Canadian workers and Canadian companies a few years from now, when the contracts have been let and construction is under way, will not be short-changed by a bill which this House has been content to pass in the form now before us, when it had the opportunity to strengthen it by way of amendment. I hope the pipeline project proceeds without undue delay, without jeopardy to the environment, and in the interests of Northern Canadians and, indeed, of our friends in the United States. My only regret is that though we had the opportunity to improve the bill in significant ways for the benefit of Canadians, this House did not see fit to accept the needed amendments. I can only say my reservations still stand. I hope I am proved wrong. But the whole purpose, the whole stance of this party was to get the majority benefits for Canadians whom I thought we were elected to serve.

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I listened carefully this afternoon to the Deputy Prime Minister (Mr. MacEachen) in his wrap-up speech on third reading and there was one area that I think he should have addressed himself to this afternoon, that is, the position of the churches of Canada with respect to the pipeline. I hope that the Deputy Prime Minister will find it possible to take note of what I am about to say because I think the brief which was presented to the cabinet just before Easter on behalf of the five major churches in Canada was a significant one and needs to be responded to by the members of the government and, failing that, certainly by members of this House.

Throughout this long process, from the beginning of the Berger and Lysyk inquiries, through the debate and work of the special committee and in the House, we know there have been small groups representing the churches—one might call them social activist groups—which have been lobbying very strongly against this bill and against the pipeline, largely on the grounds that the native people of the north are going to be hurt.

It was my feeling, as this process went on, that the objections these groups were making on behalf of the churches were being noted and taken care of and that there were answers to them. To my surprise, a few days before Easter, not a small group but the main delegation from the Roman Catholic, United, Presbyterian, Lutheran and Anglican churches—what might be called the mainline Christian churches of Canada—presented a brief to the federal cabinet which had to do with the ecumenically arrived at position of the churches on the economic outlook in Canada.

[Mr. Symes.]

• (1622)

Four major areas of concern were outlined in the brief which was presented to the cabinet. The first was northern development, the second was income distribution, the third was investment transfers, and the fourth was regional disparities. I do not propose at this moment to go into all the implications of the comments made by the church leaders of our country in this interesting brief. I will save that for another occasion, but I do not think we can let this bill pass at third reading without responding adequately to the more or less up-to-date comments of the church leaders, who continue in their opposition to the northern pipeline.

The inter-church brief opposing the pipeline deals with four points. The first has to do with native land claims. On this point the church brief says the following:

> The Council of Yukon Indians has our support in their insistence that these matters be settled and implemented before construction begins.

Second, the church brief makes the point that the second stage inquiry should be proceeded with in order to guarantee social justice with regard to the pipeline. Third, the inter-church brief asks how the government can guarantee for Canadians maximum benefits, and so forth. Fourth, in view of public criticism since the pipeline agreement was signed, the inter-church brief asks how Canadians will be assured that Canadian public funds will never be spent on the pipeline.

As a basis for the questions raised by the church leaders in opposing the pipeline I would like to refer to one or two sentences in their brief to explain the philosophy on which they based their questions. The inter-church brief says that a new industrial strategy is needed in our country and that this conclusion has been arrived at as a result of the contention that the present model of industrial development tends excessively to be capital-intensive, highly technological, energy-intensive, export-oriented, and foreign controlled. The church brief sums up as follows:

> To sum up on this point, we continue to see in the present pipeline plans a bleak economic outlook for Canadians—whether they be northern residents whose way of life and livelihood will be drastically changed, or southern residents for whom the main outlook seems to be the risk of further staggering increases in public debt.

A response to what I have quoted is needed. I intend to vote for this bill at third reading because I believe that the pipeline is needed for all the reasons we have been through over these past months. I also believe that the philosophy being advanced on behalf of the churches today is a philosophy which can lead us into a no growth situation. I make that comment respectfully to the church leaders.

I have received representations that I should oppose the bill, but the philosophy laid down by the churches in opposing the pipeline is a philosophy which would bring about quite the reverse of what the church leaders intend. The church leaders are arguing in the name of social justice. I believe that to conclude that the pipeline must not be built for economic reasons or for social reasons or that it must not be built before native land claims are settled, would be injurious to all Canadians and that would lead us away from the opportunities

for social justice that the church leaders want and which, indeed, I want.

Those who argue against the pipeline do us a service, however, because they make us focus on a just settlement of native land claims, on the social danger of destroying the native way of life, on environmental hazards, on the displacement of capital away from other pressing needs in southern Canada, on the voracious energy demands of the industrial machine which dominates western society, and on the need for us to change our way of life from resource exploitation to a new concept of stewardship, thus opening the way to a more just system of sharing wealth in the global community. That is a submission which church leaders as well as many responsible social analysts in Canada today are putting before the government. That philosophy can be found throughout the brief presented by the church leaders, although I have cited only a portion of it. The evidence which has been accumulated so far makes us aware of our responsibilities.

I think that what the church leaders and the coalition of social activists have been talking about over the past few months—and I support this—are changed attitudes which are necessary in today's economic society. I believe, however, that a pipeline can help us produce a climate in which people will be more receptive to the need for the changes for which the church leaders are arguing. The debate engendered by the pipeline hearings has sharpened our awareness.

The principal objection to the pipeline found in the up-to-date brief of the church leaders is on the ground that native claims have not been settled. I wish to make reference to the amendment which was introduced by my colleague, the hon. member for Lambton-Kent (Mr. Holmes), which I seconded. It is an amendment which was arrived at through the negotiating skills of the hon. member for Yukon (Mr. Nielsen) who, I think, very diligently throughout this whole process took careful account of the economic and social implications of the pipeline, and who worked in such a way as to strengthen the bill—the Deputy Prime Minister paid just tribute to that this afternoon—so that the best results would be obtained by Canadians generally, specifically including native northerners.

● (1632)

The amendment to which I want to draw the attention of the House reads:

> Notwithstanding this act, any native claim, right, title or interest that the native people of Canada may have had prior to the coming into force of this act in and to the land on which the pipeline will be situated continues to exist until a settlement in respect of any such claim, right, title or interest is effected.

That motion was presented to us at report stage as motion No. 6, and it is in opposition to motion No. 4 put forward by the hon. member for Sault Ste. Marie (Mr. Symes), the effect of which is to hold up the pipeline until all native land claims are settled. In my judgment, and I think in the judgment of several others, the effect of that motion would have been to kill the pipeline, or to hold it up for such an indeterminate period of time as to jeopardize the success of the project and the commitments that were made by the Government of Canada, with the concurrence of parliament, that the pipeline should be started.

Therefore, I think that we should look now to the special parliamentary committee which will act as an ongoing parliamentary monitoring agency, in addition to the regulatory agency which has been established, to ensure that the economic and social benefits are intertwined in a just way. I believe that this can be done. I think that the optimism expressed by the government that a settlement will be reached is perhaps reflective of the optimism which the government always brings to a statement of justice on behalf of minority groups. Of course, the proof is in the pudding.

I think that we will only obtain that justice in native settlements, we will only obtain the justice that the church leaders want for northerners in the dislocation they will be undergoing, if the ongoing situation is very carefully monitored and if pressure is exerted on the government by members of parliament and members of the committee to ensure that the settlements affecting the way of life of the northerners are handled in such a way that the benefits of the construction—the largest construction project in the history of Canada—meet the needs of both the southerners and northerners combined.

I think that if we ask ourselves whether we should halt the construction of the pipeline until the native land claims are settled, we should also ask ourselves whether we are not jeopardizing our relations with the United States and antagonizing the non-native Yukoners, not to mention a significant portion of Canadian labour. I do not think that that is a solution, which is why I personally oppose motion No. 4 and support the motion introduced by my colleague, the hon. member for Lambton-Kent. I think that pressure must continue to be exerted on the federal government to achieve a just settlement, and in the next three years the federal government must work just as diligently toward the achievement and implementation of a settlement as it will be working toward the construction and operation of the pipeline.

In the continuing examination of this project by the two groups I have mentioned, I would anticipate and urge that we see some concrete proposals on what the federal government intends to do about the Indian land claims. I think that we will certainly be hearing from the Council of Yukon Indians themselves, and then we will see how far apart the two sides really are. I think that the regulatory agency can then use its mandate to make revisions to our bill as time goes on to ensure that native land claims are not being prejudiced.

May I say in summation that I believe it is in the interests of all of Canada to proceed with this project, which is why I am supporting it, and I think that the argument made by the church leaders needs to be respectfully responded to, in order that it not be said that the Parliament of Canada was uncaring, unresponsive or not sensitive to the very real human problems that are connected with any major development project.

It is my intention to conclude by emphasizing that, as the Canadian economy continues to develop, it is important that

we strengthen ourselves—and not weaken ourselves as failure to proceed with the pipeline would do—to make of our economy a production centre that the world can view with respect, with admiration, and with benefit, because out of a stronger economy in Canada we can obtain the ability to make a stronger contribution to a world that is in change.

I think that parliament should extend its concern about energy and its uses beyond the question of the northern gas pipeline for, as the Club of Rome points out in "Goals for Mankind":

> Mankind's growth toward energy sufficiency and self-reliance requires the international coordination of energy policies. Dangerous alternatives must be discouraged, wasteful duplication effort eliminated, and the options and possibilities constantly reappraised in the light of criteria based on human need.

Modern needs include a better flow of information and a more efficient transfer of technology. If the world energy system is to become safe, decentralized, and capable of satisfying legitimate demands on a sustainable basis, its development needs to be co-ordinated and supervised by an international body. As the International Atomic Energy Agency is presently co-ordinating and supervising the peaceful uses of atomic energy, a more long-term oriented and universal world energy agency is needed to co-ordinate the development of technologies which could bring to mankind abundant, accessible, and affordable energy.

Canada, a land of rich resources, technology and human energy, is ideally placed in the world community to exert leadership for the creation of such an agency. Let us expand our northern vision to a world vision so that we can learn to recognize the ways in which we can extend economic and social justice to mankind.

Mr. Erik Nielsen (Yukon): I will be brief. I want to answer a few of the points raised by the hon. member for Sault Ste. Marie (Mr. Symes). Again I emphasize that he was not at the committee meetings and it appears that he has not read the committee proceedings either, because the bill we have before us now is a bill as amended by that special committee. The members on that committee were unanimous in the acceptance of all the amendments. There were one or two technical amendments that were advanced by the government, but the substantive amendments were all advanced by this party.

The opportunity was there for the NDP to advance amendments in committee, but they chose not to do so. So it seems to me to be rather inconsistent for them to be putting forward arguments that they failed to make in committee, which is the proper forum for that to take place. As the Deputy Prime Minister (Mr. MacEachen) has said, it was unique, certainly in my experience, for a bill to come out of committee on which no recorded vote was taken. It was a completely unanimous report.

The hon. member for Sault Ste. Marie says that we have seen all too often instances where northern interests are sacrificed for powerful southern interests. Those were his words. I would like him to name me one instance in the Yukon where a northern interest was sacrificed for any powerful southern interest. I challenge him to do that now. I see him sitting in his seat. Does he know of one instance where a Yukon interest was sacrificed—and the Yukon is in the north—for powerful southern interests? I invite him to stand up and tell me what that instance is.

Mr. Knowles (Winnipeg North Centre): Has the hon. member finished his speech?

Mr. Nielsen: I will allow the hon. member to answer my question.

Mr. Knowles (Winnipeg North Centre): Then we can take it that the hon. member has finished his speech.

Mr. Nielsen: Would the hon. member like to respond to my question?

● (1642)

Mr. Symes: Mr. Speaker, I have been invited to make a statement. I assume the hon. member for Yukon (Mr. Nielsen) has concluded his remarks.

The hon. member for Yukon mentioned examples of northern interests which have been sacrificed for those of southern Canada. The hon. member for Yukon has been a consistent critic of the government for its failure to recognize provincial status for the Yukon. That was recommended by the NDP at its national conventions. I would have thought the hon. member for Yukon would have been the first to recognize the implications of the fact that the Yukon has not been given provincial status by the government and the various interest groups which it represents. Constantly the hon. member has complained about the Northern Power Company and how it has been under the control of the federal government and against the scrutiny of the territorial government. Also he has complained about Yukoners not being able to control the tax system, nor to regulate the development of the Yukon, as well as the entire question of royalties and taxes from resources.

All of these things are examples of how the territory and its people have been exploited by southern interests such as many of the multinational energy companies, whether oil, mineral, or what have you, and of the inability of Yukoners to control their own destiny because they are still treated in a colonial manner.

Mr. Nielsen: Mr. Speaker, I am astounded at the abysmal ignorance of the hon. member for Sault Ste. Marie. If the truth is admitted by him, obviously he meant the powerful southern interests were powerful moneyed or corporate interests. That is what the hon. member said when he indicated that the powerful southern interests were the reason for northern interests being sacrificed. If he wants to call the Liberal government of Canada one of those powerful southern interests, that is a neat way of slithering away from the inference he attempted to leave with those words. It is false. There has been no exploitation in the Yukon by powerful southern interests. Certainly a colonial system of government exists up there. That is because of the government's refusal to bring about meaningful reform and provincial status.

I am glad to hear the hon. member indicating that his party is now in favour of provincial status for the Yukon, because that is not what was decided at the NDP convention in Vancouver in September of 1970, 1971, or whenever. That was not his party's position when Mr. Barnett was expressing government policies with respect to that party on that question. It was somewhat similar to what Mackenzie King used to say; "A provincial status if necessary, but not necessarily provincial status. Maybe sometime in the future, but we are not ready for it now." If the hon. member was expressing the views of his party, I am happy to hear him say that he supports that philosophy of a provincial status for the Yukon now.

Mr. Symes: In 1974.

Mr. Nielsen: In 1974? Well, I hope the hon. member is expressing his party's stance on that. It has taken a long time to bring that party to such a point.

Deliberately the hon. member is twisting the whole thrust of the pipeline. His worst contribution was the lengthy quotation which he made from the IT&C report. The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) acted very responsibly in committee. Having read the report, the hon. member obviously saw that what the government said represented the worst possible scenario.

In committee we heard evidence from Mr. Blair, from Mr. Pierce, and from others on the question of Canadian content. These very questions were generated by the hon. member for Nanaimo-Cowichan-The Islands. In issue No. 2 of the proceedings at page 2:14, Mr. Blair said the following:

> In a nutshell, we know the history of the supply of materials and equipment and services to the construction of pipelines in Canada; we know the individuals in the companies and how they have performed and we expect that they will continue to perform for this project basically as they have for the past projects by giving us high quality, suitable delivery schedules and prices and costs which are competitive or even advantageous as compared to counterpart suppliers in the United States. We suppose they will continue to behave competitively and energetically, and we know that they are sufficient as suppliers. We have calculated that very carefully; there is enough capacity in Canada to provide the materials and services to build this pipeline and we would prefer not to be put into a box that would weaken our negotiating position with our goods suppliers. We want to deal at arm's length with them and to have every encouragement that they will be trying as hard as ever to maintain their fully competitive status. We expect that by carefully following the procedures in the past, the content to which we have testified will be achieved.

In other proceedings Mr. Blair went on to tell of the approximate 1,000 miles per year of pipeline which has been built in Alberta, and that historically all the pipe and steel has come from Canadian suppliers because they have a competitive edge on the world steel market. I believed him, and I dare say the hon. member for Nanaimo-Cowichan-The Islands believed him when he backed his statement up with that evidence. Obviously the government believed him.

The hon. member's biggest impractical argument is that a legislative change can be written into this bill to provide guarantees. He knows, or should know, that the labour leaders of this country do not require that; that the steel industry of this country does not require that; that the Foothills people do not want that; and that the Canadian pipe producers have no such requirement. A legislative change cannot be written into this bill for two reasons. It seems to be impossible to penetrate the thick skull of the hon. member for Sault Ste. Marie.

It is impossible to amend this legislation in the face of the international agreement. If it were possible, we would support it. Actually it is impossible because of that one reason. Another reason is that the government has taken refuge behind GATT and does not want to offend the provisions of GATT. To speak of a legislative amendment guaranteeing Canadian content is to be very, very hypocritical, to say the least.

My party's alternative was the only practical one. Our alternative was a parliamentary process, the establishment of a monitoring committee, a new standing committee of the House. That suggestion was agreed to by the very sensible hon. member for Nanaimo-Cowichan-The Islands. It was the only practical alternative. The hon. member for Nanaimo-Cowichan-The Islands supported the establishment of such a committee. The government, in its rare and unusual wisdom, accepted and conceded to that motion. Quite frankly, I was surprised that it agreed to set up the monitoring committee, and just as surprised to find it agreeing to insist upon the committee reporting once every four months to the House. Has the hon. member for Sault Ste. Marie so little faith in the parliamentary system, even with this government, as to suggest that the committee is going to be useless?

● (1652)

Automatically, by the terms of the motion that the Deputy Prime Minister will be moving after third reading, every agreement, every regulation, every order, every direction, in essense every administrative act of any consequence whatsoever is going to be referred to that committee automatically. The committee will have responsible members sitting on it and will be able to review the very admirable intentions set out in the international agreement with respect to Canadian content. They will be able to look at whether Canadians are getting the greater portion of the steel orders, whether they are getting the greater portion of the pipe orders and whether Canadian labour content is being kept at the highest, with offshore labour only being imported where skills required are non-existent in Canada.

The committee will be able to review such matters once every four months. What more can we ask for? That committee will report back to the House, and if the intentions in the agreement are not being adhered to, then the spotlight of public attention is focused on what the Deputy Prime Minister and others on that side have been saying about 100,000 man-years if the Dempster lateral is included, or 68,000 man-years if it is not. If they fall below those figures they are going to be accountable to parliament. What better control does the hon. member, or any member of parliament, desire? Unless, of course, he wants to run the whole project himself.

Mr. Blackburn: You are giving it all to the Liberals anyway.

Mr. Nielsen: The government of the day has a right to govern. That fact seems to go over the heads of the members on the left.

Mr. Blackburn: They control the committees.

Mr. Nielsen: They have a majority on the committees. Would the hon. member in the NDP—I am sorry, I have forgotten his riding—

Mr. Blackburn: Brant.

Mr. Nielsen: —from Brant have it reversed? Would he have the opposition members have a majority on committees? Is that the way he would like parliament to run—that the minorities should be doing the governing and the majority should be in the opposition? That is the logic of his argument.

Mr. Goodale: That is NDP democracy.

Mr. Nielsen: We can improve—

Mr. Blackburn: That is the balance of power.

Mr. Nielsen: Oh, the balance of power. Well, I am afraid they will never advance beyond the stage of—

Mr. Blackburn: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): The hon. member for Brant (Mr. Blackburn) on a point of order.

Mr. Blackburn: Excuse me, Mr. Speaker, it is not a point of order. I would like to ask the hon. member a question, if I may?

The Acting Speaker (Mr. Ethier): Would the hon. member for Yukon (Mr. Nielsen) permit the hon. member for Brant to ask him a question?

Mr. Nielsen: Certainly.

The Acting Speaker (Mr. Ethier): The hon. member for Brant.

Mr. Blackburn: I thank the hon. member for Yukon for allowing me to ask this question. I was referring to the balance of power in this chamber and the way it has been shifting more and more to executive rule in this country. I am firmly convinced that, unless we give more power to the committees of this House, we are not going to have a true democracy in this country. Does the hon. member for Yukon agree or disagree with me?

Mr. Nielsen: I would certainly agree with that, Mr. Speaker, but that is not what he was saying a moment ago. His colleague from Sault Ste. Marie was belittling the amendments setting up this committee and the concession that his colleague from Nanaimo-Cowichan-The Islands (Mr. Douglas) agreed with. I would like to get off that track, because they show an utter lack of understanding of the whole process by pushing that.

[Mr. Blackburn.]

I would like to deal for a moment with the other amendments in this bill. I would like to emphasize that these other amendments, as the Deputy Prime Minister has very graciously stated, were amendments that came from this party. In instances where we could not get the whole amendment, we negotiated. The representative of the NDP party could have followed the same course. We now feel that we have a far superior bill than it was when it went into committee. We were able to get native presence into the bill—not as strong as we would have wanted it, but it is there now. The monitoring process and the point that the line will remain in Canadian hands were included. If it does not, it will be the responsibility of the whole cabinet.

More important, we got the judicial provisions so utterly changed that they completely wipe out the original provisions. There is now the usual court process of appeal to the Supreme Court. There is the presence of section 16. After our arguments, including the argument of the hon. member for Nanaimo-Cowichan-The Islands, in committee, the government withdrew both of the offensive provisions. We have come back with a far better bill than when it went into committee.

One of the sad parts of the whole matter is that we have not come back with a $200 million heritage fund, which would provide some long-range benefits for Yukoners through whose territory the pipeline will pass. That is another area, however, and I will have to pursue that in another fashion. It is impossible to do so in this bill.

I have one last word—if hon. members are disposed to vote on that matter before five o'clock—and that is on the question of native claims. There should be no group, whether it be racial or otherwise, permitted to stand in the way of a vital project which is in the national interest. Even if the whole population of the Yukon were against this line passing through their territory, they should not be permitted to hold up a project of this magnitude. That is the simple answer. With respect to their claims and negotiations toward settlement, there is no reason why development and negotiation cannot go ahead hand-in-hand, without one prejudicing the other. No one has been able to convince me yet that development of any kind is going to prejudice the negotiations and final settlement of those native claims.

If, Mr. Speaker, they would like the question put, I will resume my seat. If they do not, I wish to continue.

The Acting Speaker (Mr. Ethier): Order, please. Is the House ready for the question?

Mr. Douglas (Nanaimo-Cowichan-The Islands): I am prepared to go ahead at eight o'clock, Mr. Speaker.

Mr. Nielsen: May I call it five o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Post Office—Delivery service to new subdivisions; the hon. member for Brandon-Souris (Mr. Dinsdale)—Post Office—Minister's action to improve service and low employee morale; and—Ceiling on mail delivery contracts; the hon. member for Kootenay West (Mr. Brisco)—Regional Economic Expansion—Northern pipeline—Discussions on economic development of certain areas.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills, and notices of motions.

PRIVATE MEMBERS' BUSINESS

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House to proceed with the consideration of Bill C-208 and to stand all bills which precede it on the order paper.

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. Hon. members have heard the question of the hon. parliamentary secretary. Is there unanimous consent that all bills be stood prior to Bill C-208?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

* * *

GOVERNMENT PUBLICATIONS

MEASURE TO ENSURE LEGIBILITY OF DOCUMENTS RECEIVED BY SENIOR CITIZENS

Mr. Ralph E. Goodale (Assiniboia) moved that Bill C-208, an act to render government documents and publications pertaining to senior citizens more legible and comprehensible, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Document Legibility

• (1702)

He said: In my experience as an MP I think one of the most satisfying and rewarding aspects of this job is the opportunity that we have as members of this institution to become associated with groups of retired Canadians, the senior citizens of this country, who have formed themselves into a wide variety of New Horizons Clubs and other types of senior citizens' organizations in all parts of Canada.

I am sure, as all other hon. members do, I welcome those occasions when I have the opportunity to visit these clubs and groups and meet with their membership. The time spent is very worthwhile because it is rare that one will find the depth of knowledge and the wealth of experience assembled together in one place that you will encounter in the drop-in centres and other meeting places created by the New Horizons programs of the Government of Canada, and in the clubs and organizations of senior citizens across the country created by other public and private programs.

For any member of parliament or any other interested person, the analysis of issues to be found in these places and the ideas which are put forward, whether those issues are large or small, local, provincial, regional, national or international, are very much worth listening to and heeding with care.

In Assiniboia constituency I am pleased to say we have more than 50 active projects operating under the auspices of the New Horizons program. Our part of southern Saskatchewan is fortunate to have a number of other agencies and organizations of particular relevance to older people. The idea for the proposal contained in Bill C-208 now before us in fact originated in the discussions which I have had from time to time with the members of these various clubs, agencies, and groups in the Assiniboia constituency. I am sure my experience in this regard has been duplicated many times over in virtually all parts of the country.

In proposing this bill, Mr. Speaker, I want to pay a special tribute to Mrs. Ivol Krueger and to all of those who have been involved in such a dedicated way on the New Horizons committee of Weyburn, Saskatchewan, and the very active "Aid for the Aging" group in that community. Their efforts in drawing attention to the particular issue dealt with in Bill C-208, and their work on behalf of senior citizens in so many other ways, is a prime example of spirited and effective community service. I hope that this House can add to those efforts in some small way by adopting this bill, or at least by adopting the idea in principle and allowing the matter to go to a House committee for detailed analysis and consideration.

The gist of Bill C-208 is captioned quite well in its short title "An Act to render government documents and publications pertaining to senior citizens more legible and comprehensible". It is brief, as hon. members can see, consisting basically of three short clauses. The major provisions are really two in number. First of all there is a requirement through this bill that the Queen's Printer print all publications specifically intended for senior citizens in a large and clear style of type. Secondly there is a provision which would require the Queen's Printer to make specific documents available on request to

senior citizens if they have a particular need for them. These documents should be printed in a large style of type in order that these people can make use of them.

There are two additional clauses in the bill. One would authorize the minister to make the appropriate regulations to implement the thrust of the legislation. The other is a short definition clause defining precisely that "senior citizen" refers to people who have reached the age of 65.

I am sure that rationale behind this kind of proposal is perfectly obvious and will be well understood by hon. members. As people get older, eyesight often tends to fail. Therefore, regular sized print or type used in official publications is often not adequate to meet the physical requirements of senior citizens.

In my office today I received an orange booklet put out by the Department of National Health and Welfare. It is entitled "Basic Facts of Social Security Programs". It is a very useful booklet, and it contains approximately 45 pages. In this booklet there is information about various programs and activities of the Department of National Health and Welfare. Unfortunately every page is chock-full of very small, fine print. It is extremely difficult to be able to read such a document in an easy way and to comprehend what is being said in that document, even with perfect eyesight. I am sure that to anyone who has any impairment of vision this document might be almost unreadable not because of what is contained in it, but because of the style, type, and method of printing used.

As older people struggle to deal with the papers they have to read and cope with, they are subject to a considerable amount of unnecessary strain, physical eye strain as well as emotional stress or strain. Sometimes of necessity, because there may be no alternative, documents like that one and even others of greater importance simply get ignored.

In discussing this issue with senior citizens themselves, another interesting point was brought to mind. In days gone by, many people who are now in the older age bracket did not have access in their youth to the formal educational facilities available in Canada today. As a consequence they are often apprehensive or even frightened to tackle government documents, forms and publications. It is ironic, and I think unfortunate, that these people, who are often so properly referred to as the "salt of the earth" or the "backbone of the country", are sometimes intimidated by some of the complexities and the complications placed on them by the country to the building of which they have contributed so much. Sometimes it seems to me that this intimidation or that feeling of inadequacy can have very serious consequences, Mr. Speaker.

I am told by senior citizens that a prime case in point is in relation to the various federal-provincial old age income supplement plans for which senior citizens must make application. These plans are not available to senior citizens automatically when they reach a certain age. They must apply to the various departments responsible for the administration of the programs in order to entitle themselves to benefits.

[Mr. Goodale.]

Specifically, I think of the guaranteed income supplement program. This is a program which is very useful to senior citizens on limited incomes. But the important fact to remember is that this program is not automatically available to senior citizens upon their attaining a certain age. They must file an application for it. In order to know that they must do that, they have to be able to read documents like this one, to which I have just referred. This document outlines the details of that particular program and makes it clear that an application must be filed. In addition to that they must be able to deal with the application itself in a reasonable way, to read it, to understand it, and to file it, in order to entitle themselves to those benefits. If the form or the book itself is not printed in a way that is easily read, then that, of course, impedes the making of that application. That is a rather serious consequence which should be a relatively easy problem to solve.

Income tax forms are another problem. Those closely associated with programs involving older people can attest to the fact that every year at tax time some senior citizens actually become physically ill in having to contend with the complex and finely printed documents and forms which come to them during the time when income tax documentation must be completed. I suppose there is no formal documented evidence on this point. But I am content to rely upon the observations of those who have been very active in helping to serve senior citizens. Again I refer to Mrs. Krueger of Weyburn, and many others like her, who can speak from years of observation in actual experience in this field. They know the kind of anxiety that senior citizens experience when confronted with difficulties of this kind.

● (1712)

The problem could be alleviated in some small part by ensuring that the relevant printed material is in fact printed in a manner which can be easily read. That would be a step in the right direction. It would help to reduce some of the uneasiness and frustration which some senior citizens presently experience when trying to grapple with the documentation with which they now have to deal.

The idea contained in Bill C-208 is obviously not a cure-all for all of the difficulties with which older people must deal in encountering government agencies and other institutions, both public and private. The complexity of life in this day and age is unfortunately more than any of us would like to see. At least this bill would implement one measure which might be of positive, practical assistance.

I do not pretend that this is a perfect proposal in Bill C-208. It has some obvious defects. For example, it is specifically tied to the needs of older people. There are many Canadians under the age of 65 who also suffer from impaired vision. Conversely, there are a great many senior citizens who enjoy perfectly good eyesight and might not require the large style of type proposed in this bill. Nevertheless, this is an important matter for the House to consider. I appreciate the attention hon. members are giving to it this afternoon.

If there is general agreement that the subject matter of this bill is worthy of further examination but the specifics proposed in it are not precisely appropriate, I would have no objection to the motion being amended to refer the subject matter only to the appropriate committee to consider and study a matter of this kind. It might not be the Miscellaneous Estimates committee. It might well be the Standing Committee on Health, Welfare and Social Affairs. If it were the disposition of the House to make that amendment and refer the subject matter, I would be happy to see the matter go forward in that way. In that forum, such as a committee of this House, we could more thoroughly canvass this whole area of concern and identify the best technical way to solve what is a very real problem for older people and for certain other Canadians as well.

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, in joining in this debate on a very interesting and worth-while topic, I commend the hon. member for Assiniboia (Mr. Goodale) for bringing to the attention of the House concerns of senior citizens. As I read the wording in the bill, as a legislator I have some reservations as to just what we might be legislating by bringing this specific bill into force or into committee for possible amendment, as the hon. member suggested. Bill C-208 is, and I quote:

An Act to render government documents and publications pertaining to senior citizens more legible and comprehensible

If we were to pass this bill, we would be amending the Department of Supply and Services Act to require, and I quote:

The Queen's Printer for Canada shall

(a) print any publication that is distributed to senior citizens pursuant to the Old Age Security Act or the Canada Pension Plan in large and clear type, and

(b) provide on the request of any senior citizen a copy in large and clear type of any publication that is printed on behalf of any department or agency of the Government of Canada.

(2) The Minister may make regulations respecting the printing and distribution of publications for carrying out the purposes outlined in subsection (1).

(3) In this section "senior citizen" means any person who has reached 65 years of age."

There are a number of concerns that will come out of the course of this discussion that will not in themselves take away from the point that is being made by my colleague from Assiniboia. But they perhaps give us some reservations in terms of putting this legislation on the books before we have a much deeper look at the substance.

Let us talk about the criteria. The bill refers to age. The hon. member for Assiniboia indicated that age might not be the only criterion. There might be other criteria that should be examined. The condition of eyesight is the underlying cause in the bill. If that is so, it should not be restricted to a particular age factor.

I have many senior citizens' residences in my constituency. In them are people of various physical situation. Some of them at a very advanced age have far better eyesight than perhaps I myself in terms of their reading habits. In other cases there are much younger people who, for one reason or another, have eye problems. They do not have to wait until they are 65 before it becomes a serious problem for them. Therefore I question the age factor if we are going to proceed with legislation of this type.

If the criterion is age, we are setting an artificial barrier by putting in age 65. Perhaps 65 is chosen because that is the age at which people are entitled to the old age pension and the Canada Pension Plan. However, I am not sure this would be a valid criterion for inclusion in legislation of a more general nature of this sort. We would in effect be creating two classes of citizens at the taxpayers' expense, one privileged, and the other not. Presumably those citizens who will receive the larger face type will receive a certain advantage if, indeed, they need it. The problem is that it may end up going to a lot of people who do not need it.

How do we readily identify citizens with a reading difficulty? If age is used, reaction from older persons past the chosen age limit or barrier who have no such problems will be critical. The problem relates primarily to the identification of the audience for each publication put out by the 128 departments and agencies of the Government of Canada. However, is this really to be on the basis of age or eyesight? Regardless of what happens to the bill, that is a point that will have to be examined at greater length.

In addition to that general criteria problem, I would like to speak for a few moments on the matter of cost. It would be unfair for us as parliamentarians at this time to brush over this issue and see the bill go to committee before we have the benefit of discussion on what kind of costs might be involved in making an amendment of this nature to the Supply and Services Act.

It is going to be very difficult to assess the cost figure and the actions required to implement successfully what is called for in Bill C-208. That becomes obvious as we examine the details of the bill as I enunciated them earlier. If the likely cost cannot be calculated with some degree of accuracy, it would be imprudent on our part to adopt this amendment before endeavouring to assess just what it is to which we are exposing the Canadian taxpayer.

A costing of these responsibilities presupposes at least the ability to do a number of things. We must be able to identify which government publications should be printed in the larger type size, and why. I am sure that my colleague from Assiniboia would be the first to say it should not necessarily apply to all government documents, only when there seems to be a particular need. This again gets into the criteria question, which document should be and which should not.

We would need to have the ability to specify the required quantities of each identified publication in each official language. There are massive publications hour by hour, day by day, in the various government departments and agencies in the over-all government service. In each specific case, someone would have to pinpoint how many would need to be printed in the larger type and in both official languages. Would it be the same number in English and French, or more English and less

French? What would be the percentage? How would that be established?

In addition, a method of distribution would have to be established. In other words, after these copies have been produced in large type in English and French, what do you do with them? Presumably they are distributed to someone. The question is, who gets them? Is it the intention to wait for applications to come in from Canadians who, perhaps, would have to be over a certain age in order to qualify to receive these publications in the larger type? How does one go about this process? The demand may, in the end, turn out to be very small. We could be piling up surpluses in printed paper, publications which may never be requested or, indeed, required. Just what are we getting into in terms of the inventory of these special issues?

● (1722)

Then there is the question of frequency. How often will these publications be brought out? Would every issue be treated in the way suggested, or only the more important ones? Where would a limitation be placed? What I am really saying is that the range of possibilities or options in layout and type size is really too broad to enable us to make any reliable estimate as to cost, and in these circumstances it would be somewhat irresponsible for us to allow the bill to become law.

There are, however, two basic factors which can be recognized immediately as likely to have an effect on costs. And each of them implies additional costs. The first is that in most cases a larger type face will put less characters on a page, thus requiring more pages or larger pages to achieve the same quality of communication. This means more paper, and, if there are to be more pages, additional sheets to be run through the printing presses. Already many of us are receiving criticism from our constituents about the amount of paper we generate in the system. And most of us here would agree there are times when we are ourselves overwhelmed by the quantity of paper which is churned out day after day for our attention.

The second factor is that the number of the older generations will increase over the years, implying an increased audience for such publications if they are based on the somewhat dubious criterion of age. In other words, the percentage of the population over the age of 65 is rising rather rapidly, so the demand might be expected to increase.

A further alternative, and one which has the virtue of eliminating doubtful selection criteria, would be to instruct the Queen's Printer to produce all government publications and tracts in type of not less than a given size, thus assuring the reading comfort of any citizen suffering from a corresponding degree of restricted vision. Two problems immediately emerge, however. First, the cost of all government printing would automatically increase, although percentage increases would probably vary with different publications. In the second place, defining a corresponding degree of restricted vision which made any sense would still leave citizens, whose eyesight is more seriously impaired, without an increase in their reading comfort. What is the correct reading impairment cut-off point?

These are just some of the problems to be faced. I am simply pointing out the need for a much closer examination of the criteria of which we are speaking if we are to take this legislation through the whole process and make it an official amendment to the Supply and Services Act. It is my view that as members of parliament we should be concerned about the cost we are imposing upon the taxpayers generally. If we were to pass this measure I assume there would be considerable pressure on provincial governments and municipal governments to take similar action. It is my observation that municipal governments, in particular, often make use of print sizes which are very small.

I am sure that senior citizens have recommended such a measure as this to the hon. member. It has not so far been brought to my attention, although there are a large number of senior citizens' homes in my riding. Nevertheless, I hope the discussion this afternoon will focus on some of the specific points which I have raised and which need to be explored further.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Martin) has pointed out, there are certain difficulties in connection with this bill. However, I hope we will not let those difficulties stand in the way of the suggestion of the hon. member for Assiniboia (Mr. Goodale), namely, that the subject matter be sent to the appropriate committee. Like him, I think the appropriate committee would be the Standing Committee on Health, Welfare and Social Affairs. The parliamentary secretary wants certain aspects of this matter looked into. There is no better place in which to do that than the committee to which the subject matter could be referred.

I suppose I should do the usual thing and commend the hon. member for Assiniboia for bringing forward this measure. But I should like to go back a step and commend Mrs. Ivol Krueger of Weyburn, Saskatchewan, who proposed that this matter be discussed in parliament. I suggest that there are many Mrs. Kruegers around the country who have the same view, and who would like to see the things they have to read printed in a type size which is discernible.

Before going any further, may I say something which is, surely, so obvious that I am surprised it has not already been said: that what the senior citizens would like to see larger is not the size of the type in the things they have to read but the size of the figures that indicate the amounts of their pensions. If we want to raise something, let us raise the amount of the old age security payment and the guaranteed income supplement, and give our senior citizens a better break in that respect.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): The debate on this subject began at five o'clock and I am surprised that I should be the first one, at half past five, to propose this.

I turn, now, to the question of the size of the type used in printed materials. The parliamentary secretary is quite right that it is a matter of concern not just to those senior citizens who have impaired eyesight but also to people of all ages who may have difficulty reading things. My eyesight is pretty good. At least, it is with the bifocals I have worn for a very long time. Like some other hon. members, I have been working on my income tax return, and in particular you have to look at those T-4 slips, T-4A's and T-4B's, or whatever they are, and try to figure out which one you attach to the income tax form and which one you keep for your own records. The size of the type is so small that anyone with good eyesight still has to use a magnifying glass.

● (1732)

I am an old printer. I realize that I learned printing when it was closer to the Gutenberg days than it is to modern technology, but in my time we had hand-set type which got as small as six point and on a linotype machine or on a monotype machine we could get down to 5½ point or even 5 point. However, that was as small as we could get the type in those days. However, under the modern photographic processes they can reduce it to what must be about 2 point or 1½, so that it is beyond reading by anyone at all.

I think some concern should be expressed about the matter. As the hon. member for Scarborough West has pointed out, this is a concern to other people as well, and I think that the government as a whole should take a new look at the material it puts out to see if it cannot be made more legible for everyone.

The last speaker indicated that if we make the size of type a little larger, that means we get fewer characters on the page, and that calls for more paper. Well, maybe we could save far more paper than we would have to use for that purpose if we could cut out a lot of the paper that is wasted in this place. If just the Minister of Agriculture (Mr. Whelan) would stop sending us his speeches every day of the week, we would save enough paper to do all kinds of things. I think the Minister of Agriculture gets the prize; I think we get more paper from him than from anyone. I am sure my experience is not unlike that of other hon. members. I fill a waste basket every day with printed material which comes in. I look at it only to see what it is, knowing that in most cases it is not for me. If we took some care to cut out the wasteful use of paper and printing, we could afford the extra paper which might be needed to print things for people so that they can see them.

I also like the suggestion in the title of this bill that these documents should be made more comprehensible. It takes more than type size to make some of these things comprehensible, but what I am saying is that surely the whole idea is a good one. Yes, there are things which have to be looked at, but the place to do that looking is in the standing committee to which this matter could be referred. As the last speaker pointed out, if we do something at the federal level that would suggest that something should be done at other levels as well. There is such a thing as giving a lead. If we can do it here, it might be done at other levels of government.

What about the publications of some private agencies? Just go out into the lobby and get Bell Canada's telephone book and try, without squinting or adjusting your glasses, to see the number you are trying to look up. The government telephone book is not too bad yet, but in another year or two it will be the same. We cannot pass one law today which does away with all type sizes below the old six point or below the old eight point, but we can give a lead.

It is in that respect that I welcome the fact that the hon. member for Assiniboia (Mr. Goodale) has put this bill before us this afternoon. It is obvious from what he has heard from his side that his bill will not get second reading today, but I plead with the dozen Liberals over there to let the subject matter of this bill go to committee this afternoon. I agree that printing should be of a size that people can read, and I am glad that the hon. member agrees with me that the size of the payments on old age pension cheques should also be made much larger.

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, this bill is an interesting one. Perhaps it does not need to be discussed interminably as so many other things around this place are before anything gets done. Surely if the New York *Times* and *Reader's Digest* can mount a special promotional campaign to sell their products to senior citizens and people with impaired vision by special publications which have enlarged type, that indicates that there is something to be said for helping people who have impaired vision. To that extent the hon. member should be congratulated for attempting to bring to government publications a method that the commercial world has found to be very worthwhile indeed.

I want to mention one reason why it should be the responsibility of the government to make its material clear. Special attention ought to be given today to an incident only last week to which I think this bill, if it ever gets further than second reading, would be directly related. I have my doubts that it will this afternoon, but I can assure the House that it will not be my fault if it does not come to a vote.

Last week it was revealed that some 1,400 retired public servants were going to be required to repay overpayments they received in superannuation benefits. It was brought to light that these 1,400 retired public servants were receiving not only their superannuation but also disability pensions under the Canada Pension Plan. Upon investigation it turns out that many of the people concerned are living on approximately $350 to $360 a month, which are very low pension payments, and somehow or other their names were included in the Canada Pension Plan disability list. Their names were retained on this list when they began to draw superannuation benefits.

It boggles the mind to suggest that 1,400 retired civil servants attempted to defraud the government by obtaining two pensions. Some of those retired public servants reside in

Edmonton, and in my investigation I found that they did not know they were required to report this duplication. Whether or not instructions were given to these persons—and there is some debate about that—it is abundantly clear that the forms they had to fill out had type which was so small and so hard to read that these persons, who are honest citizens, went ahead and filled out the forms in good faith.

If there is any blame to be ascribed in this situation, it ought to be laid at the doorstep of the government. For the government now to be reclaiming money paid in this so-called overpayment by deducting from pensions which are already far too low, a fact to which the hon. member for Winnipeg North Centre (Mr. Knowles) alluded, I think is intolerable. I think it is intolerable for the government now to be enforcing a requirement that these people repay these amounts of perhaps $1,000 or $2,000, which seem to be insignificant but which for the people concerned are large amounts of money. It is unfair and unjust of the government to be insisting that the money be repaid because of this error.

• (1742)

Apparently the public servants involved did not inform the Department of Supply and Services. That is the government's story. Whether or not they did, it is clear that the manner in which the reporting was to be done was so obscure to the people concerned that they went ahead in good faith. For the government to force them now to repay the amounts received in duplication of pension allotments is, I think, something about which members of the House, and indeed the sponsor of the bill himself, should feel outraged.

Mr. Knowles (Winnipeg North Centre): The forms certainly were not comprehensible.

Mr. Roche: Yes, the forms were incomprehensible. As one who has just gone through the annual exercise of trying to decipher regulations with respect to income tax, let me say that the forms put out by the government need to be printed not only in larger type but drafted by somebody with some editing experience and an ability to communicate to the public in simple language rather than in the obscurities which are found in so many government forms.

So my concern is not only that the size of type be larger but also—and I say this very sincerely—that a real effort be made by those officials in government who are responsible for such exercises to communicate those regulations that the government has passed in a way that can be understood, particularly in situations involving pensions. It is often difficult indeed for people at such a stage in life to get professional help in filling out forms. It is fine for me. After I get through figuring out my income tax, I send my form to an accountant. But there are a lot of people for whom we must be concerned who need special help.

That is all I want to say on this bill. If the government has any compassion at all as it approaches the electorate in a few days' time, then it will show that compassion for the handicapped and disadvantaged people in our society, people who live on small incomes, by making a decision now, involving minuscule cost to the government, that the 1,400 public servants involved in this case who acted in good faith will not be penalized by somebody's obscure mistake.

I hope that if this bill goes to committee we can examine the Public Service Superannuation Act at the same time as we go through the matter involving the Department of Supply and Services and the amendments that are proposed for that act. I believe that the Public Service Superannuation Act should be amended to permit the recovery of payments which were made because of misinformation. Certainly the government should be entitled to recover payments that are made as a result of misinformation given to the government, but the government should not be able to recover overpayments arising from its own mistakes. If government officials make mistakes, if the language is shown in a legal sense to be misleading or if it is shown in a parliamentary sense to be misleading, then it is clear to me that the mistake is made by the government and that the burden of that mistake should be carried by the government.

That is the amendment that I would propose if this bill goes as far as the committee. In the meantime I think that, because of the impending great event which will be visited upon the Canadian electorate, the government would be well advised to move quickly on this situation in the case of the 1,400 public servants.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I should like to congratulate my colleague, the hon. member for Assiniboia (Mr. Goodale), for bringing this timely matter before the House of Commons. It certainly indicates his concern for senior citizens, and I suggest to him others as well, including the handicapped. As my other colleague, the hon. member for Scarborough West (Mr. Martin), pointed out, it is not a question of age alone that is involved. In other words, a person having reached the age of 65 should not automatically have large type publications from the government sent to him. People who are much younger and have disabilities such as impaired vision, and who are considered handicapped, also need this kind of assistance.

The explanatory note indicates that publications for senior citizens should be available in a type face that can be easily read by those with impaired vision. I suggest that the bill should be broader than that and our concern should relate to all Canadians so that they can deal at least with the government, if not with private agencies, by way of documents printed in a way that is readable to them. Of course, the language should be understood, but at least the document should be legible.

As my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), pointed out, the print in the telephone directory is so small that it is difficult even for people with 20-20 vision to read some of the names and numbers unless they have a light reflecting on the book. Sometimes I have even thought that every telephone book should have tied to it a magnifying glass, because I have difficulty reading the fine

print in the directory even with my reading glasses on. On the other hand, I suppose the telephone book might have to be twice its size if it were to be really legible. Maybe that would not be such a bad idea.

I will not attempt to reply to the various arguments that have been put forward because they have already been discussed by my colleagues, but I would point out that cost is certainly a factor, although it should not be the overriding criterion. As we all know, not too long ago the government was criticized for inserting in letters to senior citizens and others information with regard to family allowance cheques and old age security cheques. Had the information been in larger type, it would probably have cost twice as much. All I am saying is that the cost factor must also be considered.

On the other hand, in fairness to some senior citizens, it may be that some of the 28,000 senior citizens who have not replied to the government's suggestion that they fill out their forms for the old age supplement have not done so because they were not able to read the fine print. I do not know. I can only say that I personally have not received complaints from any of my constituents regarding that matter. That does not mean to say that what the hon. member for Assiniboia is saying with regard to some of his constituents is not so.

I notice that the bill refers to matters concerning the Department of National Health and Welfare since it mentions directly the Old Age Security Act and the Canada Pension Plan, both of which fall within the ambit of the Department of National Health and Welfare. I notice that although the suggestion is made that any senior citizen should be able to receive government information in large, clear type, perhaps what we are talking about is a limited number of people. In other words, people who want information in larger type would have to ask for it expressly.

Since the bill refers, at least in part, to the Department of National Health and Welfare through the two acts I mentioned, I have a few remarks which I would like to read into the record.

Mr. Knowles (Winnipeg North Centre): This is the fine print!

Mr. Robinson: I can read it with my glasses on.

The Department of National Health and Welfare is responsible for many programs concerning Canada's senior citizens. Each month the department sends out old age security payments to two million senior citizens. Over one million of them also qualify for the guaranteed income supplement. That brings up the point I mentioned earlier of some 28,000 who have not responded. It may be that some of them were not able to read the print. A large number also receive monthly retirement benefits under the Canada Pension Plan; I understand that at present there are about 600,000 such recipients.

● (1752)

Of course, the department is desirous of providing the best possible service to its clientele, both those who are already receiving benefits and those who are in the process of applying to qualify for benefits. The income security programs branch has a network of regional and district offices across the country for the purpose of providing information on benefit programs, receiving applications and giving prompt and reliable service to our senior citizens. At the present time the branch is in the process of reorganizing its offices to improve the quality of service, including integrating the various income security programs under one administration to ensure that our clients can get all the information they need about all their potential benefits from a single office.

The department is constantly striving to improve the calibre of the service it offers. For example, last fall it commenced a new program of sending out letters of information to 64 year olds throughout Canada to remind them that they might qualify for Canada Pension Plan and Old Age Security benefits when they reach their 65th birthdays, and advising them to be sure to apply well in advance of their birth dates to ensure receipt of their benefits without delay. Departmental staff are striving also to improve the quality of the counselling they give to people who inquire about benefits. Increasing attention has been given as well to various information programs, including advertising campaigns and mailing of notices regarding GIS renewal, advertising campaigns concerning changes in legislation, and so on.

In addition, the department provides a wide range of written materials to inform people about the programs, including a large number of booklets and pamphlets on our various programs. Naturally, an attempt is made at all times to make these documents as clear and readable as possible. However, there is no doubt there is always room for improvement. The department will continue to examine its printed documents to make them as useful and easily comprehensible as possible.

I might observe, given the nature and extent of the OAS and CPP programs, that the department has of course a vast number of contracts and communications with our senior citizens through its network of offices across the country. Indeed, there are over five million contacts each year involving applications, correspondence, telephone calls and personal interviews. This multitude of contacts has not revealed any identifiable volume of complaints concerning the readability of documents.

From the perspective of the Department of National Health and Welfare, therefore, we do not really see the need for Bill C-208. The problem which this bill addresses is not a serious one in our experience. We fully accept the principle that inspired the proposal for this legislation, and the department will continue to examine its printed material to improve its readability for persons with impaired vision. However, surely it would be overkill to proceed with legislation on this point.

The Acting Speaker (Mr. Ethier): The hon. member for St. Catharines (Mr. Parent).

Mr. Knowles (Winnipeg North Centre): Question! Is the hon. member going to talk it out?

Document Legibility

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I welcome the opportunity to make a few suggestions and comments. I heard the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles) when I rose. Many times I have sat in this Chamber and listened to his words of wisdom. I thought I could share a few of my comments with him and all other hon. members who are present today.

Mr. Orlikow: Until six o'clock.

Mr. Parent: So much the better. Continually I come across references to age 65. It seems to be the magic number when older people in Canada, and other parts of the world, change into something else. At that point they receive the title of senior citizen and are considered to be old people. I would not want to suggest that the hon. member for Winnipeg North Centre is that much older and should have his copy of *Hansard* printed in large type, or that the hon. member for Prince Albert (Mr. Diefenbaker) should have his printed in block letters.

The other night I was interested to learn how this magic number of 65 was arrived at as being the age when everything starts to change. The figure of 65 was chosen back in 1881. Count von Bismarck was the chancellor of Germany at that time. He had to find a way to appease the masses. One of his advisers came to him and said: "Count, we have to appease the older workers. Here is what I suggest: we must set up a date when a person will no longer be able to work and will be retired. At that time we will pay him a half or two-thirds of the salary which he was earning". So Count von Bismarck said: "That is a good idea; that is exactly what we should do". He asked his adviser what age he would suggest, and the man said: "Sixty-five is the age when you should start to put people on compulsory retirement". So the chancellor said: "Why 65?" At that time the life expectancy of people in Germany was 55, so he figured very few of them would reach age 65. That is why the figure of 65 was agreed on.

Mr. Knowles (Winnipeg North Centre): Mackenzie King picked the age of 70 because he read in the Bible that the days of a man's years are three score years and ten.

Mr. Parent: Perhaps that prime minister spoke to the ghost of Count von Bismarck.

Mr. Orlikow: He had his own ghost!

Mr. Parent: That is quite true, and many of us have skeletons in our own closets some place along the way. The age expectancy of most people has increased to approximately the age of 71 for women and the age of 69 for men. As always, men are lagging behind. The countries of Italy and France followed along by adopting 65 as the magic age. I do not know if people of that age want to be singled out as a group.

The hon. member for Winnipeg North Centre talked about the cheques. He was talking about the numerical size of the cheque, rather than the print. I am sure all hon. members will be interested in hearing the following. The Receiver General cheques are issued pursuant to the Financial Administration Act and not pursuant to the Department of Supply and Services Act. Therefore, the Receiver General cheque is not a document within the categories established by Bill C-208. However, Bill C-208, if implemented, could have a detrimental impact on the Receiver General cheque and Receiver General payment process.

The Receiver General of Canada is responsible under the Financial Administration Act for making payments to all citizens on behalf of the Government of Canada. Some of these payments are made to senior citizens by the authority of the Old Age Security Act or the Canada Pension Plan Act. The Receiver General has developed a set of standards for the payment instrument and other related documents based on very strict and rigid specifications.

Mr. Speaker, may I call it six o'clock?

The Acting Speaker (Mr. Ethier): Order, please. The hour allotted for private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be read the third time and do pass.

The Acting Speaker (Mr. Turner): Order, please. At five o'clock the hon. member for Yukon had the floor.

Mr. Erik Nielsen (Yukon): Mr. Speaker, it has been our determination from the outset to assist in the passage of the pipeline bill, Bill C-25, but that in doing so we would ensure that the legislation is improved so as to guarantee that the best interests of Canadians are served.

When the bill was introduced it was immediately apparent that there were several major defects and omissions. We have

attempted to explain those and correct them through amendments at the committee. As the Deputy Prime Minister (Mr. MacEachen) explained in his remarks, most of those were appreciated and accepted. Our chief concern was that the project should be well thought out and delays avoided. At the second reading stage the NDP voted against the bill. It will be interesting to see what members of that party will do on third reading. Perhaps they have received a call or two from Premier Blakeney and one or two others in the west in respect of their stance on the bill.

Delays in respect to this project are critical, not by reason of any political problem, but rather with regard to the companies charged with building the line being able to meet the very heavy debt financing responsibilities. A number of delays in conjunction with incomplete planning constituted the reason for massive over-runs on the Alaska project, which met with economic tragedy. We cannot afford such over-runs on this project.

One thing the hon. member for Sault Ste. Marie (Mr. Symes) and others of that party have failed to recognize is that this is a project which will not involve the expenditure of any taxpayers' dollars. It is a project which is being undertaken by the private sector entirely, and that should not be overlooked. In light of this critical delay factor and the importance to the nation of the project over-all we should have expected more leadership. I say that kindly in light of the very kind remarks of the Deputy Prime Minister with respect to myself in my committee activities.

● (2012)

There have been government shortcomings. They could have introduced this bill last fall. They could have given us more opportunity in committee to examine the project more thoroughly. They have not given the leadership which should have been expected but was not forthcoming. We were presented with a bill which was very deficient, and that is implicit in the remarks of the Deputy Prime Minister. It was drafted in a fashion which virtually eliminated the judicial review processes of the bill.

There was no mention of the native presence or any review process whatsoever to ensure the observance of the Canadian content provisions spelled out in the international agreement. Also, there was an absence of watchkeeping or safeguards to keep watch over the exercise of very wide discretions granted to the minister, to the agency and others having authority under the bill.

For a party that should have been displaying leadership on such an important issue to this country, they have failed to an extent that was a surprise to us. In retrospect, perhaps it was not such a surprise in view of the extent to which the government accepted the amendments which we proposed. For example, I have mentioned that proper planning and preparation, the avoidance of delays, which was absolutely critical to the success of the project, and the recognition of native rights should have been an integral part of the planning process. Instead, we have the native groups appearing before the Commons and Senate committees virtually unannounced in their indictment of the government's lack of planning of concern for these people. The government should have shown concern with singular focus on native rights, rather than on the over-all concern for the total population in the areas which would be traversed by the pipeline itself.

The most glaring omission—and even I was surprised at this because I thought that the government would have been more closely attuned to this factor—was the total failure to look into the native environmental situation in northern British Columbia. The Yukon at least had Lysyk and the promise of a second stage inquiry, which is now resolved by the government's acceptance of an amendment which will ensure that an advisory council will be set up for the Yukon. The NWT had Berger. But northern B.C. had nothing. It spite of the fact that more pipe will be running through B.C. than the Yukon, they were completely ignored. Anyone studying the matter will immediately come to the conclusion that the environment and the socioeconomic impact of the pipeline is just as important in northeastern B.C. as in the Yukon.

One cannot help but reflect on this government and its consultative practices. So much for the just society, so much for participatory democracy and so much for the consultative process. It simply results in bad management, and that is the bottom line. It is plain bad management. It is insensitivity as well as lack of foresight. How can you expect, for instance, the native organizations in British Columbia to react favourably when they are not even consulted? How, indeed, can you expect anyone else to co-operate with the government in a project of this size? Really, they jeopardized their own project. Indeed, the approach taken by the government party invites obstruction. It invites lawsuits and delays in construction.

The same thing happened to the Alyeska project. It resulted in huge over-runs, and I might add—and I hope this does not happen in Canada—that that line has been sabotaged twice deliberately. It is an inevitable implication in the climate of suspicion and resentment such as this that both this project and the national interest cannot help but suffer. Whatever delays occur—and they have occurred already—will be completely the fault of the government. It is their inability to manage and provide leadership for this massive undertaking of extremely strategic importance to Canada.

Our approach from the outset has been to expedite the passage of this bill. We have taken the leadership in making a bill out of a non-bill. Confronted by a seriously deficient piece of legislation, as was this bill, we had to optimize this tremendous opportunity to help the country out of its current malaise. It was we who initiated the discussions relating to changes which would recognize native concerns and formalize the judicial review provisions. It was we who initiated the discussion with respect to the plan of parliamentary review of the decisions and agreements and other matters involving the sections of the bill which are going to be the subject matter of the resolution proposed by the Deputy Prime Minister. We were the ones who devised the parliamentary plan of review,

which is the only acceptable alternative to ensure Canadian content.

We recognize that an explicit guarantee of Canadian content was impossible, for the reasons I have already expressed, namely that it offended the international agreement as well as the terms of GATT. We have accepted the assurances of the company that is going to be building the pipeline, and we have accepted the assurances of the Deputy Prime Minister and of the government that material and labour procurements will not be approved which do not optimize the Canadian content possibilities.

The hon. member for Sault Ste. Marie overlooks the fact that the designated minister will have that power under the bill. That will undoubtedly be explained by the member for Nanaimo-Cowichan-The Islands (Mr. Douglas), who explicitly examined the minister when he appeared before the committee with respect to powers in that respect.

● (2022)

In addition, we added the provision for a parliamentary review of such approval by a standing committee. This is unique in my experience in this House, where the standing orders have been amended to provide for the establishment of a special committee for this specific purpose. Given these constraints, plus the fact that neither industry nor labour wants the kind of changes that the member for Sault Ste. Marie has been advocating, our approach is by far the most reasonable. It is the only acceptable approach.

We were the only party which proposed imposing a limit on the cost of the agency which could be passed on to the company. That proposal was made by the member for Calgary South (Mr. Bawden). It was ruled out of order. This party thought that was essential. It is included in the American legislation but it is not in ours.

Our intention was not to pass on these costs to the people of Canada as taxpayers, but rather to impose a lid on the bureaucratic growth that we are all too familiar with respecting the unwieldy, unresponsive, secretive and expensive bureaucracies of this government. We thought a lid would impose a discipline which would keep those costs under control. The government argued against it and the proposal was ruled out of order. All of these measures we presented in committee. This was not done by the NDP. At the last moment they introduced amendments which they should have introduced in committee. We think that lid was important. We think that lid would have enhanced the position of the companies in the debt financing markets, and that is precisely why the provision is in the American legislation.

It is my belief, and I say this kindly to the government, that the number and the scope of our amendments clearly show that this government still does not know what it is doing wrong. They plod on and they keep making the same mistakes over and over again. It was our party which also expressed concern over the possibility that a controlling interest in the project might fall into foreign hands. We obtained an amendment which places the responsibility upon the governor-in-council, the cabinet, to approve any alteration in the shareholdings of the companies undertaking the project. That, we thought, was essential.

A final point remains which still causes some concern, and that is the absence of some assurance that Canadian gas will flow to Canadian consumers through this pipeline. This was one of the key points raised in debate last August—that we must maximize the potential benefits to Canadians that may issue from this project. At the time it was stated by our leader that it was imperative that the government and the Alcan proponents begin immediately environmental and other studies to tell us whether a Dempster connection was feasible. Today, almost eight full months later, there are not only no reports, but no studies have been initiated.

At committee we continually probed and questioned in an endeavour to find out whether Canadian gas would indeed flow through this line. We were continually assured it would, but assurances are all that the Canadian people have received. They have received no action in the way of setting up the machinery to prepare these reports. I believe that this point is critical. How are we to move to energy self-sufficiency? How are we to rectify our trade imbalances? This government is dragging its feet. When I speak of delays in introducing the bill, the delays apply equally to the absence of any action in exploring the Dempster lateral.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member for Yukon (Mr. Nielsen) that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Nielsen: Thank you, Mr. Speaker; I can finish in just two minutes. The government is dragging its feet. That, coupled with the initial delays of the New Democratic Party, has delayed this bill. The NDP seems to have had a change of heart, perhaps because of pressures from the west. One can conjecture about that.

While the title of the act refers to a pipeline for the transmission of natural gas from Alaska and northern Canada, the definition of "pipeline" is, and I quote, "the pipeline for the transmission of natural gas from Alaska across Canada along the route set out in Annex I". This route does not include the Dempster or any other route to Canadian sources, and that to my mind is not good management. It is not leadership. I think they could be missing their big chance. The government is not maximizing this opportunity. The government has delayed the bill. It should have been introduced last fall. We had urged that last August through our leader. They have not used the intervening time to study that route.

The position of the NDP is simply not acceptable. They voted against the bill at second reading. What will they do at third reading? That is left to conjecture. The hon. member for Nanaimo-Cowichan-The Islands accepted every one of our amendments in committee. He did not introduce any from his own party. Amendments should be discussed in committee

where witnesses are available and where we can have free discussion and cross-examination of witnesses.

The hon. member for Nanaimo-Cowichan-The Islands was absent, I am sure for a legitimate reason, when the matter came on at the report stage and the responsibility was left to the hon. member for Sault Ste Marie. His presentation displayed an absolutely abysmal ignorance of what went on in committee. The hon. member for Nanaimo-Cowichan-The Islands was concerned about two things. He was concerned first of all about Canadian content, and he was concerned secondly about native rights. He listened to me, as I did to him in committee. The Canadian content and those guarantees are adequately protected by the acceptance of the government of our suggestions for parliamentary review, which is where it should be and nowhere else, and because it is impossible in the legislation itself.

The hon. member for Nanaimo-Cowichan-The Islands does not understand the situation with respect to the residents of the Yukon as a whole, and the native people there in particular. While the native people say that I do not represent their interests in this forum, what they really mean is that I do not agree with their views. I do not, and this party does not. It does not stand to reason that any development should be impeded or stalled or held up if the negotiating process is still a reasonable process to follow. Without the one prejudicing the other, there is no reason in the world why those negotiations cannot result in a just and fair settlement of the native claims, with development taking place at the same time. Logically, if you adopt any other conclusion there will be no road built, no bridge built and no new mine brought into production. Everything is stalled until the native demands are met, if they are to be met. That is an intolerable position, in a project of such national interest as this, for the New Democratic Party to be taking.

● (2032)

I chastise the hon. member for Nanaimo-Cowichan-The Islands, although I would like to be as fit as he when I reach his age to enforce that chastisement—which I would probably be unable to do successfully even with our age difference now—for not introducing amendments at the committee stage. I chastise him and his party for agreeing with every amendment that we advanced at the committee stage and then at the report stage coming up with the ill-advised and empty amendments which he proposed.

When they charge us with defending the government's position, they are twisting the truth. The government came in with a weak bill. It is through our amendments that the bill is now at least half acceptable. There are still weaknesses, but we negotiated for as much as we could get. I suggest to the hon. member for Nanaimo-Cowichan-The Islands that in the national interest his party is compelled to vote for the project.

They have the guarantees that they wish through the overview of the parliamentary committee. That should satisfy him and his colleagues. They have the judicial provisions completely revamped so that there is no impediment to freedom of access to the courts by the individual. That was not in the original bill. It is there because of us. Clause 16, with its broad, sweeping powers, is wiped out because of our objections. That should satisfy them. All of the other major amendments which we proposed in committee have been accepted by the government.

If the gloomy predictions of the hon. member for Sault Ste. Marie occur and if the control or ownership of the mine passes from Canadian hands, it will be on the head of the government, not on the head or in the discretion of a single minister, because of our proposals.

Something I want to emphasize is that the amended bill as it came back from committee was a result of the amendments of this party only. There was no input whatsoever in the way of amendments from the New Democratic Party. That I chastise them for. If they were really sincere and if there were no hypocrisy about their position, that is where their amendments should have been brought in.

The government has to be chastised for their delay, not because of the presentation of the project in the national interest. Through no fault of the Deputy Prime Minister—because he was ill—it was not treated with very much importance in the two days before we recessed for Easter. The first day it was left to a minister who knew nothing of the terms of the agreement itself. The second day it was left to my friend and colleague, whose constituency I cannot identify at the moment, but who also is not a member of the committee.

It seems rather a shame that they would treat in such cavalier fashion a bill of this importance. The magnitude of the project, the importance that it has to Canada as a whole, the bottom line being the creation of a new industry which has the potential of bidding competitively and successfully throughout the world in a pipeline industry, cannot be overlooked. For those people on the left to adopt stalling and delaying tactics, voting against it on second reading—and who knows what they are going to do on third reading—is very patently against the national interest. In my submission, that is what we must be concerned with here.

The government could have handled this project much better than it did. It could have negotiated a much better agreement, particularly with regard to my constituency, something I will take up elsewhere. However, for anyone in this House to vote against this project in my submission, and in the submission of this party, is sheer irresponsibility, because it leaves too much at this critical stage of our, to put it kindly, extremely disturbed economy.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, that is the longest two minutes I can recollect. The hon. member said he wanted two minutes of overtime. The hon. member has complained about the members of the New Democratic Party stalling and taking up time, but he is the only member who has taken part in the debate who went overtime on second reading, overtime on third reading and monopolized a good deal of the discussion in committee.

Nevertheless, I commend him for his interest and the work he has done. However, he would be better advised to worry about the position of his party instead of worrying about the position of the NDP. We are quite able to take care of ourselves. He had better square with the hon. member for Hamilton West (Mr. Alexander), the hon. member for St. John's West (Mr. Crosbie) and some of the other members who have raised very valid questions about this legislation, concerns which have not yet been resolved.

An hon. Member: But they are going to vote for it.

Mr. Douglas (Nanaimo-Cowichan-The Islands): That is right. That is exactly what the hon. member for Yukon (Mr. Nielsen) is going to do. His speech was in two parts. Before dinner he spent all his time saying what a great piece of legislation this is and what hypocrites the NDP were that they were not going to vote for it. He has spent all his time since dinner analysing the bill, taking it to pieces and damning the government for the way they have handled the situation. That is a typical Tory approach. The speech can be sent out to two different classes of people. One half can be sent to those in favour of the bill and the other half to those against it.

Mr. Knowles (Winnipeg North Centre): I wonder what he had for dinner!

Mr. Nielsen: I didn't have any dinner.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Bill C-25 is a very difficult bill to assess. The reason is obvious. In the first place, there is no difference of opinion between the various political parties as to the advisability of making a land bridge available to the United States to transport gas from Prudhoe Bay to the United States. This party advocated considering that proposal a year ago. When the National Energy Board brought down its report in August, the leader of this party, the hon. member for Oshawa-Whitby (Mr. Broadbent), set forth the conditions under which he would support legislation to have this line constructed. Therefore, there is no difference on that point of view.

Why we voted against the bill on second reading and why we are going to vote against it on third reading is because our concerns have not been resolved. I say to the hon. member for Yukon he need not worry about Premier Blakeney or anyone in the west telling us what we are going to do. We all make our own decisions. I do not think it comes with good grace from him or anyone else to suggest that our position with reference to this or any other piece of legislation will be dictated by what we are told by someone outside of our own caucus.

Mr. Nielsen: You must have heard from him.

● (2042)

Mr. Douglas (Nanaimo-Cowichan-The Islands): Our objections to this legislation lie basically in two areas. First, there is the agreement itself which the bill before us virtually ratifies. We think the agreement was ill-conceived and hastily considered. We believe the government entered into an understanding which is not in the national interest. In the second place, we are critical of the legislation not so much for what it contains in its amended version as for what is omitted.

Members have criticized me for not moving any amendments in committee. Well, first of all, the Conservative members moved some good amendments which I supported. As for the amendments which were proposed by the Council of Yukon Indians, by the Committee on Arctic Research and by the Committee for an Independent Canada, I asked both the government members and the opposition members if they were prepared to support them. They were turned down. It would have been of no use at all to go through the charade of one member of the committee moving proposals which it was perfectly clear neither the government members nor the opposition members would support.

I agree that the bill was greatly improved in committee. Many of the most obvious deficiencies were removed and I commend the Deputy Prime Minister (Mr. MacEachen) for adopting the changes proposed. To have really amended the legislation would have required redrafting the bill. It would have required amendments which no private member could have introduced.

I suppose we could now, at third reading, move a motion to refer the bill back and ask the government to negotiate with the United States so as to make fundamental changes in the legislation. But that would simply be histrionics. The government has been pushing this bill through as quickly as it can—too quickly, in my view, to allow for proper and careful consideration to be given to it. There is no doubt that the official opposition is gung-ho when it comes to getting this measure through, as the hon. member for Yukon has demonstrated again and again. The fact remains, though, that this House is about to take part in putting on the statute books a piece of legislation in which there are glaring gaps and deficiencies, shortcomings which will become more obvious as the project proceeds.

Let me remind hon. members that we are passing this legislation despite the fact that there has so far been no agreement with Foothills, the company which was recommended by the National Energy Board to get a certificate of public convenience. This is the company which is to be allowed to proceed with the project. The agreement is presently being negotiated. We do not know what it is to contain, yet the agreement is important for a number of reasons. For example, it will set forth the hiring procedures and the timetable for construction of the project. Most important of all, it will set forth the environmental impact protection provisions.

I do not think sufficient consideration has been given to environmental protection. The hon. member for Edmonton-Strathcona (Mr. Roche), quoting this afternoon from a brief submitted by the churches of Canada, made the comment that he thought the position they were taking really amounted to a philosophy of no growth. Mr. Speaker, I have read that brief. I do not agree with him, but I don't think it envisages a no growth situation. What it does, though, is remind parliament and the government that it should be possible to get economic

growth without destroying the environment; that it should be possible to improve the living standards of this generation without destroying the prospects of the next generation living well. Surely those two things are not mutually exclusive.

I believe there has been a complete failure to understand the dangers which are implicit in this project. We might have been in a position to assess what the government had in mind if we could have examined the agreement with Foothills Limited. But we do not have that document. We have the report of the Lysyk inquiry which took only three months. Dean Lysyk himself, at every hearing, told those who came: This is only a preliminary inquiry; there is to be a second review. In point of fact, there will be no second inquiry. Committees will be set up and so on, but most of the plans will already be under way by then. There is a serious failure to put anything concrete in the legislation along the line that we want the pipeline but we do not want the environment of northern Canada destroyed or the livelihood of its people impaired.

Further, the United States government has not yet set a price for the gas, and in consequence Foothills Limited has not been able to get any gas contracts. And because it has not been able to get contracts, it cannot arrange any of its financing. No financial institution is going to buy bonds or debentures from a company which has not signed any firm contracts.

Again, there is nothing in the legislation about cost over-runs.

Mr. Nielsen: We tried.

Mr. Douglas (Nanaimo-Cowichan-The Islands): In the message which President Carter sent to the U.S. Congress there was the definite statement that there would be no financial support forthcoming from the government of the United States. This afternoon the hon. member for Yukon said there would be not one dollar of the Canadian taxpayers' money involved. How does he know that? Certainly I do not know it and I do not suppose the Deputy Prime Minister knows it either. There may be another parliament here in a few years' time. There may be other members sitting on these benches, and if that pipeline is three-quarters finished and the company cannot get enough money to finish it, what government will sit back and do nothing?

An hon. Member: It will be like the CPR again.

Mr. Douglas (Nanaimo-Cowichan-The Islands): The CPR affair will be peanuts in comparison with this situation.

Mr. Nielsen: They will have to come back to parliament.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Of course they will go to parliament, and when they do there will be members here just as supine as the hon. member for Yukon who will say: "Look, if we don't finish it there won't be any jobs and there won't be any gas".

Then again, there is no agreement between the government of Canada, the Territorial Council of Yukon or the provinces of British Columbia, Alberta or Saskatchewan. It is true the provinces will have to consent before the agreement is signed, but they will be under the same kind of pressure as we are in this chamber. It is true that particularly the provincial governments will have to agree before an agreement is signed, but they are going to be under the same type of pressure this House of Commons is under. They are going to be told that there are over one million unemployed in Canada and that if they want jobs they should agree and not hold the project up. In the public eye they are going to be accused of holding up a pipeline which is essential to economic growth in this country, and they are going to sign.

● (2052)

Yet what is involved? The hon. member for Yukon says taxpayers' money will not be involved. There could be a lot of local taxpayers' money involved because the construction of this pipeline, first of all in the Yukon, is going to put a heavy financial burden on the people of the territory. They are going to have to increase their infrastructure. They are going to have to supply improved educational services, health services and police services, and where is the money coming from?

Mr. Nielsen: The heritage fund.

Mr. Douglas (Nanaimo-Cowichan-The Islands): In the case of the Yukon Territory they are going to get an advance payment on their taxes on which they are going to pay interest, and they are not going to get the $200 million heritage fund which was proposed. If I were the hon. member for Yukon, on that score alone I would vote against this legislation.

Mr. Nielsen: You can't amend that by legislation.

Mr. Douglas (Nanaimo-Cowichan-The Islands): If it is not amended now, it will not be amended later; let us make no mistake about that.

Mr. Nielsen: You can't do it.

Mr. Douglas (Nanaimo-Cowichan-The Islands): The hon. member should just sit down and keep quiet for a while. The trouble is that when he sits down it agitates his mental processes, and this seems to make him vociferous. I listened very quietly to him, and I suggest that he just try to control his exuberance.

Mr. Nielsen: Impossible!

Mr. Douglas (Nanaimo-Cowichan-The Islands): What about the provincial governments of British Columbia, Alberta and Saskatchewan? This pipeline will go through areas which will affect local government structures. It will increase the demand for housing, police protection and schools. Who is going to meet that cost? We do not know. It may be that the provincial governments and the federal government will reach satisfactory agreements as to compensation for those municipalities, but we have had no evidence of it. The municipalities in the Peace River region certainly have not received any assurance either from the government of British Columbia or from the federal government. We are being asked to pass

legislation despite the fact that the provincial authorities, the Yukon Territorial Council and the local governing bodies have no idea at all how they are going to meet the burdens which are being imposed upon them by this parliament through this legislation.

Thirdly, there is no agreement which has yet been reached with the native people who will be affected by this pipeline. Negotiations started with the Council of Yukon Indians as far back as 1973. On February 14 of this year the Minister of Indian Affairs and Northern Development (Mr. Faulkner) said he hoped we were making progress but, of course, we hoped we would make progress and have a settlement in principle last fall. Now we are hoping we might have it soon. But there is still no settlement at all, and if we do not move any more quickly in the next four or five years than we have moved in the last four or five years, there will not be any settlement prior to the commencement of construction of this pipeline.

The Minister of Energy, Mines and Resources (Mr. Gillespie) was quoted by the media a few months ago as saying he could not agree that there should be no commencement of construction until a settlement had been reached, because that would allow the native people to hold the country up to blackmail. The hon. member for Yukon reiterated the argument again this evening that we cannot allow one small group of people to hold the nation up for ranson. He went so far as to say that even if the whole of his area were against this legislation he would support it because it is in the national interest.

On the other hand, surely any minority group in this country has a right to consideration, and what we are doing when we pass this legislation is putting the shoe on the other foot. What we are saying with this legislation is that we are going to build the pipeline. We are telling the native people that they had better sign the agreement we have put in front of them or the project will begin, and once the project is finished the chances of getting a settlement are extremely remote.

Mr. Nielsen: Not with our amendment.

Mr. Roche: What about motion No. 6?

Mr. Douglas (Nanaimo-Cowichan-The Islands): I will come to the hon. member's amendment in a moment.

An hon. Member: It is after the fact.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Of course it is after the fact, and the hon. member knows that, but he wants to pretend he does not. Surely hon. members of this House who have listened to briefs presented by native people, not only from northern Canada but also from southern parts of Canada, know perfectly well that probably the blackest page in the history of this country is our treatment of native people. We robbed them of their land, we deceived them and we made promises to them which we have not kept.

Most native people in Canada live in dire poverty, stuck on reservations, and some of them not even on reservations. They have no agreement and no treaty. Our forefathers might have been excused. I personally do not excuse them, but they might have been excused by virtue of the fact that they did not realize the enormity of the crime which was being perpetrated. However, we in this parliament cannot claim ignorance. We know what has happened, and we know what will happen again if the government does not put its foot down and say it will come to an agreement with these people.

The company has said repeatedly through its spokesmen before the National Energy Board and before the special committee of this House that they do not want to begin the project unless they have the co-operation of the native people. They have said they do not want to build the pipeline in a hostile environment, and of course they do not. Too many things could happen. Too many difficulties could arise. I think we will regret not having had something much more definitive in this legislation with respect to an agreement in principle with the native people regarding their land claims in the areas affected by the pipeline.

The fourth thing I want to refer to has been referred to many times, but I want to touch on it because it was mentioned again today both by the Deputy Prime Minister and by the hon. member for Yukon. It is that there is no guarantee with reference to Canadian content. There is no guarantee of the 100,000 man-years of which the Deputy Prime Minister spoke, although actually if we take out the Dempster spur, we are probably talking about 67,000 or 68,000 man-years. However, that is a mere detail. The argument has been put up today, particularly by the hon. member for Yukon, who seemed to be more vociferous in protecting the government than the Deputy Prime Minister was, that we do not need to worry any more about Canadian content because we have the assurance of the company and the assurance of the government that they want to have Canadian content.

Mr. Nielsen: And the committee.

Mr. Douglas (Nanaimo-Cowichan-The Islands): And the committee; there is no doubt that that is true. When Mr. Blair, the president of Foothills (Yukon) Limited, was on the stand, I quoted to him his own submission to the National Energy Board in which he said that they would buy all their pipe in Canada. I asked Mr. Blair if he still stood by that, and he said "yes". I asked if that applied to practically all the compressors, the fittings and the valves, and he said "yes". I believe him, and I believe the Deputy Prime Minister when he says he wants to see all the business done in Canada. But that is not the point at issue. The point at issue is that we are ratifying an agreement with the United States, and article 7 of that agreement is paramount. It says:

● (2102)

Having regard to the objectives of this agreement, each government will endeavour to ensure that the supply of goods and services to the Pipeline project will be on generally competitive terms. Elements to be taken into account in weighing competitiveness will include price, reliability, servicing capacity and delivery schedules.

That is crystal clear. The matter of competitiveness will not be decided on the pious wishes of the Deputy Prime Minister or the good intentions of the president of Foothills. The allocation of a contract in the final analysis will lie with the terms that are set out in article 7. When the hon. member for Yukon argues, as he did this afternoon, that one did not have to worry about this because a committee was going to be set up to which matters would be referred and that members of that committee would see to it that Canadian content was taken care of, could anything be more absurd? Did the hon. member take a look at what the proposed change in the standing order says?

Mr. Nielsen: You supported that view in the committee.

Mr. Douglas (Nanaimo-Cowichan-The Islands): My friend does not need to worry about what I supported. If he would just try to control himself, I will get around to the position I took in committee. The proposal, which is in the order paper for today, is one which I certainly support. I support it in that it is better than having no committee at all, that it is a committee to which the monitoring agency must give account. The motion reads as follows:

"(t) Northern pipelines, to consist of not more than 15 members, to which shall stand permanently referred all reports, orders, agreements, regulations, directions and approvals mentioned in sections 12, 13, 14, 15 and 22 of the Northern Pipeline Act; provided that the said committee shall report thereon at least three times in every session.

What power does that give the committee? This is a committee to which the monitoring agency will periodically give information on how things are going. There is no guarantee that the reports it makes to parliament will even be discussed and certainly they will have no authority to discuss anything prior to it taking place.

One of my main quarrels with this legislation is that prior to its being suggested there was no accountability at all. Here was an agency which was to have the power of several departments, which was to have the power to authorize the expenditure of billions of dollars, which is responsible to no one, and which is not required to account to anyone. I supported the idea of having a committee of the House—certainly it is better than nothing—but it is a committee which deals with the matter after the fact, not prior to policies being instituted. For instance, they will not have a budget to discuss before the budget is made up. They may be allowed to look at expenditures after they have been made.

Mr. Nielsen: On a four months basis.

Mr. Douglas (Nanaimo-Cowichan-The Islands): This will not give parliament any power. It is a reporting agency. It is certainly better than nothing, but let nobody think for a moment that this answers the problem of Canadian content in the pipeline. It does not at all. The matter of Canadian content is determined by the treaty, and as the hon. member for Yukon said this afternoon, you cannot amend a treaty. Of course you can. You can ask the government to go back and renegotiate the treaty as it did with the Columbia River Treaty. As the treaty now stands, there is no guarantee whatsoever that Canadian content will be properly recognized.

It may be that I am a born optimist—although sometimes my optimism is not fully warranted—but I think that the 88 cent dollar will probably help us more than any other thing the government might do, and we might get a fair share of the business. As my colleague, the hon. member for Sault Ste. Marie (Mr. Symes), pointed out this afternoon, we should not forget that the Alyeska line was built entirely with Japanese pipe, and we should not forget that the Americans have the Disc program and that West German bankers have announced they are prepared to help finance any pipeline companies without interest charges during the construction period. We should not forget these things.

The hon. member for Yukon again said that my colleague, the hon. member for Sault Ste. Marie, was being hypocritical when he talked about what GATT would do. GATT is a fact, but I point out that in the committee the minister and the law officer of the Crown were telling us that GATT did not really matter because in interpreting article 7 you must look at the preamble of the treaty under which the interests of both countries were to be advanced. So that GATT is not anything they can hide behind. The fact is that it would have been comparatively simple to have said to the Americans: "You want a land bridge across our country. It is going to cost us a great deal of inconvenience, it will impose some hardships upon our people; but it will create jobs and we want those jobs, so part of the quid pro quo is that we get the preference." We could have safeguarded the company and we could have said that Canadian contractors will be the first to bid. If the company can convince the minister in charge of the monitoring agency and the officers of the agency that those bids are out of line, then those bids could be swept aside and the whole project could be laid open to competitive bidding.

Mr. Nielsen: He has that power now.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Canadian contractors should have had the first right to bid. Almost every provincial government in this country with reference to highway contracts and public works contracts gives its own employers and its own workers a preference, so there is no reason at all why the Canadian government could not have done the same.

Mr. Nielsen: The minister has that power under the bill.

Mr. Douglas (Nanaimo-Cowichan-The Islands): He has no power under the bill except the power that is in article 7 of the agreement; and if the minister tries to set aside article 7 of the agreement, he will be in real trouble with the United States.

Mr. Nielsen: All that was explained in the committee and you know it.

Mr. Douglas (Nanaimo-Cowichan-The Islands): What I want to do in closing is to point out to the House that since we started to discuss this legislation the whole scenario has

changed. Originally we talked about a pipeline to take Prudhoe Bay gas to the United States.

Mr. Nielsen: Plus the Dempster.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Since that time, John G. McMillian, chief executive officer of the Northern Energy Company which is a partner of Foothills, has signed an agreement with the Pan-Alberta Gas Company for the purchase of 1.04 billion cubic feet of gas per day. That works out to something over 370 billion cubic feet of gas per year. That would mean an increase of 37 per cent in our exports of gas. I know that the answer will be that we cannot do this without the approval of the National Energy Board, but I say the National Energy Board will give that approval. I predict furthermore that they will get approval for even more gas than is now being requested.

It makes one ask whether this government is like the Bourbons who learned nothing and forget nothing. Have we forgotten that it is only five years ago that some of us were pleading in the House to phase out exports of oil? Today we are a net importer of oil and we are told by the National Energy Board that in the 1990's we will be spending $4 billion or $5 billion per year to pay for imports of oil. Are we going to make the same mistake with reference to gas? We are exporting 60 per cent of our gas production. We are going to increase it now by almost 40 per cent.

● (2112)

The government say: "Just a moment, we are going to work out a swap arrangement". I think a swap arrangement could be worked out if it were on an energy equivalent, so that for every 100 units of BTU energy we sold we would get back a similar amount, if and when we wanted it. That is what the Minister of Energy, Mines and Resources talked about a few months ago. The tune has now changed. When Mr. Bob Blair, the president of Foothills, appeared before the committee, I asked him about the swap. He said, "Yes, we would like to do that." I asked on what basis. He said in effect: "The only basis would be that we would sell Alberta gas down this pipeline to the United States, and if and when we needed gas, we would get it back; but we would sell at the going price now and we would buy it at the going price then." I am not saying the government will approve that, but I tried to get the chairman of the National Energy Board, when he was before the committee, to be very specific and he ducked right around the question. Certainly the Deputy Minister was not any more helpful.

Do we realize what we are doing? We are walking blindfolded into a continental energy policy. The Americans have always wanted a continental energy policy, particularly when they ran short of energy. We are like the couple of brothers who went into town: one saved his money and did well, and the other one had a high old time until he was broke and then said, "Let's pool our resources". That is exactly what the United States is doing. We have supplies of gas. We can manage for quite a few years. But we do not have inexhaustible supplies. If we enter into a swap arrangement by which we sell 370 billion cubic feet of gas per year at $2.16 at the border, and 10 or 15 years down the road we buy it back at $3.50 or $4 per thousand cubic feet, we will have sold Canadians down the river. This House had better be aware of the manner in which the pieces are falling into place.

Now they are talking about starting the pipeline at the south end and building it so that it will take Alberta gas down to the United States, and the companies involved will make enough money out of that to finance in part the rest of the pipeline. The primary purpose in the immediate future is not to take Prudhoe Bay gas to the United States. The primary purpose is to take Alberta gas to the United States, and then hope some day, when the line is completed and Prudhoe Bay gas is coming down, if we need it, we can buy it back at a price. I suggest with great conviction that price will not be the same price we got for the gas we sold.

As I come to the end of my parliamentary life, I hate to make such a pessimistic speech; but I suggest to the hon. members of this House that my pessimism regarding this piece of legislation is based on some very bitter experience. I was in the House in 1962 when the Columbia River Treaty was debated. It was proposed by the government of the right hon. member for Prince Albert (Mr. Diefenbaker). Also I was in the House in 1963 when we debated the amended version of it, as it was introduced by the government of the late Lester B. Pearson. There were only a few of us who fought that legislation. We were branded as holding up a necessary project. It was said that this was an opportunity to get the people of British Columbia very cheap gas, almost free gas, with very little inconvenience.

Of course, the legislation was shoved through, although we held it up for some months in the House and in committee. We were chastised in many parts of British Columbia for so doing. Today it is acknowledged by the government of British Columbia, headed by the son of the man who was premier when the agreement was signed, that the Columbia River Treaty has cost British Columbia over $500 million. We are much wiser now than we were then about the Columbia River Treaty.

Also I remember that in 1965, the government of the late Lester B. Pearson, brought in the Canada-United States auto pact. The same story was told then. This pact was going to give us more work and a larger share of the automobile manufacturing industry. It was going to remove the differential in price between cars in the United States and cars in Canada. What has happened? Again we opposed that legislation, but not because we were against the principle. It was because this legislation had all the cards stacked against Canada. We were shooting craps with loaded dice. It was rammed through, amid the cheers and the hurrahs by those who favoured it and the jeers for those who dare to question it. In the past 12 years, there has been a slight surplus in our favour in three of those years, but in nine of those years we have lost approximately $1 billion a year on that agreement. Surely we should have learned something.

I hope I am wrong this time. I hope this legislation will be beneficial and the pipeline will go well. I hope the agreements with the provinces, the territorial council and the native Indians will be the kind of agreements which protect Canadians. I hope the government will be able to work out ways to get around article 7 so that the Canadian content will give us the jobs we hope for. But I am very doubtful. Hon. members of the House should realize that if the harmful things which could happen do happen, they should never claim they were not warned.

Some hon. Members: Hear, hear!

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my colleagues from the Edmonton area have not participated in this debate at any great length by deliberate policy. First of all, there was limited access to the committee. Also there was a desire to have an orderly debate without any protraction. If there is a city and a district which has a vital interest in this pipeline, certainly it is that portion of central and northern Alberta which is headquartered through the city of Edmonton.

At this time it is not my intention to engage in great polemics with regard to this pipeline, but we have to look at the general principles involved. I have listened with some care to the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) and earlier today to his colleague, the hon. member for Sault Ste. Marie (Mr. Symes). I am not going to engage in any point by point argument with either of those hon. members. They are expressing doctrinaire points of view which clearly indicate their socialistic views regarding the development and the operation of that industry or the use of resources. They betray the socialist traditional leaning by which they know better how to run affairs than the people who will be risking their money and energy developing these resources.

● (2122)

This is implicit. In fact, I would say it is explicit in the descriptions by the hon. member for Nanaimo-Cowichan-The Islands of this House committee which has been appointed under the bill as a watchdog committee. As far as the socialists are concerned, this is not to be a watchdog committee in any way but, rather, it is to be a management committee. Those members will substitute their valued judgments regarding the construction of this pipeline for those of management and the people on the site who have the responsibility for the business commitment to build this pipeline, and the responsibility for the risk involved to their own money as well as the money of other investors. There is to be no government money involved in this particular project, and I hope that turns out to be the case.

I intend to propose something that has not been discussed so far during this debate, and this will involve what I consider to be the advantages to Canadian investors and how we can encourage them to provide the bulk of the money required for that part of the line going through Canada, without the necessity to resort to government participation.

Some people will suggest that this project involves an extremely large investment requirement. Let me remind them that this is not to be financed entirely over one year. This pipeline will take some time to build, and investment will not only come from individual Canadians but from Canadian corporations as well.

I want to look at this project from a positive angle. We have heard hon. members often in the past describe many projects in a negative fashion. They have said almost everything about how not to achieve a project, and they have done so in detail. The people in the region from which I come have an entirely different concept about this project, as do the people from those regions represented in the past by the hon. member for Nanaimo-Cowichan-The Islands.

I recall when that hon. gentleman was premier of the province of Saskatchewan. At that time there was very active petroleum development in the province of Alberta. If any government went about the development of oil and gas within provincial boundaries in a backward, hesitant, wrong-headed, impossible way, it was that administration led by the hon. member for Nanaimo-Cowichan-The Islands. As a result, entire fields of leases were given up, in total disgust, because of the conditions imposed by that socialist administration. The net result was that a great part of the population of Saskatchewan moved to Alberta where the oil and gas development action was, and they have remained there. Even today many people from Saskatchewan are moving to Alberta. That province has a different philosophy and a different approach. It has a positive approach, and that is the kind of outlook I want to see on the part of Canadians toward this project.

I have here a numer of magazines, including the *Oil Week*, which indicate advance proposals for the development of oil-sands mines in the constituency of my friend the hon. member for Athabasca (Mr. Yewchuk). The next project will cost in the neighbourhood of $4 billion and will lead to the production of $150,000 barrels a day by 1985. Others are to follow.

We do not have the people or the materials to undertake more than one development of this type at a time. These are fantastically large projects. To the extent they are financed by Canadians, using Canadian materials and labour, we will have economic development for the benefit of Canadians. The governments of the provinces involved, whether they be of Saskatchewan or Alberta, and the Government of Canada will gain greater revenues through these developments which can be used to provide better services for Canadian citizens. Governments have an interest in these projects as well as the people, but they have to be initiated by private investment.

Governments lay down the guidelines and parameters of proper conduct for the development of these resources, but beyond that governments should not interfere. When listening to the hon. member for Nanaimo-Cowichan-The Islands on what I consider in many ways to be nitpicking matters, I was reminded of a couple of philosophers of the Middle Ages arguing about how many angels one could fit on the head of a pin. These are totally sterile arguments. After all, the proof of the pudding is in the eating, and the oil development policy of

the hon. gentleman when he was premier of Saskatchewan does not give me any proof or encouragement that what he describes could result from the sensible development of the oil industry. I suspect that this would accomplish quite the contrary, particularly since the industry in Saskatchewan has never recovered.

Let me speak a little bit about the capitalization of this project. The method of capitalization should not be covered by the bill as it is not covered in the agreement. I do not think one should establish capitalization by statutory requirement. I want to see Canadians participate in the capitalization and the ownership of shared capital, or debt capital, for this undertaking to the maximum extent possible.

● (2132)

To do that, Mr. Speaker, we are going to have to see a change in our tax laws. Our income tax law with its capital gains provision is an absolute albatross around the neck of any potential Canadian investor in projects of this kind. I do not care whether they are private individuals, whether they are corporate investors or whether they are actively engaged in the development and production of oil or gas in this country.

Over the past 20 years our history with regard to income tax as it relates to resource development is a woeful chapter of wrong-headed philosophy. It was designed—I do not know by whom or for what reason—to penalize the Canadian investor. There was an infamous principle occupation rule, which I have spoken against for over 15 years in this House. I must say in that regard that the government which I suppported was just as deaf to arguments and supplications on behalf of the oil industry while all the time Canadians, and particularly Albertans, were being driven out of ownership of the oil lands because our American counterparts could always bid us out. In the purchase of speculative leases, farm out agreements and all other related development work, we as Canadians simply could not recover any losses unless our principal occupation was the search for and development of oil and gas. Therefore, Canadian investors, be they doctors, lawyers, garage owners, farmers or what-have-you, could not put up $10,000 or $40,000 or any portion of the drilling costs, which were extremely low drilling costs for those earlier wells.

I have been through this many times in this House, Mr. Speaker. It was a one-shot affair for so many of them because if the net result of drilling a hole in the early days was a dry hole the loss was no more than $75,000 to $85,000. Rarely did it go to $100,000. But it was a loss and it could not be offset against any other income.

On the other hand, our American counterparts could always offset those losses against their other income. It was all right if you had enough money in the syndicate for one small company to drill three or four wells and you had a couple of producers, because you could always offset the expenses of the dry holes against the revenues earned by the producers. Now, however, that nefarious rule is gone and there can be a progressive write-off of those expenses.

[Mr. Lambert (Edmonton West).]

How are we going to interest Canadians in such projects? Well, we all know what was done with the building of Alberta Gas Trunk back in the mid-1950's when the reservations for equity stock were limited to all Albertan citizens. But that policy in the 1950's before we had capital gains tax was geared to cupidity and the love of profit by the many thousands of Alberta citizens who took a reservation for the maximum number of shares that would be allotted to them and at the same time signed a trust agreement for which they were paid a bonus in order to assign the stock as soon as they got it. There was no limitation on the devolution of stock, and the net result was that soon the ownership of Alberta Gas Trunk passed out of the hands of Albertans. It is now a company that is controlled basically by investment funds of one kind or another.

How can we avoid that this time? Well, I am going to suggest that with the advent of the capital gains tax there is a method that will see that the classes of Canadians who will invest in this stock are such that the stock will remain in Canadian hands. It is simply this: that the income tax Act be amended to provide that, in the development and production of natural resources, there be created a so-called "ball park" of qualifying operations. If any Canadian taxpayer that is a Canadian citizen residing in Canada or a company controlled by Canadians is to invest in such stocks and was to keep the stock for a period of five years and then dispose of it, there would be a forgiveness of any capital gains tax. That is for five years. If it were kept for four years, then the forgiveness would be 80 per cent, and progressively moved downwards so that if the stock were kept within the "ball park" of investment there would only be a 20 per cent forgiveness.

There would, as I say, be the opportunity for rollover providing the stocks or the investments were kept within the category of qualifying investments, but one has to be a Canadian to get that advantage. It does not mean that non-Canadians could not invest, but such non-Canadians investing in Canada would have to pay income tax as well as capital gains tax. Of course, I am looking to an operation where basically we are going to see some profit and an increase in the value of those stocks or investments. To me the idea is fundamentally simple and would encourage Canadians to invest in this type of stock.

Now, how do we guarantee that the initial investment shall be for Canadians? This can be done the same way as it was done in the case of Alberta Gas Trunk, except that in that case Albertans had a monopoly on the initial offering. In this particular instance I dare say that since the pipeline would have to go through three areas of Canada—the Yukon, British Columbia and Alberta—some equitable formula could be found, perhaps on the basis of the proportion of total costs, and that percentage could be allocated to Albertans, a remaining percentage to British Columbia and then some percentage to the Yukon. To the extent that the people from any one province or zone did not take up the investment allotted to that zone, then that portion could fall to other Canadians; there are a number. I am not going to be dogmatic about the formula

except as to the insistence that it should be Canadians or Canadian companies who shall have the benefit of the bonuses with regard to this investment in this particular pipeline operation.

● (2142)

I do not know just what volume of savings would be forthcoming from Canadians. I would hope that they could take up the bulk of this offer over the period of years which this pipeline will require for construction. I would like to see this kind of financing applicable in some of the other developments in Saskatchewan, Alberta and British Columbia.

Let us start with resources and get the control of resources back into the hands of Canadians to a greater degree than is the case today. Goodness only knows that our tax policy over the years has driven the ownership of our natural resources, minerals, petroleum and natural gas, into the hands of foreign nationals or international companies. This has happened simply because they have the tax advantage. If there ever was an ostrich-like attitude toward this thing over the years, it was that of the Canadian government as well as some of the provincial administrations.

I am astounded that we, as a Canadian public, have put up with it this long and have failed to recognize how we could deal with the situation when the tools for it were immediately at hand. I would hope, Mr. Speaker, that those things that require to be done with regard to the further implementation of the agreement concerning this pipeline shall be carried out and some of the many difficulties that exist will be ironed out.

I have not spoken about the settlement of Indian land claims. I do not think those were in any way related to the development of this pipeline, no more than they were related to the development of the Great Canadian Oil Sands, or Syncrude. Nor will they be related to the next consortia in Alberta or Saskatchewan with regard to the development of oil and gas. The claims arise for other reasons and shall be paid for by Canadians, because it is the government on behalf of Canadians which has the obligation with regard to land claims. I thought it was patently nonsensical for anyone to insist that part of the price of this agreement should be the setting aside of a fund of hundreds of millions of dollars to be paid for by the users of the gas to settle land claims. What nonsense. It has no relationship whatsoever. It is merely an attempt by someone who feels that there is a legitimate claim by the native peoples to find a suitable milk cow to provide the milk, as long as that person did not own the cow and did not have to feed the cow.

I hope that the Canadian government and any other provincial government which is involved in land claims will get on with the business. That is a matter of justice vis-à-vis the native peoples. It has nothing to do with the development of natural resources.

I think that the Berger Commission in effect did a great disservice to the people of the Northwest Territories and along the Mackenzie River valley. Go there now and talk to them. Talk to the people of northern Alberta and British Columbia who have contact with the Northwest Territories and see what has happened and what is going to happen to what have been thriving communities as a result of the negative stand taken by the Berger commission. This was in effect an engineered affair. It was an engineered affair subject to points of view organized by the CBC and other people who used native associations, not for the benefit of those native associations, but for political purposes. In all that has happened the Berger report will join as quickly as possible other government reports on some lonely shelf in some back room. In my estimation, Mr. Speaker, that is its fate. It started out with the wrong concept and it finished with the wrong recommendations.

I commend, Mr. Speaker, the work that was done by my colleague from the Yukon (Mr. Nielsen) on this particular bill and as a matter of fact by all members of the House who participated. I may disagree with the views of the hon. member for Nanaimo-Cowichan-The Islands, but I do not disagree with his own bona fides and his own earnestness. We can now get on with the final determination on this particular bill and I would invite hon. members to join in the support of third reading.

● (2152)

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. MacEachen) which was agreed to on the following division:

(*Division No. 37*)

YEAS

Messrs.

Abbott	Andre (Calgary Centre)	Basford
Alexander	Andres (Lincoln)	Bawden
Alkenbrack	Baker (Gander-Twillingate)	Beatty
Allard	Baker (Grenville-Carleton)	Béchard
Anderson		Bégin (Miss)
Andras (Port Arthur)		Blaker
		Boulanger

Adjournment Debate

Messrs.

Brisco	Gillespie	McKinnon
Buchanan	Goodale	Milne
Caccia	Gray	Munro (Esquimalt-Saanich)
Cadieu	Guay (Lévis)	Murta
Cafik	Harquail	Neil
Campbell (Miss) (South Western Nova)	Herbert	Nicholson (Miss)
Campbell (LaSalle-Émard-Côte Saint-Paul)	Hnatyshyn	Nielsen
Caron	Holmes	Nowlan
Clark (Rocky Mountain)	Holt (Mrs.)	Ouellet
Clarke (Vancouver Quadra)	Hopkins	Paproski
Clermont	Huntington	Parent
Collenette	Jarvis	Patterson
Comtois	Johnston	Penner
Condon	Kaplan	Pigott (Mrs.)
Corriveau	Kempling	Pinard
Crouse	Lajoie	Prud'homme
Cyr	Lalonde	Railton
Darling	Lambert (Edmonton West)	Raines
Dawson	Lamontagne	Ritchie
De Bané	Lang	Roberts
Demers	Langlois	Robinson
Dinsdale	Laniel	Roche
Dionne (Northumberland-Miramichi)	Lapointe	Rondeau
Douglas (Bruce-Grey)	Lawrence	Roy (Timmins)
Duclos	Leblanc (Laurier)	Roy (Laval)
Dupont	Lee	Schellenberger
Dupras	Lefebvre	Scott
Duquet	Lessard	Sharp
Epp	Loiselle (Chambly)	Smith (Churchill)
Faulkner	Loiselle (Saint-Henri)	Smith (Saint-Jean)
Fleming	Lumley	Stevens
Flynn	MacDonald (Miss) (Kingston and the Islands)	Stollery
Foster	MacEachen	Tessier
Francis	MacGuigan	Towers
Friesen	MacKay	Trudel
Gauthier (Roberval)	Marceau	Turner
Gauthier (Ottawa-Vanier)	Martin	Wenman
Gendron	Masniuk	Whiteway
	Mazankowski	Whittaker
	McCain	Wise
	McKinley	Woolliams
		Yanakis
		Yewchuk—139

NAYS

Messrs.

Blackburn	Knowles (Winnipeg North Centre)	Orlikow
Douglas (Nanaimo-Cowichan-The Islands)	Leggatt	Peters
Gilbert	Nystrom	Rodriguez
		Saltsman
		Symes—11

● (2222)

Mr. Speaker: I therefore declare the motion carried.

Bill read the third time and passed.

PROCEEDINGS ON ADJOURNMENT MOTION

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

[Mr. Deputy Speaker.]

POST OFFICE—DELIVERY SERVICE TO NEW SUBDIVISIONS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, yesterday the Postmaster General (Mr. Lamontagne) said that he had just arrived from a visit in Edmonton, which is in the vicinity of my constituency. He was replying to a question put by me representing, as I do, the constituency of Saskatoon-Biggar. I ask if the Postmaster General does not know where Saskatoon is, because I suggest we have very serious problems with respect to our postal service. Many people in Saskatoon really believe that the Postmaster General does not know where Saskatoon is. I can assure him that by the end of this speech he will know exactly where it is and exactly what the problem is. I expect in turn that after having received this kind of advice he will do me and the people of Saskatoon, and generally people in urban communities across this country who deserve a reasonable postal service, the favour of providing door to door delivery. I hope he will have the presence of mind to stand up tonight and tell those people that they can expect now to receive the same kind of service or, to be more correct, door to door delivery service in the new subdivisions, a delivery service which they so sadly lack now.

Although it is tempting to blame the fact that the Postmaster General does not know where Saskatoon is as being the root problem of our inadequate mail service, the real malaise lies much deeper than that. Last week we faced yet another increase in the price of stamps in this country, sending the cost of mailing a first class letter up to an all-time high of 14 cents. It can come as little comfort to know that none of this money whatsoever will go toward improving service, and further that it will not even wipe out the Post Office's massive deficit.

I want to mention, for the benefit of the Postmaster General, some of the new areas in Saskatoon which require that service. They are: Meadow Green, Wildwood, Confederation Park, River Heights and Pacific Heights. Saskatonians living in these new areas will have to pay up like everyone else for the privilege of receiving mail weeks late, sometimes in deplorable condition. However, unlike Saskatonians living in older areas, they will have to trudge down to their little green boxes to get it. It is all part of this new service at the higher rate.

● (2227)

The Postmaster General said that he was sorry. He stated the following:

> The Post Office Department is very conscious of the annoyance, inconvenience and disappointment caused to new home owners across Canada who expected to have door to door delivery of mail.

This was contained in a letter addressed to me and also to the city council of the city of Saskatoon. He has done nothing about it. We make out petitions and send them to the Postmaster General, and then he sends back a form letter of apology and attempts to provide more little green boxes. The form letters imply that the lack of door to door service is merely a temporary inconvenience. Don't bet on it! The Prime Minister (Mr. Trudeau) indicated last year that the government has given serious consideration to doing away with door to door delivery altogether. Thus, not only will the people in new areas

be deprived of this service; it will include every citizen and resident of this country. The Prime Minister has put on record that he is considering this option. Is this the type of service we can expect at higher prices for delivery of first class and other classes of mail?

The Post Office has now gone through a decade of drift, with only one consistent theme: a steady deterioration of service. It has the worst labour relations in the public service. It is losing over $1 billion of the taxpayers' money. It takes longer today to deliver mail than it did before the last war. It does not provide full service to those families who have a right to it. The service requires reform now, if it is not to slide into total chaos. For this reason, the hon. Leader of the Opposition (Mr. Clark) established a special task force which will bring back its recommendations soon. After the next election, the Conservative government will make a new start in the Post Office. It needs it. What does the Postmaster General propose to do now for those people who have been deprived wrongfully for over two years of their right to have door to door delivery service?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I could argue with many of the affirmations stated by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), but I prefer a more positive approach to the problem, and I should like to tell hon. members of the House what we intend to do.

Yesterday the hon. member asked about the lifting of the current freeze on extensions of letter carrier service and the possibilities of alternatives. I have been discussing the matter with senior departmental officials, but basically I can restate only what I outlined on previous occasions.

The Post Office Department has several methods of getting mail to the public. One of the most common methods is that of the individual picking up his mail from a post office box in a small town post office, in his apartment building or in a large business complex. Another is by general delivery over the counter, and still another is by rural route delivery.

In most cases both businesses and residences in cities enjoy door to door service. While this method of delivery is relatively efficient in business areas, the cost per item of mail delivered in the residential areas is relatively high. It would be well to realize that in 1978 the milkman, breadman and dry cleaner have eliminated daily service in most residential areas. Obviously they are faced with the same high cost of delivery as we are.

In 1972 the Post Office had a $90 million deficit. The projected deficit this year, without the rate increase, would have been $717 million, and for 1980 it would have been $1 billion. This situation was assessed in November 1975, and it was determined that there were just not enough funds in taxpayers' pockets to handle these rapidly increasing costs. In the name of good administration and sound business practices, the government restrained its spending. The only alternative was to put a freeze on the extension of door to door delivery service.

• (2232)

In place of door-to-door service, new suburban areas were provided delivery service through the use of group mail boxes located on the side of the streets adjacent to these new areas, bearing in mind that the Canadian citizen is entitled to the services of the mails.

[*Translation*]

I realize that city dwellers are used to door-to-door delivery service. I realize also that in some neighbourhoods we are putting some hardship on our customers by forcing them to pick up their mail at the wickets of general delivery post office or at a group of mail boxes located near their homes.

[*English*]

I realize, however, that I have the serious responsibility of providing Canadians with a mail delivery service which has some degree of consistency, yet in doing so I must ensure that excess costs are avoided.

I should like to reassure Canadians that for the moment there is no question of curtailing any existing services. If we are to contemplate any changes or expansion in delivery methods we must re-evaluate the overall situation and consult with the unions to obtain their full collaboration, keeping in mind that the taxpayer is the one who always foots the bill.

POST OFFICE—MINISTER'S ACTION TO IMPROVE SERVICE AND LOW EMPLOYEE MORALE

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I am pleased the Postmaster General (Mr. Lamontagne) is with us tonight. The last time I dealt with matters on the motion to adjourn the spokesman was the hon. member for Stormont-Dundas (Mr. Lumley), who completely missed the point I was making. Unfortunately the replies of the Postmaster General since he has assumed responsibility for this portfolio—and he is the tenth Postmaster General in the past six years—would indicate he is not yet aware of the gravity of the situation. The only response to some of the problems briefly outlined tonight by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) has been to increase postal rates and to change postmasters general. This has only aggravated the problem.

The Post Office provides an essential service, but it is in desperate difficulty and its efficiency has been going downhill continually for ten years. This is demonstrated by the more than one half billion dollar deficit in the past fiscal year. Business is declining, particularly parcel post, the level of which today is down to the level of 20 years ago, and projections with regard to first class mail indicate this mail is down by one million pieces. The situation is desperate when periodical publishers in Canada, upon whom the Post Office depends for goodwill, are forced to go to court to get justice as a result of the service, or lack of it, by the Post Office Department. At the present time they have an appeal before the Supreme Court of Ontario.

The Postmaster General, in the face of these obvious problems, has told members of the House that service is improving,

as are industrial relations. In a reply to the hon. member for Hamilton-West (Mr. Alexander) yesterday it was pointed out that you cannot even depend on registered mail these days. Obviously postal service is in a very desperate state of deterioration, and this is mainly the result of a disastrous breakdown in morale following the breakdown in labour-management relations.

I do not have much time to develop my theme, but it relates to mechanization and the failure of management to consult with unions when introducing this monster for the handling of our mail. There has been a complete breakdown in the parcel post sorting mechanism at the bulk mail facility at Gateway, Mississauga. The Post Office is establishing an emergency manual sorting process at the abandoned warehouse of Canadian Arsenals. It looks as if they are going to have to take the computer program back to contract. All these things are evidence that something drastic has got to be done.

● (2237)

Canada is not unique. The Conservative party have a task force working on this matter. We have already come to a lot of positive conclusions and I am going to pass some positive tips on to the Postmaster General tonight. The United Kingdom, West Germany and Japan, all modern states, have faced exactly the same problem. Several of them have gone the route of the Crown corporation because, after all, the modern post office is an industrial organization. However, essentially they have dealt with the problems of management and labour relations in the post office by establishing management advisory committees where management, workers, postal users and customers sit around the same table.

It is not consultation or co-determination or comteam, or any such terms that are used by those who think they are resolving the problems in Canada's Post Office. It is constant consultation. No decision is made in dealing with the major problems in our changing technology in the post office unless consensus is achieved. As a result, you have harmonious co-operation and you have every aspect of the postal service working together to achieve the most efficient operation possible.

The union have offered the Postmaster General an alternative. They say they want a study. They want the Postmaster General and the government to consider the possibility of a Crown corporation. Why does he not move in this direction? He will never get a contract unless he does something. To do nothing is to court continued disaster. Leadership is desperately and urgently needed. There must be legislative action, and this is the question I raised the other day. The Postmaster General said: "Maybe before the election, maybe after the election". After the election will be too late. This is the voice of management!

I have before me a report known as the Uberig report. It is dated August 11, 1975, and it has excellent suggestions for improving the post office situation. The information paper is headed: "Re. Special Status For the Canada Post Office". Recommendations have been made by the union to improve the situation. The postal users have gone to court to get justice from the Post Office Department, and certainly the voice of the general public protesting loud and clear has been heard in the land. I trust that the Postmaster General will indicate that he is going to take action, and that he is going to take it as quickly and as urgently as possible.

[Mr. Dinsdale.]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I have listened very carefully to my colleague across the aisle, the hon. member for Brandon-Souris (Mr. Dinsdale). He has mentioned many things which I could argue tonight. For example, he talks about harmony in the United States post office. He should read American newspapers, where he will find talk of the danger of strike in the post office and the talk—

Mr. Dinsdale: It is illegal; they cannot strike.

Mr. Lamontagne: Even if it is illegal it could happen just the same.

Also, he should read a book which was written in the United States about the mess the United States post office is in. This book was printed last year. I am not interested when he talks about harmony somewhere else. I am interested in what is going on here.

It would be a good thing if the hon. member on the other side of the chamber would learn what has been done during the past few weeks. I will tell him what has been done during the past few weeks in the Post Office Department. I had meetings with all union leaders, including Mr. Parrot, president of the Canadian Union of Postal Workers. I have had meetings with all senior management in the Post Office Department as well as regional and divisional managers. The General Trade and Labour Union has ended its rotating strikes and an agreement has been reached. The president of the conciliation board has now been appointed and I can report that conciliation is going normally. The Hubling commission got underway concerning allegations of mail disruptions during the Christmas period in Toronto. I have visited major and minor plants in the Toronto area and other places and have talked with many workers in order to determine exactly what they think.

Invitations have been made to CUPW to sit down and talk about labour problems. We have invited them to study with us the feasibility and possibility of creating a Crown corporation. We have also invited them to participate in our inter-group meetings. However, all the invitations fell on deaf ears and a response was never received.

● (2242)

Our objective is to negotiate an acceptable collective agreement with CUPW without a work disruption if at all possible. We have made efforts and every attempt to improve and strengthen our dialogue and our relations with the post office workers. We should communicate more and more with the employees, I agree, and with the general public so they can understand the situation and then be able to make a valid and

a more informed judgment on the situation. We will try to avoid an escalatory situation of power struggling. It is not a question of who is the strongest. When one talks about leadership, there is all kinds of leadership. We have leadership and we will show leadership. Hitler was a leader but that is not the kind of leadership we believe in, and I do not think Canadians do either.

Mr. Dinsdale: Have you talked to the postal users? They have to go to court for justice.

REGIONAL ECONOMIC EXPANSION—NORTHERN PIPELINE—DISCUSSIONS ON ECONOMIC DEVELOPMENT OF CERTAIN AREAS

Mr. Bob Brisco (Kootenay West): Mr. Speaker, on March 16 I asked the Minister of Regional Economic Expansion (Mr. Lessard) the degree of involvement of his ministry with reference to the development of the Alaska pipeline. I did that on the basis of having participated in the extensive standing committee hearings on the pipeline and on the basis of having listened to speeches in the House on second reading and at report stage about the concerns of government with reference to industrial development along the course of the pipeline and in those communities which will be closely associated with the pipeline.

I have in fact addressed similar questions to the same minister before the standing committee dealing with regional economic expansion. The minister on March 16, in reply to me, indicated two things which are of concern. He indicated that there had been no negotiations with municipal authorities but that there had been some discussions, I must assume in a very shallow and vague fashion, with provincial authorities. He really was not quite correct because some of his officials in DREE in British Columbia have met with the regional district representatives in the northern part of British Columbia.

What really concerns me is that the minister, in his answer to me on March 16, went on to say that he was trying to put into force a subagreement on the industrial development of that province which was signed last year. Mr. Speaker, a careful analysis of the subagreements dealing with industry which were signed with British Columbia last year will indicate to the reader that those subagreements in no general or specific way deal with pipeline development and the need to develop the industrial sector along the course of that major undertaking.

In fact, on the occasion that I addressed the minister with reference to this issue before the standing committee, he did in both instances make reference to the service sector. I must assume, sir, that it is a reflection of the minister's thinking in general terms, in general policy, when he speaks of the service sector. The last thing that needs assistance is the service sector. The first thing that needs consideration is some orderly planning for the future in terms of the industrial community, whether it be in the manufacturing sense, basic industries, resource industries or secondary industry.

• (2247)

I find it very regrettable that on the basis of questions that I have asked the minister both in the House and before the standing committee he is clearly not prepared to give his department the mandate to make the necessary planning, certainly in the long range, that is required if this pipeline is going to be more than simply a pipeline, which in itself is a major proposal. If it is going to serve in any real sense the needs of Canadians in the north, there has to be some planning. That planning falls within the responsibility of the minister. Clearly that minister is not prepared to live up to that responsibility.

I can only suggest that a different government, a Conservative government, would have that planning in place so that when we go into this proposal four years down the line we would know what provisions can be made for industry and what provisions the government would have to make to encourage industry to develop. It would not be to live up to some willy-nilly development along the fringes of the pipeline which inevitably in the long haul will fail, and not to provide dollars to the service sector when it is clearly not needed.

I hope the minister will study the comments I have made and will give his officials a mandate to work in the direction I have suggested, other than the type of summary that DREE has provided with reference to the pipeline debate, which had some value but clearly did not deal with that particular mandate of that minister.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, it is a pleasure to reply on behalf of the Minister of Regional Economic Expansion (Mr. Lessard) for whom I had the pleasure of being parliamentary secretary for 12 months prior to being Parliamentary Secretary to the Minister of Finance.

It is not accurate to state that the Department of Regional Economic Expansion has not taken any initiative to discuss economic development with municipal and regional officials in northern British Columbia. The officials have had frequent discussions and have made frequent presentations to various municipal and regional bodies, chambers of commerce, etc., in northern British Columbia, including Prince George, Dawson Creek, Fort St. John and Fort Nelson. In fact it was the recognition of the potential for economic development in the northern part of the province that led the department to the decision to establish an office in Prince George, which would make staff and programs more accessible to the people and needs of northern British Columbia.

The officials have not undertaken, not is it their place to undertake, discussions specific to the proposed northern pipeline with such bodies. As the hon. member is aware, the responsible minister for the northern pipeline is the Deputy Prime Minister (Mr. MacEachen) and the responsible agency is the Northern Pipeline Agency.

The department has contributed significantly to both the collection of information required for pipeline discussions in British Columbia and negotiations between the pipeline com-

missioner's office and officials of the provincial government in British Columbia.

The hon. member knows the negotiations between the federal and provincial governments having to do with the pipeline are not yet concluded, and as a result it would be inappropriate for the department either to discuss details of the pipeline with regional planning bodies or to negotiate possible subagreements having to do with the pipeline with provincial officials until the pipeline negotiations are completed.

As the minister stated in his reply to the hon. member on March 16, 1978, the industrial development subsidiary agreement is being applied in northern British Columbia. Industrial commissions under the subagreement have been agreed to in a number of places, including the Fort St. John area, and the department has received a number of applications under the small business program from the area, some having been approved. Others are under active consideration at this time. In addition, the department is currently giving consideration to several RDIA applications from northern British Columbia in addition to those already approved.

I understand the minister will be announcing this week a fairly substantial grant under the special ARDA program in that part of the country. I should also state that the Department of Regional Economic Expansion and the provincial government contributed some funds under the industrial development subsidiary agreement toward the cost of holding the "Impact '78" conference which recently took place in Fort St. John at the initiative of interested groups in the northeast, to examine economic development issues in the region. This meeting was attended by the newly-appointed northern district B.C. manager of DREE. As you can see, Mr. Speaker, while DREE officials are not, for the reason stated, actively negotiating with municipal and regional officials relative to the pipeline, the department is very active in northern British Columbia and will continue to be active in promoting its economic development.

• (2252)

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10:51 p.m.

HOUSE OF COMMONS

Wednesday, April 5, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

UNEMPLOYMENT INSURANCE

BENEFITS FOR EMPLOYEES NOT INVOLVED IN STRIKE—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity involving the loss of unemployment insurance benefits for hundreds of workers in my constituency in Trenton, Nova Scotia. These men, who have not worked for many weeks because of curtailed operations by their employer, Hawker Siddeley Canada Limited, are being placed in dire circumstances because a portion only of the work force is involved in a legal strike. I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Employment and Immigration take every possible step to ensure that only those workers employed at the time of the dispute and resulting strike are disqualified from receiving benefits and that those other workers whose termination of employment predated by many weeks any such dispute and who have no immediate prospects in the immediate future of employment with Hawker Siddeley not have their benefits disturbed.

Mr. Speaker: Pursuant to Standing Order 43, the presentation of such a motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

REQUEST FOR DETAILS OF THEFT OF PUBLIC FUNDS AT FORCES BASE—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under the provisions of Standing Order 43—

Some hon. Members: No.

Mr. Beatty: They have guilty consciences again.

Mr. Cossitt: —concerning new developments on a matter which I revealed in the House a few months ago dealing with theft or conversion of public funds at Canadian Forces Base, Ottawa North, in the reported amount of a quarter of a million dollars. I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

Whereas the RCMP investigated this situation and forwarded a report to the Department of National Defence, and whereas the Department of National Defence has ordered the convening of a court martial on Tuesday, April 18; that the Minister of National Defence make public all details of the situation, including the name or names of military personnel and the charges against them, whether or not charges are also being laid against certain civilians as a result of RCMP evidence and, if so, the name or names of such persons and the nature of the charges and, finally, that an explanation be given as to why there have been no audits of central band equipment at Canadian Forces Base, Ottawa North, for a number of years.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

LEGISLATION TO PROVIDE PENSIONS FOR HOMEMAKER SPOUSES—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent), I ask leave to move:

That this House urges the government, in view of its stated recognition of the role of spouses working in the home, to bring before the House legislation to provide pensions for all homemaker spouses, in their own right, equivalent to those earned by contributors to the Canada Pension Plan, thus recognizing in full, for pension purposes, the contribution to our society made by those who work in the home.

Mr. Speaker: Presentation of such a motion, pursuant to Standing Order 43, can be made only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

ADMINISTRATION OF JUSTICE

SUGGESTED CREATION OF COMMITTEE TO HEAR EVIDENCE ON 1970 FLQ CRISIS—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, I ask for the unanimous consent of the House to present an urgent and important motion.

Considering the importance of setting the facts and the situation of the October 1970 crisis in their true light, and since those facts and circumstances seemed to have been freely interpreted by federal government authorities so that they could justify war measures and discredit the entire population of Quebec; considering that the government has never taken seriously all the interventions which I have been making for years on that very matter and since new developments such as the revelations made by the Cossette-Trudel couple confirm in part my allegations that the police were quite aware of FLQ activities, but allowed them to go on, thus risking even the life of Mr. Laporte in the secret hope of discrediting for ever the emancipation movement in Quebec, I move, seconded, by the hon. member for Rimouski (Mr. Allard):

That a special committee made up of representatives of all political parties in the House be created to hear all the necessary witnesses to clarify the circumstances which led the government to impose war measures in 1970.

Mr. Speaker: Such a motion cannot be presented for discussion without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

CANADIAN BROADCASTING CORPORATION PROPOSED WITHDRAWAL OF RADIO SERVICES FROM CHURCHILL, MAN.—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. CBC radio has been established in Churchill for 27 years. The Canadian Broadcasting Corporation has made application to withdraw its services from the town of Churchill in June, 1978. The CRTC has given its approval to this request. Therefore, due to the need of this necessary service to this isolated community, and due to the sagging economy of Churchill, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the government instruct the CBC to continue radio service to Churchill in the existing manner.

[Mr. Speaker.]

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRADE

REQUEST TEXTILES BE EXCLUDED FROM TARIFF CUTS—MOTION UNDER S.O. 43

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the Canadian trades and tariffs committee's announced decision to include textiles in the proposed "Swiss formula" tariff cuts during the General Agreement on Tariffs and Trade negotiations at Geneva, Switzerland, presents a real threat to the future of the Canadian textile industry inasmuch as Canadian textile tariffs would be reduced from their current 20.8 per cent to 8.2 per cent by 1985, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House immediately instruct our Canadian trades and tariffs committee to exclude all Canadian-made textiles from tariff cuts during the current GATT negotiations at Geneva.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT POLICY IN DEFENDING VALUE OF DOLLAR

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Finance. By telling the House of Commons yesterday to shut up, the Minister of Finance indicated that he does not want Canadians to know what policy this government is following to defend the dollar. The minister knows that that very uncertainty is driving down the value of the dollar.

I ask the minister now whether, to stop that drop, he would agree to make an immediate statement today outlining the level below which the Government of Canada will not let the value of the Canadian dollar drop, and also outlining the

specific strategy that the government is going to follow to stop this daily drop in the value of the Canadian dollar.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the policies of the government are well known—

Some hon. Members: Oh, oh!

Mr. Chrétien: The governor of the bank is intervening to make sure that the dollar floats in the normal way. I think we are gaining nothing from speculating on those figures. Perhaps what the country would like to know is whether the opposition has a policy on that.

Some hon. Members: Oh, oh!

An hon. Member: Who is running the country?

Mr. Chrétien: It is because they are all over the place that they are worried when the figures go down. The Gallup poll this morning has shown that the country sees that the opposition presents no real alternative.

Mr. Clark: The problem is that the position of the Government of Canada is not at all well known. It claims that it is letting the dollar float, when it is clear that there is not at all a float in any sensible meaning of that word. The Solicitor General of Canada, in a speech made yesterday or the day before in Sarnia, took a position explaining the policy on the dollar that is exactly the opposite of the position stated by the governor of the Bank of Canada. What we have here is not just speculation on the value of the dollar, but speculation as to what in fact is the policy of the Government of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: Everything this government does adds to the uncertainty which drives down the value of the dollar. What I want to know is, will the minister stop this playing of games which is destroying the value of the Canadian dollar, and will he come forward immediately and spell out to this country and to the international investment community—which does not know now what is the real position of the Government of Canada—just exactly what that position is, so that the dollar will not continue to drop day after day after the actions of this most incompetent and confused minister and government?

• (1417)

Mr. Chrétien: Mr. Speaker, the Leader of the Opposition took the occasion to make a speech. Once again he has not put forward anything concrete in terms of a position. The position of the government on the dollar is very simple. The Canadian currency is a floating dollar. We are intervening to ensure that it floats in a normal way. The governor of the Bank of Canada intervened on Monday night: he made a very clear statement. If the Leader of the Opposition will take two minutes to read it—and it is only one page—he will understand the policy of the government.

Mr. Clark: I read what the governor said. I also saw what the Solicitor General said, which was exactly the opposite of what the governor of the Bank of Canada said. Every day this minister gets up in the House of Commons, the dollar drops again. It drops because this government is not coming forth and telling the international or the Canadian community exactly what it intends to do to defend the dollar. More than politics is at stake here; the value of the Canadian currency is at stake.

Mr. Speaker: Order, please. I have to ask the Leader of the Opposition to put his question.

Mr. Clark: My question to the minister is this: this minister not only refuses to answer questions here, but refuses to come before the standing committee on finance of the House of Commons. Why will the minister not now come forward and spell out precisely what strategy this government is going to follow and what is the basement value beyond which he will not let the value of the Canadian dollar drop?

Mr. Chrétien: Mr. Speaker, I have stated the policy many times. The results of the Gallup poll were published today, and it is very obvious that is why the Leader of the Opposition has lost his cool. I just want to say that the policy of the government is the same. We are floating the Canadian dollar. We intervene in the market to make sure the float is done in an orderly way. This has been the policy we have been following for some months: we are not planning to change it.

REPORTED ASSISTANCE OF QUEBEC HYDRO IN SHORING UP VALUE OF DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As the dollar started to scrape against a new low today, 87.44 cents, Quebec Hydro came to the government's assistance in Ottawa and exercised $100 million of their standby line of credit with 51 banks. Will the minister indicate if he is aware of this assistance from Quebec Hydro in shoring up our dollar? If so, was it done at his request?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, what the hon. member just stated is an illustration that the governor was correct when he stated on Monday night that one of the reasons is the institutions in Canada were not going into the market at this time. The fact that some Canadian institutions are going into the foreign market to borrow is what is desired at this time. If the hon. member will read the statement of the governor, he will see he was referring to that problem. As expressed in the communique of the governor of the Bank of Canada, some provinces and institutions will go into the marketplace in the near future. I am glad to hear the hon. member confirm that that will help the status of the Canadian dollar.

Mr. Stevens: In the interests of some clarification, a further item that is disturbing the international market is the February budgetary deficit figures that have now been published.

These figures indicate that the budgetary deficit for fiscal year 1978 is running 81 per cent ahead of where it was the year before. Does the minister still anticipate the budgetary deficit for fiscal 1978 to be the $9.2 billion originally indicated, or may we anticipate it to be considerably higher, as current figures indicate it could be $11 billion?

Mr. Chrétien: Mr. Speaker, I would like to know whether the hon. member is referring to 1977-78 or 1978-79. In any event, when I come into the House with the budget, those figures will be made known to the public.

● (1422)

Mr. Stevens: Mr. Speaker, my supplementary question is directed to the Minister of Finance. With rising unemployment, rising inflation, a falling dollar and a widening budgetary deficit since the minister took office in September of last year, will he now indicate whether he has done anything wrong?

Some hon. Members: Oh, oh!

An hon. Member: Come on, get up and tell us about the Gallup poll.

Some hon. Members: Oh, oh!

PRIME MINISTER'S STATEMENT ON NARROWING GAP BETWEEN RICH AND POOR

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Prime Minister, who yesterday misinformed the House in replying to a question asked by the hon. member for Winnipeg North Centre. He said, when discussing the problem of poverty in Canada, that what is important is that the group of Canadians below the poverty line be reduced, and he maintained that the statistics he gave in Calgary bore this out.

Mr. Speaker, the statistics presented by his Minister of National Health and Welfare, and Statistics Canada, simply do not bear him out. I would ask whether he will today admit that the totally inaccurate claim which he made in western Canada before a Liberal convention, that the number of those living below the poverty level in Canada has been reduced from 20 per cent to 10 per cent, was achieved by ludicrously assuming that the dollar level of poverty in 1961 ought to be applied in 1975, thus totally ignoring the effects of inflation which all honest presentations of such figures take into account?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, that is quite incorrect; and if members of the hon. member's party and others had let me answer yesterday, they would have understood that.

Mr. Broadbent: Mr. Speaker, I see that the Prime Minister does not want to be any more forthcoming or honest today than he was yesterday when discussing poverty.

Some hon. Members: Oh, oh!

[Mr. Stevens.]

An hon. Member: Give him a chance.

Mr. Broadbent: I will give him an opportunity to answer the second question. In her recent sensitive speech in which she honestly confronted the question of poverty, the Minister of National Health and Welfare pointed out, with reference to a certain district in the city of Montreal, that 21 per cent of the children are undernourished, 22 per cent are physically retarded, and 28 per cent are retarded in a physical-mental co-ordination way. She said, "Poor children do far less well in school".

Considering this situation, and given the fact that yesterday the Prime Minister said in the House that the Liberal party believes in equality of opportunity, would he not agree that such a description of equality of opportunity is ludicrous when applied to such children who have no such opportunity to achieve what others do?

Mr. Speaker: Order, please. Surely the question is being put forward as an argument, and not in search of information.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, this question is one seeking information. Does the Prime Minister agree with the statistics as presented by the Minister of National Health and Welfare? Was she stating government policy when she said, "Poor children do far less well in school"? If that is so, will he not agree that his so-called belief in equality of opportunity is not only factually wrong, on the basis of that description of such children, but is morally offensive and odious because it implies they could do just as well and it is their fault rather than that of circumstances?

Mr. Trudeau: Mr. Speaker, the leader of the NDP is quoting certain facts. These do not represent matters of policy but, rather, are matters of fact. Of course I agree with the general line put forward by the Minister of National Health and Welfare. She put it forward precisely to justify some of the current expenditures in order to create more equality of opportunity.

Some hon. Members: Oh, oh!

Mr. Trudeau: I never stated that we had achieved equality of opportunity in Canada. To the contrary, my statement in Calgary, and my statement here yesterday, was to the effect that there are a great number of people in Canada who are still living below the poverty line.

Some hon. Members: Oh, oh!

Mr. Trudeau: Those were my statements.

Mr. Broadbent: The situation has not changed much, either.

● (1427)

Mr. Trudeau: The point I was making, Mr. Speaker, is that over the last ten years the number of people as a percentage of

total population below the poverty line has dropped considerably in Canada.

Mr. Broadbent: That is false.

Mr. Trudeau: That is the point I was making.

Mr. Broadbent: That is horseradish.

Mr. Trudeau: Those are the facts that the hon. member will get from the bureau of statistics, if he will take the trouble to look.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

REQUEST FOR DEEPER STUDY OF 1970 FLQ CRISIS

Mr. René Matte (Champlain): Mr. Speaker, my question is directed to the Prime Minister. Further to the revelations made by the Cossette-Trudel couple last night on the CBC program Télémag, can the Prime Minister tell the House whether he intends to change his position with regard to the necessity of throwing light on all the details of the gloomy business of the October 1970 crisis? Mr. Speaker, I wonder whether the Prime Minister is turning a deaf ear or whether he wants me to put my question again?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I was unaware that the hon. member was putting a question to me. If he is willing to put it again, I shall answer it.

Mr. Matte: Mr. Speaker, I repeat my question. The right hon. Prime Minister if doubtless aware of the revelations made by the Cossette-Trudel couple, who kidnapped James Cross on October 5, 1970, and stated on the Télémag program that the police knew where they were and were holding Mr. Cross, that they even knew where Mr. Laporte was being held. For eight years now I have been trying to convince the government of the need to throw light on every aspect of that incident, so I ask whether the Prime Minister, in view of the fact that those revelations confirm my allegations, whether his government is willing to come clean so that we can find out everything concerning the circumstances and events surrounding that dark business of the October 1970 crisis?

Mr. Trudeau: Mr. Speaker, indeed it was a dark crisis which shook the morale of Canadians right across the country. The allegations of the hon. member are, as far as I know, false and erroneous. I know that, at that time, the cabinet asked for a daily report on the inquiry assigned to finding out where Mr. Cross and the late Mr. Laporte were being held, and the police did not locate them. So one cannot claim that the police knew where they were. Had we known that, we would have acted much sooner to free them. Those claims strike me as complete fabrications, not only fabrications, but also totally unrealistic in their make-up. If the hon. member has otherwise some knowledge contrary to what I have said, he should bring it forth either before the House or before the McDonald commission, which was created to inquire into such matters.

Mr. Matte: Mr. Speaker, I have a supplementary.

To answer the statement the right hon. Prime Minister has just made, Mr. Speaker, he simply has to question FLQ members. But the Prime Minister did not answer my question on the circumstances of the kidnapping of Mr. Laporte and Mr. Cross and everything surrounding this matter. When they appeared before the Committee on Broadcasting, Films and Assistance to the Arts in 1969, one year at least before the October crisis, Montreal Mayor Jean Drapeau and Executive Committee Chairman Lucien Saulnier stated categorically that several times they informed the Prime Minister of some troubling facts concerning terrorist activities in Quebec, and in particular the sabotage and kidnapping planned by FLQ groups—

Mr. Speaker: Order, please. If the hon. member has a question, I would ask him to put it forthwith.

Mr. Matte: Mr. Speaker, I wanted first of all to give the Prime Minister some background information so he would not go off on a tangent. Does the Prime Minister remember these messages, could he advise us of their contents and tell us how he followed up on the recommendations of the Montreal authorities?

Mr. Trudeau: Well yes, Mr. Speaker, I quite clearly recall them; as for their contents, I believe that at the time Messrs. Saulnier and Drapeau made public what they told me in private, namely that they were afraid of the terrorists in Montreal. What a revelation, Mr. Speaker! We knew that there were terrorists, that for a few years there had been murders, train derailments, arms thefts and all kinds of bomb threats, we knew there were terrorists, and of course the mayor of Montreal and the chairman of the executive committee knew it also, they gave us the information they had at the time, and we attempted, in co-operation with their police, the Montreal police and the Quebec Police Force to find the terrorists. So the hon. member is not shedding any new light on the climate which existed at the time.

* * *

● (1432)

[*English*]

FINANCE

DECREASING INVESTMENT IN CANADA BY CANADIANS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Minister of Finance. It relates to press and radio reports to the effect that because

many Canadians are fearful of the direction in which the value of our dollar is going, and also the failure of the government to act, they are sending their currency to the United States to purchase real estate in that country in order to safeguard them against potential loss.

Is that a fact, and to what degree does the government estimate that last month Canadians took their money out of Canada and sent it to the United States for that purpose?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is very difficult for the government to know exactly what Canadians do in their transactions. Of course, there are some stories to the effect that some Canadians are buying houses or other properties in the United States and elsewhere. We have no intention of imposing exchange control. The flow of capital inside Canada and outside Canada is the policy of the government.

Mr. Diefenbaker: Mr. Speaker, we at least have one policy now that we know the government is going to adopt. I suggest to the minister, to the Prime Minister and to the government that their nonchalant attitude toward this terrible problem indicates that they believe they still have 87 cents to go before they will act.

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MANPOWER

OPERATION OF EMPLOYMENT TAX CREDIT LEGISLATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of Manpower and Immigration. Can he tell the House whether the employment tax credit bill is, in fact, operative? Have applications been received, and are they being processed? If not, can the minister tell the House why not, and when we can expect the bill to be operative?

Hon. Bud Cullen (Minister of Employment and Immigration): Yes, Mr. Speaker, the bill is operative and some applications are coming in. We will be conducting a program of advertising to indicate the benefits available under this particular program, in the hope and expectation of increasing the number taking advantage of it.

Mr. McGrath: Mr. Speaker, a supplementary question. Given the seriousness of the unemployment situation, the delay in getting that bill in place and the minimum impact it is consequently having on the unemployment situation, I ask the minister if he can give the House an assurance that there will be no tampering with the Unemployment Insurance Act while there are over one million Canadians unemployed. Perhaps he can tell the House precisely what the terms of reference are of the advisory council that he referred to in his interview yesterday.

Mr. Cullen: Mr. Speaker, during discussion of Bill C-27 we went into this particular council at some length, or the author-

ity and objectives that I wanted to see. We indicated that we did not want to set it up simply for the sake of setting up a council.

I am happy to say that we found an excellent chairman who wants to get a group of three or four people to find the most effective way of using the council so they can give advice to the department. I do not know what the hon. member means by "tampering with the act." Perhaps he could be more specific. If there are ways to improve the Unemployment Insurance Act, that of course will be done.

Mr. McGrath: A final supplementary question, Mr. Speaker. Given the fact that the minister is presently spending $1 million on a campaign to bring alleged fraudulent practices to the attention of the public, given the fact that there are over 800,000 recipients of unemployment insurance out of over one million unemployed, I ask the minister if he is prepared to include with unemployment cheques a small card advising unemployment insurance recipients of their rights under the law.

Mr. Cullen: Mr. Speaker, all the unemployed receive courtesy and co-operation from Unemployment Insurance offices and Canada employment centres across the country from the civil servants who have that particular responsibility. I think those who come under that program would indicate that they receive very sympathetic, very careful, patient treatment and information, and tremendous help from our offices. If there are further ways to enhance that co-operation and assistance, I am prepared to look at them.

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NATIONAL DEFENCE

GOVERNMENT POLICY ON ACCEPTANCE OF NEUTRON BOMB

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I have a question for the Minister of National Defence. Last July the minister told us that he was studying the question of acceptance of the neutron bomb. Since virtually all our NATO allies have said where they stand on this matter, could the minister tell the House what the policy of the government is on the acceptance of this bomb?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, that policy has not yet been developed. As was pointed out at that time, it has military utility, but we are not a user of nuclear weapons nor are we one of the nations on which the weapon would likely be deployed. This is a matter for NATO discussion.

Some hon. Members: Oh, oh!

Mr. Danson: If hon. members opposite think this is a funny sort of thing—

An hon. Member: You are.

An hon. Member: You are the joke.

Mr. Danson: I think it is a pretty sad joke over there, Mr. Speaker. I am sure they are trying to keep their spirits up, after the Gallup poll. A policy is being developed.

Mr. McKinnon: A supplementary question. Last Wednesday the minister said on television that we should give the neutron bomb to the Russians, ignoring the fact that it is not ours to give to anyone. Would the minister explain why he is so keen to give the neutron bomb to the Russians, when we ourselves seem incapable of deciding whether it should be deployed by NATO?

Mr. Danson: Mr. Speaker, if the hon. member did a little more research in many areas, he might find out that that is not what I said.

Some hon. Members: Oh, oh!

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CONSUMER AFFAIRS

SUGGESTION LOTTERIES ADVERSELY AFFECTING PRIVATE SECTOR FUND-RAISING

Mr. Jim Fleming (York West): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. The minister is reported as saying that he wants to see a code of ethics established to govern lottery advertising in Canada. Several months ago I asked his colleague, the Secretary of State, if he would investigate charges that various government lotteries appeared to be negatively affecting private sector fund-raising for many important charitable causes.

In preparing his code of ethics, will the minister take into consideration the broader question, that these government-run lotteries may be seriously affecting the traditional and important marketplace for fund-raising in the private sector?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, immediately before Easter we had a federal-provincial conference of consumer affairs ministers. All agreed that we should work toward the development of a code of ethics for lottery advertising. Prior to that conference I had approached the Minister of State (Fitness and Amateur Sport) and she was very interested in these proposals. We would be glad to consider the submissions made by the hon. member.

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NATIONAL DEFENCE

REQUEST FOR DETAILS OF THEFT OF PUBLIC FUNDS AT FORCES BASE

Mr. Tom Cossitt (Leeds): Mr. Speaker, my question is directed to the Minister of National Defence. It concerns the embezzlement or conversion of public funds at Canadian Forces Base, Ottawa north, in the estimated amount of a quarter of a million dollars, and the fact that the court martial has been set for April 18, resulting from an RCMP investigation.

Is the minister in a position to give details of the matter, including who has been charged, the nature of the charges, and why it has taken so long for this matter to come to a head since I first raised it in the House?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I do not think it came to a head when the hon. member raised it in the House, as the RCMP were conducting an investigation. Warrant Officer Cooper has been charged. There will be a court martial, and that court martial will be public.

Mr. Cossitt: A supplementary question, Mr. Speaker. Would the minister tell the House how much of the money that was allegedly embezzled or allegedly taken in some manner has been recovered by the government? In addition, could he tell the House whether charges are being laid against certain civilians, particularly in the musical instrument business, as a result of information uncovered by the RCMP? Also, could he tell us why audits of musical band equipment at Canadian Forces Base, Ottawa north, have not taken place for some years?

Mr. Danson: No, Mr. Speaker, I cannot give that information. It will likely come out in the court martial.

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RESOURCES

STOCKPILING OF NATURAL RESOURCES TO REDUCE UNEMPLOYMENT

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources. A recently-released government of Ontario report indicated the likelihood that the mining industry in Ontario will lose another 1,300 jobs between now and 1980. The federal government is now considering stockpiling more uranium as a profitable edge against future world demands, and in the last week Inco raised the price of nickel by 7 cents per pound.

• (1442)

In view of these facts, can the minister tell this House if he is now prepared to extend the concept of stockpiling to other areas of the mining sector, both to protect jobs of the workers in those communities and the communities themselves, where required, and to help capture a larger share of the profits that our resources are accruing for a very small band of multinational mining companies?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I do not accept the preamble to the hon. member's question. The whole issue with respect to the stockpiling of nickel—which he has raised in this House before—has been answered quite clearly. We have looked at it and we have decided that such a program would not help those

who need help: indeed, it would undercut the very stability and revival of that important industry in Sudbury.

Mr. Rodriguez: Mr. Speaker, in view of the fact that despite the lay-offs, Inco has raised the price of nickel by 7 cents a pound, which indicates their confidence in the future markets of nickel, and in view of the fact that in spite of its 2,000-man lay-off to cut back production, Inco has required overtime in the last month in production areas for their remaining employees—and, indeed, their production of nickel is just as high as it was prior to the lay-off—and in view of the fact that if the government had acquired a one-month stockpile of 30 million pounds of nickel it would not only have saved 2,000 jobs but they would have made $2.1 million on that stockpile, can the minister stand in this House and honestly tell us why he is not prepared to take advantage of these opportunities, and at the same time show some commitment to the communities affected by such lay-offs?

Mr. Gillespie: Mr. Speaker, the hon. member should know by now that as far as nickel is concerned, 96 per cent of all the nickel produced in Canada is sold abroad. The reason the nickel industry is in difficulty right now is that the international markets are in trouble—

Mr. Rodriguez: Production is off.

Mr. Gillespie: —and Canadian nickel goes into those international markets, 96 per cent of it. Therefore, the health of the Canadian nickel industry will depend on those markets. Unfortunately, at the present time the international markets are not healthy as far as nickel is concerned. That is why we have stated time and time again that the kind of stockpiling program the hon. member has referred to with respect to nickel would not help the recovery of the nickel industry. The hon. member a few moments ago laughed when I gave that answer. We are concerned—I am not sure that he is—with the plight of the workers in Sudbury. He seems to be more interested in making political hay rather than trying to solve a very difficult problem.

Some hon. Members: Hear, hear!

Mr. Speaker: Order. The hon. member for Simcoe North.

Mr. Rodriguez: Supplementary, supplementary.

Some hon. Members: Order.

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ENVIRONMENTAL AFFAIRS

TOXIC CHEMICALS IN GREAT LAKES BASIN—GOVERNMENT ACTION TO REMEDY

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I would like to address a question to the Minister of Fisheries and the Environment. In view of the fact that the IJC reports growing evidence of dangerous toxic chemicals in the Great Lakes basin, combined sewer overflows and storm water overflows from urban areas reaching serious proportions which may well become dangerous, as well as radioactivity from the 12 nuclear plants situated on the Great Lakes using the water from the lakes, why has there not been more manpower supplied to deal with this increasing problem?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, if I understood the hon. member's question correctly—and I may not have because there was a fair amount of noise occurring while he spoke—he was inquiring about the matter of adequate manpower to police and to detect the difficulties of the heavy metals and other pollution ingested by fish. I would tell the hon. member that fish sold for commercial purposes must reach required standards. If it does not, then sale is prohibited as it was, for example, in the English-Wabigoon system where fishing is not allowed to be pursued commercially. Regulations for the sports fishery would come under the jurisdiction of the provincial government which administers them.

Mr. Rynard: Mr. Speaker, I have a supplementary question. It was the people I was concerned about who are using this water, and the pollution that is contained in it. It does, of course, affect the fish, but I was talking about the lead and the radioactivity pollution which affects people.

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I will read the hon. member's question very carefully and determine whether I or my colleague, the Minister of State (Environment), should give him a longer answer.

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FINANCE

APPLICATION OF CAPITAL GAINS TAX

Mr. Jake Epp (Provencher): Mr. Speaker, I direct my question to the Minister of Finance. In the last budget, which was brought down March 31, 1977, it is said, "taxes are to be deferred on any capital gain that arises from voluntary sales in cases where a farmer sells his farm, providing the funds received are used to purchase a similar asset in the same business".

I ask the minister in view of the support that measure received, whether it was government policy at the time that budget was introduced that farmers who sell their capital assets and turn them over into another farming operation, but of a different nature, where the income is solely farm income, should have the tax department now assessing capital gains on those transactions?

An hon. Member: Scandalous.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this is a rather technical question. I shall take note of it and ask the Department of National Revenue and get back to the hon. member on it.

[*English*]

STATUS OF WOMEN

EMPLOYMENT OF WOMEN IN PUBLIC SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Prime Minister: it relates to the establishment in 1972, by a cabinet directive, of equal opportunity directorates in all departments of government. The report I had recently from the chairman of the Public Service Commission indicated that in a survey of more than 40 departments, only 16 have full-time, equal opportunity co-ordinators.

Does the Prime Minister think, with the progress that has been made in the last five years since this directive was issued—which would lead one to believe that equal opportunities' programs would only be effective over the course of 50 to 100 years—that is a satisfactory performance, or does he think that less than 50 per cent of the departments should not have even one full-time person to implement these important programs?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am glad to have the observations of the hon. member. I will, of course, confer with the minister responsible for the policy regarding the status of women and, hopefully, he will report back to the House on this matter.

The hon. member realizes, of course, that this post was created in order to influence hiring within the civil service. That hiring is not controllable in any way by the government. We can give directions and express hopes. However, in so far as order in council appointments are concerned, the hon. member knows that the record of the government has been improving and is quite good at present. We expect to do better. As far as the public service is concerned, I will have to ask the minister to inquire into the reason why, if the facts are right, more persons have not been established to fulfil these functions.

Mr. MacDonald (Egmont): Mr. Speaker, perhaps I can put a question to the Prime Minister relating to an area of direct government policy and programs. In 1975, the spokesman for the status of women announced a feasibility study involving the Department of Labour, Supply and Services, Public Works, and Treasury Board with respect to contracts with companies with the federal government to ensure, to use his words "that the federal government is determined that companies with which it does business should provide equal employment opportunities and wages for their women employees".

Since that study was done 2½ years ago, Mr. Speaker, can the Prime Minister indicate whether the results of that study have resulted in directives being issued by these particular departments; and what has been the effect of that policy?

Mr. Trudeau: Mr. Speaker, I can certainly inquire into that. I would indicate to the hon. member that he knows that in some cases when quotas are established, they become floors. That is not the proper way to proceed. In the case of order in council appointments, I repeat that we find it necessary constantly to remind ourselves that indeed there are functions which can be filled by women representatives. We constantly remind ourselves of that in cabinet. That is why we made a particular effort to bring a certain number of "firsts" into the area of employment of women. This government named the first woman lieutenant-governor of a province, the first woman chief justice of a superior court, the first woman judge of a superior court, and the first woman deputy minister.

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FINANCE

TEXTILES—GOVERNMENT POLICY ON REDUCING TARIFFS

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I have a question for the Minister of Finance. As a result of hundreds of messages I have received from constituents employed in the textile industry who are deeply concerned that a government decision in the current GATT discussions will reduce tariffs on imported textiles and synthetic fibres entering Canada, thus causing more massive unemployment in our country, I ask the minister to tell us the government's policy on this matter, and is it a policy that will sustain the jobs of Canadian textile workers?

● (1452)

Hon. Jean Chrétien (Minister of Finance): The policy is well known, Mr. Speaker. We are presently negotiating on tariffs at the Geneva conference. We have put forward some propositions there and we have received some proposition, but no final decision has been made on any item. The government is, of course, aware of the situation of the textile industry and we have already done a lot for that industry: we have imposed controls on the importation of textiles, quotas, and so on. I agree with the hon. member—other hon. members disagree with him, depending on where they come from—that in the hon. member's riding, textiles are important.

REQUEST THAT TEN CENTS EXCISE TAX ON GASOLINE BE REMOVED

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is for the Minister of Finance. It has to do with the 10 cents excise tax on gasoline, and also with the discrepancy between prices at one gasoline station as compared with another. Will the minister and his department review this 10 cents excise tax on gasoline and work out a proposal for its removal, because all it has ever done is add to inflation? At the same time, would the hon. gentleman review the discrepancy between gasoline prices at one gas station compared with those at another? I might add that I have pressed the government to do this for the past three years.

Hon. Jean Chrétien (Minister of Finance): The proposition the hon. member puts forward is like so many others put forward by the opposition: during every question period they

ask for increases in expenditure or reductions in taxes, while at the same time complaining there is too big a deficit.

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[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

SUGGESTION QUEBEC BE COMPENSATED FOR NOT USING RCMP

Mr. Roch La Salle (Joliette): Mr. Speaker, in view of the fact that the Quebec justice minister indicated yesterday the firm intention of the Quebec government to demand from Ottawa payment of a lump sum of $937 million as compensation for the costs of providing provincial police services which are the responsibility of the Royal Canadian Mounted Police in eight of the Canadian provinces, could the minister advise the House whether he intends to meet the Quebec minister to discuss the basis for this claim?

[*English*]

Hon. Ron Basford (Minister of Justice): No, Mr. Speaker, because I am not responsible for the RCMP or for police costs. Those are matters which are dealt with by the Solicitor General, who may wish to add to my answer.

[*Translation*]

Mr. La Salle: Mr. Speaker, I have a most important supplementary question. I suggest the Solicitor General understands very well the nature of my question. Is he at least willing to discuss with the Quebec justice minister an issue which Mr. Choquette, the former Quebec justice minister, had raised himself for that matter, namely whether the federal government should pay compensation to the province of Quebec for these costs which are extremely high just now?

Hon. J.-J. Blais (Solicitor General): It is a fact that the former Quebec justice minister had discussed this issue with my predecessor, who had clearly indicated the position of the federal government on this. Mr. Speaker, I am afraid my reply to the hon. member is no.

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[*English*]

HEALTH

AVAILABILITY OF SACCHARIN

Mr. Maurice Foster (Algoma): Mr. Speaker, I wish to ask the Minister of National Health and Welfare a question arising from her department's plan to ban the sale of saccharin in grocery stores and limit its sale to pharmacies only. Bearing in mind the research which is going on around the world to determine whether saccharin is harmful to humans or whether it is only harmful to laboratory animals, would the minister consider allowing the sale of this drug in grocery stores until those studies are completed?

Hon. Monique Bégin (Minister of National Health and Welfare): I did look into the question of accessibility and the problem which might be caused to residents in northern communities. In the case of the territories, the difficulty has been solved in a satisfactory manner. As for the northern parts of the provinces, I gave consideration to the representations made to me by the hon. member and I have instructed my department to place saccharin on the list of drugs which are stocked by nursing health stations. However, I am referring now to very isolated communities, not to parts of the north where people may have to travel a little before reaching a pharmacy.

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SCIENCE AND TECHNOLOGY

REGULATING OF NOISE FROM SUPERSONIC AIRCRAFT

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of State for Science and Technology. Canadian citizens living along the south shore of Nova Scotia, especially those living in Barrington, Cape Sable Island and Ingomar, Shelburne county, are experiencing on an almost daily basis a new meteorological phenomenon—specifically, a new kind of sonic boom. Since these booms are very disturbing, I ask the minister whether the government has made any representations concerning this matter to the International Civil Aviation Organization which is presently preparing recommendations for regulating the noise from supersonic transport and, if so, what response has been received?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): It was my understanding that such representations have been made and that aircraft in this area would reduce their speed. I would be happy to pursue the matter, though, and find out whether this has been done.

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AGRICULTURE

STEPS TO PREVENT LOWERING OF BEEF PRICES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of Agriculture. As the hon. gentleman knows, farm income in this country has declined by some 23 per cent over the last three years and beef producers lost some $400 million over that period. Beef prices have now begun to pick up. I should like the minister to assure the House that if this trend toward increased prices continues, further imports will not be used as a tool to depress the domestic price.

Hon. E. F. Whelan (Minister of Agriculture): I am sure the hon. member, unlike his hon. friends in that party, does read some of the reports and releases I make from time to time. My colleague, the Minister of Industry, Trade and Commerce, and

myself put out one release saying that the import laws in effect at the present time will be carried on for three more years.

Mr. Nystrom: That is precisely why I have raised this question. We want a guarantee that the minister will not use imports in the future as a means of decreasing the domestic price.

While I am on my feet, may I ask the minister this: Since we only supply about 94 per cent of the Canadian market, what steps does the hon. gentleman envisage his department will be taking to assist the beef industry in this country? What concrete steps does he have in mind to assist Canadian cattle producers?

Mr. Whelan: If the hon. member wishes, I will send him about four pages of material listing all the things we have done in the last four years in response to the requests of that industry. There has never been a government or a minister under which more has been done, and the evidence shows this to be the case. I am surprised the hon. member asked the question he did, having regard to some of the things he has said in the past.

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[*Translation*]

URBAN AFFAIRS

INQUIRY WHEN HOUSING INDUSTRY WILL BENEFIT FROM RRAP

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I would like to ask a question of the hon. Minister of State for Urban Affairs.

Recently we received a release to the effect that the assistance program for rehabilitation of older residences, namely RRAP, would be implemented. At first sight, that program looks as thoughs it will help and encourage small property owners to renovate their homes through a maximum remission of $3,750 on a $10,000 loan. However, I would like to know when the housing industry will be able to take advantage of those programs and what funds will be allocated for 1978-79.

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, as soon as the budget is approved, I will be in a position to tell Canadian municipal authorities how much money is available to them for residential rehabilitation purposes. There is no doubt in my mind that the budget will be twice what it was last year, especially in rural areas, in keeping with the increase in residential rehabilitation applications.

Mr. Beaudoin: May I ask a supplementary question, Mr. Speaker?

According to press reports suggesting that the Minister of State for Urban Affairs is on rather bad terms with some small municipalities of Quebec, particularly with some mayors, could the minister tell the House whether he has come to some agreement with the province of Quebec regarding those investments and whether the Quebec government completely agrees with the minister on this point?

Mr. Ouellet: Mr. Speaker, this is essentially a federal program as well as federal funds. In order to put the program into effect, all provinces—not only the province of Quebec—had to designate the municipalities qualified to receive these funds from the federal government. As far as the province of Quebec is concerned, it has been agreed that all rural municipalities of Quebec would be designated for this program.

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• (1502)

[*English*]

EXTERNAL AFFAIRS

CANADIAN PARTICIPATION IN UN DISCUSSIONS ON DISARMAMENT

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Can the minister inform the House what plans the government has for participating in the special session of the United Nations on disarmament, starting in May, which UN Secretary General Waldheim says may become a turning point in the search for disarmament? Also, is the government prepared to introduce any initiatives for arms control and world peace by promoting the political, civil, social and economic rights of people everywhere?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, it would not be possible in an oral answer to provide the details to the hon. member. I can tell him, however, that we will be taking an active role in the special session on disarmament. In addition, there are a number of internal departmental groups and outside groups which are making submissions and preparing material. I hope this will all be co-ordinated within the next little while. It is possible that the hon. member might wish to raise some questions when I appear before the standing committee, at which time I will be very glad both orally and, incidentally, by way of a written statement, to provide him with an up to date report.

ROUTINE PROCEEDINGS

[*English*]

GRAIN

PAYMENT UNDER WESTERN GRAIN STABILIZATION PROGRAM

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am pleased to announce to the House today that an initial payment of $60 million has been approved under the western grain stabilization program.

Western Grain Stabilization Payment

Producers who have paid the $500 maximum levy over each of the past two years will be getting about $1,100 as a part payment for the 1977 crop. A final payment will be made in the fall when all the information needed to determine the final pay-out level under the act has been gathered. Right now it looks as if that final payment will also be a pretty hefty one.

This part payment will help grain growers meet planting expenses for the coming year. The purpose of setting up the Western Grain Stabilization Act on a calendar basis was to allow producers this type of flexible assistance. I understand that cheques will be going out very shortly. In fact, producers can expect to have them in their hands by the end of April. This should be of considerable help to prairie grain farmers particularly, in view of the decreased net returns prairie farmers suffered last year.

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, we on this side welcome this announcement by the minister for two reasons. First, the announcement was mercifully short and, second, the money is badly needed now. The announcement emphasizes the problem facing the western grain industry, which is really just a reflection of the total problem facing Canadian agriculture.

This announcement is one more indicator that an election is imminent. Yesterday in the Standing Committee on Agriculture the minister said this announcement could not be made until after the cabinet meeting tomorrow, so he is either talking through his hat or he does not understand cabinet procedure, or both.

We are now 30 million bushels behind in our grain exports, mainly because of problems at the west coast. Farmers know that the asking price for top grade grain is $4.50 a bushel plus, but still the government says there will be no further payment on the initial price of $2.75 a bushel received by the farmer. For those people this announcement today will be small comfort. It means that they are sold out at below the cost of production for the full calendar year 1978.

At a time when close to $1 billion will have to be expended to plant the prairie grain crop, which requires seed, fuel, chemicals, equipment and wages, producers will question why this payment could not be made in full instead of in two parts. The money is required now. The fund presently has in it $154 million, give or take $1 million or $2 million. The $60 million payment announced by the minister today is simply a return of the premiums already paid by farmers, and if the government honestly feels that the western grain stabilization plan is so great, why does it not include landlords? By "landlords" I mean mainly widows who live in our small prairie towns. These are the people who are being hurt. I sincerely hope that in the coming years returns from the marketplace will preclude payments of this kind.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, like the spokesman for the Conservative party, we in the NDP welcome the fact that farmers are getting some additional moneys, but I must admit that I am not really surprised at the announcement. It is really an election payment which is being made to the farmers. Farmers are being paid $1,100, as a maximum, of their own money, and if we look at the plan, we find that over the last two years farmers contributed $1,000, $500 per year. If we add interest, that amounts to $1,100, so they are getting back their own money. I think this is a bit of cynical politics on the part of the Minister of Agriculture (Mr. Whelan).

The announcement today says that a final payment will be made in the fall when all the information needed to determine the final pay-out under the act has been gathered. Of course, we will not have that information in the fall. I suppose it is by accident that there is an initial payment. We welcome that initial payment, but I want to be sure that this is a precedent, and in other than election years when there is a pay-out under the plan there had better be an initial payment like there is this year. It had better not be just in an election year that the government decides to pay farmers with their own money in an attempt to buy votes. I want to be sure that the minister uses this as a precedent.

I do not think the Minister of Agriculture knows very much about this because his boss is out in Saskatchewan making a similar announcement today.

An hon. Member: Winnipeg.

Mr. Nystrom: By his "boss" I mean the minister in charge of the Canadian Wheat Board, who is announcing that there will be a hefty payment in the fall. If the government can project a hefty payment in the fall, why can that payment not be made now? It would make more sense to make the payment now than it would in the fall.

The minister who made this announcement in the House today is full of nothing but bull when he talks about the decent farm incomes we have in this country. Net farm incomes in the last three years have dropped by 23 per cent. Farm expenses have gone up by 18 per cent. Is that the best there is in the world? When the minister cannot answer questions in the House, he pats himself on the back, and he spreads a bunch of bull from one end of the country to the other.

In my province of Saskatchewan between 1975 and 1977 cash receipts for grain and oil seeds went down by 20 per cent, while the cost to the farmer went up by some 23 per cent. Some Minister of Agriculture and some department!

Between January, 1975 and January, 1978 cash receipts for farmers went down by 38 per cent, and in the province of Saskatchewan they went down 55 per cent. What other sector of our economy would sit back quietly and allow that to happen? The minister announced nothing today for beef producers. All he has announced is a measly payment out of the western grain stabilization fund, money which the farmers themselves have put into it. Of course we welcome the payment, but it is not enough. If farmers are going to stay in business, they will need a lot more than this.

• (1512)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to comment very briefly on the statement the Minister of Agriculture (Mr. Whelan) just made on western Canada's grain growers.

That the government decided to extend financial aid to farmers can only be good news, whether those farmers are in western, central or eastern Canada. Because it is generally recognized by members in this House that farm producers are finding it very difficult to gain recognition for their right to a reasonable and stable return, bad seasons and bad years notwithstanding.

As far as I am concerned, I know western grain growers are facing difficulties, and the announcement that an initial $60 million payment has been approved will be welcome because those farmers have obligations and any revenue will allow them to honour those obligations, at least in part, and provide them with some incentive to consider the coming crop year and the seeding season with better hope and satisfaction.

On the other hand, it is too bad farmers have to wait for months on end before at least recouping the money they spent on seeding, maintenance, threshing, storage and so forth, and still wait another number of months before getting a revenue, some return on their labour. I hope, Mr. Speaker, that through the years it will be possible to develop a program ensuring better stability, so that our country can produce on a regular basis what is needed to feed this country and also to meet our commitments to the underdeveloped countries we are helping generously.

I am happy about this, about the fact that we can help because, in my opinion, it is more satisfying to help others then to have to ask others for help. While the Minister of Agriculture is still in his seat, I would like to make a small comment concerning the Canadian dairy producers.

Yesterday, when I asked the minister about this, he replied that we would be proud when he announces the dairy policy for next year and that we would be happy to learn that we have the best dairy policy in the world. If it really is the best in the world, I shall be the first to applaud. When someone does something positive, something which truly corresponds with the aspirations of a group of Canadian producers, I am not one to criticize, as I would rather help with the administration and co-operate, and on those occasions, I am happy and proud to say that such a thing is good.

Therefore, in the days to come, I hope the Minister of Agriculture will tell us about the nature of this dairy policy to reassure the Canadian dairy producers so that they will also start the next dairy production year in good spirits and work generously like all other producers of western Canada to produce the goods essential for Canada.

Mr. Speaker, if this is the situation, the member for Bellechasse will be happy to say so throughout Canada and invite all our producers to take advantage of this policy and to continue to work generously to accomplish their mission, and we shall assure them of our support to provide them with reasonable returns and to ensure the future of agriculture in Canada, which is essential for the survival and the prosperity of our country.

[*English*]

Mr. John Wise (Elgin): Mr. Speaker, I believe that under the rules of the House we might be permitted to pose a few questions following the minister's statement, which could be accurately described as an attempt to bribe farmers with their own money. I draw the minister's attention to the last sentence of the statement, which reads:

This should be of considerable help to prairie grain farmers particulary, in view of the decreased net returns prairie farmers suffered last year.

The minister has finally recognized that farm incomes in this country have declined. That is admitting his failure and that of the government, of which he is a part, to deal effectively with this serious problem.

My questions to the minister are, first, what information is not known now that should be known in order that a final payment could be made to western producers; second, when will this information be known; and third, can he give me the assurance today that cheques will be in the hands of the western producers by the end of this month?

Mr. Whelan: I think I can tell the hon. member that cheques will be in the hands of the producers by the end of April, according to the officials who administer this act and who are under the jurisdiction of the Minister of Agriculture. Producers were slow in giving their information. This is the first year of operation of the program and we had hoped to have the final figures in by March 15. The figures are being tabulated at present. We are not satisfied that they are coming in fast enough. I am afraid I forgot the other question the hon. member asked.

Mr. Wise: I think the minister was in the process of answering it, but can I take it from the minister's remarks that all the information should have been in by March 15 and in the hands of the Grain Stabilization Board; and if this is the case, why will the full payment only be received in the fall?

Mr. Whelan: The hon. member should realize that if a mistake is made of even half of one per cent either in favour of the producers or against them, it can amount to a tremendous amount of money one way or the other. So these figures have to be double checked and double checked again to make sure that they are accurate.

When the hon. member makes the statement that the incomes of farmers have gone down, let me point out that I have continually stated to those farmers who are selling their products on the world market, whether it be surplus dairy or surplus grain products, that the world price of those products went into a tremendous slump or depression, and that there are

few grain farmers in the world who have a program such as this under which for every dollar they put in the federal government puts in $2. Opposition members are saying that this is producers' money, but let me point out that there is $2 of taxpayers' money in this program for every dollar the farmers contribute. We think we have one of the best programs of all. It may not be the 100 per cent we would like to see but it is at least 99 per cent of what we would like to do to stabilize farmers' incomes.

Mr. Jack Murta (Lisgar): I should like to ask the Minister of Agriculture (Mr. Whelan) a question. The statement he made today makes a mockery of the grain stabilization program. The farmers have contributed approximately $50 million and the government has contributed in the neighbourhood of $100 million, which comes to an approximate total of $150 million which has been allocated to the plan. What the government has done today is to give farmers back $50 million of their own money plus $100 million of federal government money, and that is it for the present time.

The minister says that possibly next year we may see a lump sum payment, one payment only. The minister has certainly not convinced the House of Commons. I want to ask him why that payment was not made in total at the present time. Why are we dragging it out in this particular year? I would caution the minister not to give us the same old answer to the effect that officials do not want to make a mistake. We know that the computers of the Canadian Wheat Board are determining the payment. I would like to know the reason.

● (1522)

Mr. Whelan: As I said, Mr. Speaker, the information has just come into the office, some of it late in March. It has to be double checked. The hon. member spoke about the computers. They are using the most sophisticated equipment; there is no doubt about that. The money is there. There will be a payment later to finalize the payment for that year. I am more optimistic, as was his colleague in answer to the statement I made. I hope we do not have to make a pay-out next year. That would eliminate all the problems and accusations that this is political skullduggery and that type of thing, or that if the program is running like it should, there is an automatic pay-out. We thought it proper that a statement be made in the House today because of the deep concern of hon. members for the farmers of western Canada.

Mr. Murta: The minister can take away any charge of political skullduggery by answering this last question. He indicated that he knows the amount of the total payment; if he checks *Hansard* he will see that. We have seen $60 million at the present time. What will be the final payment, within $5 million or $10 million if he likes? Can the minister answer that in order to clear up this matter?

Mr. Whelan: No, Mr. Speaker, not at this time. The figures we have been given go all the way from a final payment of around $100 million to $120 million to $140 million. The computers have not fed out any better information than that, according to information we have received at this time from the trade. We have to make doubly sure we have that so that we do not make an error in favour of the government or against the farmer.

Mr. Gordon Towers (Red Deer): Mr. Speaker, this is probably the dirtiest trick that has been played on the prairie grain producers for a long time. Is the reason the payment is being made in two phases the fact that the government does not have the money now and is waiting for the producers to contribute for the balance of this crop year and the start of the next in order to contribute to the fund that will be paid in the fall?

Mr. Whelan: Mr. Speaker, the hon. member says this is one of the dirtiest tricks ever played on the farmers. That is false. We need to have all the information. Statistics Canada will not be able to give us the total information we need to make the final payment until July of this year. We hope in other years this will be more automatic. This is something they are adjusting to and learning how to manage. It is not something that has been in operation for several years. It is a new program, one that we think is very satisfactory.

Mr. Nystrom: The Minister of Agriculture said the final payment would likely be $100 million to $140 million, in that category. If the computers are saying it is at least $100 million, why was a larger initial payment not made now? Is the minister saving some for a larger payment in case there is a fall election instead of a spring election?

Mr. Whelan: Mr. Speaker, the hon. member knows full well that we would love to make the complete payment at this time. However, as I said, we do not have the facts from Statistics Canada. It could be that that payment will be made before the fall; it will depend on how early we get those figures. We have been promised them for July. The hon. member talked about the amount of money. The facts that have to be supplied are the cost of production figures. That is what you need to have.

The hon. member threw figures around here, as he usually does, about a reduction in income and this type of thing. When you talk to most of the farmers in western Canada about their grain production and the price they have received for the last five years—and they are on a five year revolving program for income tax—you find that most will be paying a decent income tax again for the calendar year 1977. The hon. member knows that. When he talks about a tremendous income reduction, he fails to take into consideration the very high price they have received from durum wheat and rapeseed. Those prices are much above the cost of production. They were allowed to sell a tremendous volume because of the fact this government allowed them to delay paying their income tax. We made it so that they would not be subject to heavy taxes because we needed the grain for world markets at that time. The government co-operated 100 per cent in every way to market the grain and get the best possible price for it.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I wish to ask the minister what was the contribution of the farmers plus the accrued interest up to the time of the payments? Second, what

is the estimated levy paid by the farmers in the present crop year? Finally, how many cheques are being mailed out?

Mr. Whelan: Mr. Speaker, there are 129,740 participants. The amount of producer levies is $51,893,842.85, government contributions amount to $103,787,685.70, and interest $8,410,223.10, for a total of $164,091,751.65. As I said, this partial payment will amount to an average of $1,100 per producer.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, as an easterner, I would like to ask the minister a question about the statement he made today in the House. This is a joint or split jurisdiction. Is the statement the minister made in the House the same statement being made in Winnipeg by the Minister of Transport (Mr. Lang)? Is it possible that in the statement being made in Winnipeg the minister will indicate that the $100 million to $140 million the Minister of Agriculture (Mr. Whelan) mentioned can be paid as a final payment before June 19?

Mr. Whelan: Not being a political member of the cabinet, Mr. Speaker, I would think we would want to make sure the payments were made after all the facts are in and that this is done in as honest and proper a fashion as we now know how. Hon. members keep using the figures $100 million and $120 million. I also used the figure $89 million. That indicates how varied the figures are at the present time. I want to be doubly sure, whether it be June 19 or October 19, that we can mail the cheques to the farmers so that they can make use of them. Some are suggesting that we may have two elections this year. Who knows?

[*Translation*]

Mr. Speaker: Order, please. I intend to conclude the discussion between the hon. member for Bellechasse (Mr. Lambert) and the hon. member for Swift Current-Maple Creek (Mr. Hamilton). The hon. member for Bellechasse.

Mr. Lambert (Bellechasse): Mr. Speaker, I find really extraordinary the statement just made by the Minister of Agriculture who is not a political member of the cabinet. I shall not ask a question concerning the dates but I wish to ask very seriously a question concerning the last paragraph of his statement. He said that this payment would be a substantial help for grain producers of the prairies considering the reduction of their net income last year. Will that payment compensate for the reduction of their net income last year and ensure them a surplus for the present year to stabilize their operation?

[*English*]

Mr. Whelan: Mr. Speaker, the intent of stabilization is to do just that. We do not pretend that it is going to be 100 per cent of their cost. We used 90 per cent in this the same as we did with the Agricultural Stabilization Act in 1975, only this is a contributory program by the producers and the federal government. The producers pay in $1 and the federal treasury puts in $2. It will be that kind of program. This is a voluntary program. The farmers are not forced to join. Seventy-seven per cent of the farmers in western Canada saw fit to join this program and 23 per cent did not. Perhaps they felt their economic resources were such that they did not need to join; we do not know. It is their right to join or not join. They have the right to drop from the program with three years' notice if they think it is unsatisfactory.

● (1532)

When all this is known I think it is one of the most fair programs in which the producers can participate. It is also one of the most superior programs that any group of cereal grain producers have in the world.

Mr. Hamilton (Swift Current-Maple Creek): Mr. Speaker, I have two short questions for the minister which relate to his replies to the hon. member for Dauphin (Mr. Ritchie). Would the minister give us the effective date in relation to the amounts he gave in response to that hon. member? Does the grain farmer have to pay income tax on his contributions now that he is getting them back? Will he have to pay income tax once again?

Mr. Whelan: Mr. Speaker, I would imagine that this is treated the same as all other stabilization payments; it is counted as income. I am surprised by what the hon. member has said. If we rely on what has been said by hon. members of the NDP, the hon. member would not be worrying about the farmers paying income tax because, as they have said, their incomes are so very, very bad. The money he is talking about, and the figures I used in reply to the hon. member for Dauphin, relate to December 31, 1977.

* * *

OMBUDSMAN

MEASURE RESPECTING ESTABLISHMENT OF OFFICE

Hon. Ron Basford (Minister of Justice) moved for leave to introduce Bill C-43, respecting the office of the Ombudsman and matters related or incidental thereto.

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

* * *

STANDING ORDERS

MOTION TO AMEND STANDING ORDER 65(1)

On the order: Government Notices of Motions:

April 3, 1978—The Deputy Prime Minister and President of Privy Council:

That Standing Order 65(1) be amended by adding immediately after subsection (s), the following:

"(t) Northern pipelines, to consist of not more than 15 members, to which shall stand permanently referred all reports, orders, agreements, regulations, directions and approvals mentioned in sections 12, 13, 14, 15 and 22 of the

Northern Pipeline Act; provided that the said committee shall report thereon at least three times in every session."

Provided that this subsection shall be deleted from the Standing Orders on the day on which the Northern Pipeline Agency ceases to exist.

Mr. Speaker: Pursuant to section (2) of Standing Order 21, this notice of motion is transferred to and ordered for consideration under Government Orders later this day.

* * *

PETITIONS

Mr. Speaker: Order. I have the honour to inform the House that the Clerk of the House has laid upon the table the tenth report of the Clerk of Petitions stating he has examined the petition presented by the hon. member for Vancouver East (Mr. Lee) and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 196, 517, 675, 719, 833 and 1,431.

[*Text*]

PERSONS UNDER CONTRACT TO THE CANADIAN PENITENTIARY SERVICE

Question No. 196—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Penitentiary Service and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): By the Ministry of the Solicitor General: 1. As of October 20, 1977, 749 persons were under contract to the Canadian Penitentiary Service.

2. (a) 1975/76: $377,631,48; (b) 1976/77: $1,399,105.60.

NOTE: The above figures reflect the total number of persons under contract and the total amount so paid. Information on the number of retired public servants under contract cannot be provided as the records of the Canadian Penitentiary Service are not kept in such a manner as to facilitate extraction of this information. However, appropriate measures have been taken in order to have this type of information available in the future.

[Mr. Basford.]

MEASURES TO PROMOTE REFORESTATION OF HARVESTED TIMBER LANDS

Question No. 517—**Mr. Howie:**

Has the Ministry of State for Science and Technology or any of its commissions or councils or the Department of Energy, Mines and Resources, instituted any programmes, projects or taken any measures to promote reforestation of harvested timber lands since January 1, 1975 and, if so, what measures have been implemented?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Ministry of State for Science and Technology and the Department of Energy, Mines and Resources as follows: The policy of the Ministry of State for Science and Technology is to formulate and develop policies in relation to the activities of the government of Canada that affect the development and application of science and technology. The objective is to assure the optimum use of science and technology in support of national objectives. The ministry has no laboratories and does not award grants-in-aid of research, scholarships or fellowships. Forestry and/or reforestation are not within the administration responsibility of the Department of Energy, Mines and Resources.

USE OF GOVERNMENT AIRCRAFT BY THE MINISTER OF AGRICULTURE

Question No. 675—**Mr. Cossitt:**

1. With reference to the answers to Question Nos. 29 and 30 of the Second Session of the 30th Parliament which stated in part that the Minister of Agriculture made 188 trips on government aircraft to his Constituency in Windsor or from Windsor to elsewhere, on how many such occasions, if any, did the aircraft leave the Minister in Windsor, return to Ottawa or elsewhere and then subsequently fly back again to pick up the Minister?

2. Were any such empty flights included in the total of Department of Transport and Department of National Defence aircraft used by the Minister and, if not, for what reason?

3. What was the total number and cost of all flights made to or from Windsor by the Minister from the points of origin, including flights returning to or from Windsor from points elsewhere without the Minister on board?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of National Defence and Transport Canada as follows: 1 and 2. The requested information was provided in answers to questions No. 29 and 30 tabled October 17, 1977.

3. The requested information regarding flights to and from Windsor was provided in the answers to questions No. 29 and 30. For information regarding the costs of all flights, see reply to question No. 2,881 answered October 17, 1977.

PERSONS ON EDUCATIONAL AND SABBATICAL LEAVE IN THE PUBLIC SERVICE

Question No. 719—**Mr. Jones:**

1. In competition 77-DSS-CCID-5126M for the position of Manager, Records Office (As-3) in the Superannuation Division of the Department of Supply and Services, to whom is the position open?

2. Does the Public Service allow educational leave at their expense and are there unemployed persons qualified to do the work the employees are being trained for and, if so, for what reason is such leave granted?

3. (a) How many employees of the Public Service in Moncton are on so-called sabbatical leave (b) what are their names (c) what courses are they enrolled in (d) how will such courses assist them in their work?

4. How many persons were hired from Moncton for positions in the Superannuation Division of the Department of Supply and Services to be located in Moncton and are presently being trained in (a) Ottawa (b) Montreal?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Employees of the Superannuation Division, Ottawa-Hull area, and employees of that part of the Public Service, Atlantic region, to which the Public Service Commission has the exclusive right to appoint, who occupy positions of which the maximum of the salary range is at least $16,498 per annum as of November 28, 1977.

2. The Public Service Commission allows at its own expense educational leave which is granted under the following conditions: firstly, under some collective agreements, the employer is compelled to grant educational leave to a minimum of its personnel (e.g., for the ED group, the employer has to set aside 1 per cent of his resource-years annually for educational leave). In the Public Service Commission, almost all educational leave is granted under collective agreements. Secondly, the other condition under which this type of leave is granted is governed by the following criteria: organizational requirements; the need to improve the performance of employees. In order to meet future needs, constantly changing organizational requirements and finally to better prepare more and more qualified employees, training and development policies provide for educational leave. The Public Service Commission does not employ additional resources since resource-year limitations and internal recruitment policies compel the Public Service Commission to call on its own personnel for the necessary skills.

In so far as the Department of Communications is concerned: 3. (a) Two employees; (b) (1) Mr. Douglas Maloney; (2) Miss Claudette Drisdelle; (c) (1) Masters in Business Administration—University of Moncton; (2) Electronic Technology—New Brunswick Institute of Technology; (d) (1) This type of training will provide the employee with a greater knowledge and additional skills thereby assisting the Moncton Regional Office in its senior management activities. (2) To better perform radio inspector duties in the Atlantic Provinces.

In so far as the Department of Regional Economic Expansion is concerned: 3. (a) One. (b) Donald J. Savoie. (c) Doctoral program at Queen's College, Oxford University. (d) The program consists of course work in policy development and in policy and program coordination. It will have specific application to Mr. Savoie's duties as a program coordinator.

In so far as the Department of Transport is concerned: 3. (a) There are presently no employees from Transport Canada on leave, that may be described as sabbatical, in Moncton. There is one employee from the Atlantic region who is currently on leave-without-pay for educational purposes. (b) This employee is Mr. Douglas M. Consul. (c) Leave was granted to enable Mr. Consul to complete a degree in electronic engineering, at Seneca College, Toronto, at his own expense. Due to health reasons, Mr. Consul was unable to retain his licence as a helicopter pilot, and is taking this training to acquire a second profession for subsequent re-employment in the Public Service. (d) This course is a recognized qualification in the field of electronic engineering.

In so far as other departments and agencies located in Moncton are concerned: None. 4. Fifty; (a) Fifty; (b) None.

RELOCATION OF SURVEYS AND MAPPING BRANCH

Question No. 833—**Mr. Dick:**

1. Is it the government's intention to relocate 750 positions in the Surveys and Mapping Branch of the Department of Energy, Mines and Resources to Sherbrooke, Quebec and, if so, how many employees will be involved?

2. What is the estimated cost of moving the employees?

3. What is the number of (a) permanent (b) term (c) casual employees working in the Branch in Ottawa?

4. What percentage of the employees speak (a) English (b) French as their mother tongue?

5. Is their a cartography course or degree programme offered at the University of Sherbrooke or at any other university, community college or CEGEP in the Province of Quebec?

6. Prior to the decision to relocate such employees, did the government calculate the number of spouses who presently have jobs in the Ottawa area?

7. Is the government considering compensation for spouses who will have to give up their jobs in order to accompany relocated employees and, if so, in what manner?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Energy, Mines and Resources and Treasury Board as follows: 1. If the relocation of the Surveys and Mapping Branch is confirmed, 750 employees will be affected.

2. Excluding facilities and other costs, the actual expenditure requirements for the movement of employees will depend upon the number of staff members who eventually agree to relocate. The unit cost of movement, per employee, is estimated at $13,800.

3. (a) 878 permanent; (b) 90 term (over six months); (c) 19 casual (less than six months).

4. 72 per cent of employees speak English as their mother tongue or first official language. 28 per cent speak French as their mother tongue or first official language.

5. Yes.

6. No.

7. The entitlements of spouses are covered in the Decentralization and Relocation Guidelines which were endorsed by the National Joint Council on December 7, 1977 and issued by the Personnel Policy Branch of the Treasury Board Secretariat on December 21, 1977. The relevant paragraphs read as follows: "Indeterminately employed spouses of relocated employees may, if they make their wishes known to their departmental personnel office, be granted leave of absence without pay for a period not in excess of twelve months. During this 12 month period, such spouses will be entitled to the services of the PSC's transfer system if they wish to be considered for reassignment within the Public Service, either in the new location or elsewhere."

Motion for Production of Papers

GRANTS TO CHARITABLE AND NON-PROFIT ORGANIZATIONS

Question No. 1,431—**Mr. Robinson:**

For each year 1971 to 1978, did charitable and non-profit organizations receive grants of public funds and, if so (a) how many (b) in each case (i) in what amount (ii) for what purpose (iii) was an audited financial statement filed by the recipient?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The information requested is not readily available. To provide an accurate reply in its entirety, would entail a lengthy and costly examination of the accounts of every department and agency including their regional offices. The costs in manpower and time to undertake such a large amount of work would be prohibitive.

[*English*]

Mr. Speaker: The questions enumerated have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 166 could be made an order for return, that return would be tabled immediately.

[*Text*]

PERSONS CHARGED AND CONVICTED OF MURDER AND MANSLAUGHTER IN CANADA

Question No. 166—**Mr. Friesen:**

How many persons in Canada were charged and convicted of murder or manslaughter more than once and, in each case (a) what is their name (b) how was the sentence disposed of (c) on what date was he/she eligible for parole where a prison term was involved (d) what was the length of the sentence served?

Return tabled.

* * *

[*Translation*]

MOTION FOR THE PRODUCTION OF PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the motion for the production of papers No. 49 is acceptable to the government subject to usual reservations concerning confidential documents and to the approval of interested government authorities.

[*English*]

Mr. Speaker: Subject to the reservations or conditions expressed by the hon. parliamentary secretary, shall notice of motion No. 49 be deemed to have been adopted?

Some hon. Members: Agreed.

[Mr. Pinard.]

[*Translation*]

COPIES OF CORRESPONDENCE BETWEEN FEDERAL AND PROVINCIAL AUTHORITIES RELATING TO FUNDS PROVIDED FOR BILINGUALISM

Motion No. 49—**Mr. Munro (Esquimalt-Saanich):**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of correspondence between the federal and provincial authorities relating to the accounting of federal funds provided under the Federal-Provincial Programme for Bilingualism in Education.

Motion agreed to.

Mr. Pinard: Mr. Speaker, I ask that all other notices of motion be allowed to stand.

[*English*]

Motion agreed to.

* * *

[*English*]

THE CANADIAN ECONOMY

ALLEGED SHATTERING OF WORLD CONFIDENCE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, pursuant to the notice I sent you earlier today I wish to ask leave to move the adjournment of this House, pursuant to the provisions of Standing Order 26, for the purpose of discussing a specific and important matter requiring urgent consideration, namely the shattering of world confidence in our economy as evidenced by the selling off of Canada's April 1 bond issue in New York, the arrangement of a further emergency credit of $1 billion from our Canadian chartered banks, the imploring by our Minister of Finance (Mr. Chrétien) that our provinces, municipalities and corporations borrow more actively in foreign markets, only to be countered by the reported statement by the Solicitor General (Mr. Blais) in Sarnia yesterday that "international debt is caused by Canadian businesses borrowing on the international market" which he felt was bad.

The urgency of this matter has been aggravated by the refusal of the Minister of Finance to come before the Standing Committee on Finance, Trade and Economic Affairs for the next two weeks, notwithstanding the fact that he has not appeared once on his main estimates for this year.

Mr. Speaker: Order, please. As the hon. member for York-Simcoe (Mr. Stevens) indicated, he gave me notice, pursuant to Standing Order 26, of his intention to invoke the provisions of the Standing Order in order to precipitate a special debate in respect of the matter contained in his notice. I do not propose to grant that application for three reasons, the third of which I think is the most direct and most important. However, the first two are also relevant, but I do not determine them in a final way.

The first reason is that the hon. member seems to me in his notice to be putting before the House a matter of opinion. He states, "I wish to give notice that I will ask leave to move the adjournment of the House under the provisions of Standing Order 26 for the purpose of discussing a specific and important

matter requiring urgent consideration, namely the shattering of world confidence in our economy".

The balance of the notice is evidence, as is the language used, of that opinion. Nevertheless, the matter itself is the shattering of world confidence in our economy, which is an opinion rather than an event. I do not make a final determination on that, but it seems to me that the language of the Standing Order does not really lend itself readily to a debate of an opinion, as it does to the consideration of a specific event. However, I say again that I do not make that as a final determination. That could be subject to argument and in certain circumstances it may be applicable. I do not think it is here.

As I said, there are three reasons. The second is that on February 22 I did grant an application pursuant to this Standing Order in respect of a matter proposed by the hon. Leader of the Opposition (Mr. Clark), in which he was joined by the hon. leader of the New Democratic party (Mr. Broadbent). The language, of course, was different, but it did relate to the fall of the dollar as it reflected confidence in our economy. While the language is not identical, I would have some misgivings, in the face of the provisions of paragraph (16)(b), about granting a second application under this order allowing a discussion on the same subject-matter. As I say, I might be persuaded otherwise in that regard.

The third reason, which I think involves the final determination, is that in answer to questions this week the Minister of Finance has indicated, and he did so again today in answer to a question, that after tomorrow's cabinet meeting he will be giving an indication about the presentation of a budget. I really think I would have to overlook entirely the provisions of paragraph (5) of the Standing Order if I did not at least wait to see whether such a budget is to be presented. The matter of the accountability of the Minister of Finance in this regard would seem to be answered in that way.

To what extent a full debate will be possible after that, of course, remains to be determined. In any case, as long as that remains a serious possibility I should think that the provisions of paragraph (5) would prevent the Chair from granting the application.

For those three reasons I do not find that the matter is a proper matter to be discussed at this time under Standing Order 26.

GOVERNMENT ORDERS

[*English*]

ANTI-INFLATION ACT

AMENDMENT TO EXTEND RANGE OF PERSONS TO WHOM ANTI-INFLATION GUIDELINES APPLY

The House resumed, from Monday, April 3, consideration of the motion of Mr. Chrétien that Bill C-18, to amend the

Anti-Inflation Act and guidelines, be read the third time and do pass.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, it is rather fortunate that I am able to speak at the moment on Bill C-18. I earnestly hope that the Minister of Finance (Mr. Chrétien), who is shunning this parliament and is unwilling to appear before the Standing Committee on Finance, Trade and Economic Affairs to give an accounting and explain some of the mistakes his department has been making in its administration, particularly in relation to the monetary situation, will take part in this debate.

● (1542)

It is fortunate, Mr. Speaker, that this debate is able to continue. I enjoy having the opportunity to add a few more remarks to the record concerning our position with respect to the controls position and Bill C-18 itself. More specifically, I hope that the Minister of Finance will accept this as an opportunity to come into this debate and give a meaningful speech on the federal government's present position with regard to our monetary status both domestically and internationally.

Some hon. Members: Hear, hear!

Mr. Stevens: If the Minister of Finance is within hearing distance—and I know his parliamentary secretary is here—I will make this deal with him: I will stop speaking to give him an opportunity to speak in this debate if he so wishes. He can have the remainder of my time, Mr. Speaker, and I will be one of the most attentive people in this House when the minister explains to the members the policy that he is trying to follow—or more specifically, what appears to be the lack of policy that he is following—concerning the economy of this country.

Mr. Knowles (Winnipeg North Centre): What is the remainder of unlimited time?

Mr. Stevens: Well, Mr. Speaker, I will leave that up to the discretion of the Minister of Finance; if he wishes to talk for a long period of time that will be up to him.

The time has come, Mr. Speaker, when we need some clarification concerning the direction of the economy in this country. There was a time when, presumably, the government was able to fudge the issue sufficiently—at least domestically—and get by with a very poor economic performance. Now, however, they have come unstuck. They have come unstuck because the government has raised the attention of the international bankers of this world. Most of us who have had to deal with bankers on a credit basis know that bankers can be very cold and ruthless in getting to the facts.

As far as I am concerned, this is no longer a partisan question. It is no longer a question of rhetoric. This country deserves better economic leadership than it has been getting from the Trudeau government or the Minister of Finance. In dealing with the Minister of Finance it is no overstatement to

say that this is literally the weakest performance of any minister of finance in this country since confederation.

Some hon. Members: Hear, hear!

Mr. Stevens: I say that because I think that the minister can be faulted virtually on all fronts. He refused to answer a question today when I asked him this: In view of the fact that unemployment has risen since he has taken office last September—inflation has risen, his deficit has widened, the dollar has fallen—does he feel he has done anything wrong? Normally, I would have expected him to get to his feet and clarify the situation or defend himself. However, the nature of the question shocked him so much that he sat dumbfounded, realizing I had hit upon the truth.

The Minister of Finance has made some serious mistakes. International financial circles are able to identify almost within the hour when mistakes have been made by this minister. These mistakes have helped to shatter the Canadian economic image throughout the world and resulted in the further decline—of our dollar. This is due to the minister's presentation and lack of comprehension of the nature of this job. In short, he has bumbled, but unfortunately he is not the one who suffers most. It is the Canadian public that are suffering from his want of knowledge in a department that is so vital to Canada's wellbeing today.

In saying that, and in dealing with the question of inflation under Bill C-18, we must bear in mind that one of the contributing reasons for the decline of our dollar is that the international banking world is judging us as an inflation-prone nation when other nations have been able to get control of their inflation. They find that Canada has become a stand-out nation where inflation continues to rise. As we said on Monday, it has risen by 9.5 per cent. It continues to rise much faster than it has been rising in the United States and is almost triple the rate in Germany. Switzerland has no inflation.

We are told by this Minister of Finance, backed up by his emperor overlord, the Prime Minister (Mr. Trudeau), that they do not know what to do to control inflation in this country. In my opening, rather brief preliminary remarks last Monday, Mr. Speaker—I see the parliamentary secretary to the Minister of Finance is laughing. Frankly, the question of our economic condition in Canada at the present time is not a laughing matter.

In the opening remarks I made last Monday I pointed out, for example, that the outflow from our foreign exchange reserves was costing Canadians dearly. It is easy to forget that on August 31 last year, about six months ago, United States reserves held on behalf of the Canadian public by the Bank of Canada were $2,558 million. Since that time and with the arrival of the Minister of Finance in September to take over the reins of finance in this country, we have had a deterioration in those reserves of $1.6 billion. If you add the outflow of United States reserves so far in April alone—Monday, Tuesday and today—there has probably been $1.7 to $1.8 billion lost with respect to the United States reserves that we held when this Minister of Finance took over the reins on behalf of the Government of Canada.

If you translate that into more meaningful terms, it means that the ineptitude and lack of comprehension shown by the Minister of Finance has cost the average taxpayer in Canada $180 of the United States reserves that he rightfully could have expected to be maintained by the Bank of Canada on his behalf. It has cost every taxpayer in Canada $180.

Let me put that into perspective. When we are talking in terms of billions of dollars—and frankly most of us, including myself, cannot comprehend what a billion dollars is—let us not forget that our reserves have now dwindled to the point where we, in relation to our external obligations, be they of a debt nature or trade nature, have the thinnest reserves of any industrialized nation in the world. In that context it is not too hard to understand why the international community has the jitters about Canada when they see our reserves are so thin and they observe the bumbling, stumbling actions of this government. When the international community sees the half measures the government brings in in order to try to counter the lack of confidence that there is in the system, it is not hard to understand why the run on the Canadian dollar continues. The obvious reason why the run continues is that the government's program to counter inflation in this country has failed.

● (1552)

That is why, when dealing with Bill C-18, I think it wise to continue to press this government for an explanation of why the program they enunciated on October 20, 1975 to help fight inflation in this country was not carried out. If you recall, Mr. Speaker, the program was quite explicit. It said the government was going to make some basic changes in the way they were running the country. They were going to be restrained in their own fiscal spending. They were going to be restrained in their monetary growth. They were going to start deregulating industry and set up a controls mechanism through the Anti-Inflation Board that somehow would keep the lid on prices, profits and wages in the country.

I think the time has come to ask the government what went wrong with the program that they told the Canadian people, and certainly this parliament, they intended to follow. Certainly we do not have the fiscal restraint. Anybody who wishes to attend the committees of this House and review the estimates now before us—the $50 billion spending that the government contemplates for the coming year—realizes there is no fiscal restraint. We have not had the monetary restraint referred to in October of 1975, we have not had the deregulation referred to, and, of course, the controls that were presumably supposed to keep the lid on the rising prices, profits and wages have not worked either.

I ask what went wrong because we must not forget that the targets the government set for themselves were, if anything, high targets. When they said we would be getting down to 4 per cent inflation this year, that was not only an attainable goal if we had been in power in 1975, it was a high goal. If Germany got inflation down to 3.5 per cent this year compared

to our 9.5 per cent, then I must ask this government why they cannot do the same. If Switzerland can get down to zero inflation at the present time compared to our 9.5 per cent, then I ask this government why they cannot.

The hard fact is that this government does not have to live with some of the problems a country like Switzerland has. Other than salt, basically Switzerland has no resources whatsoever. They have to import practically everything they need. That is not our situation, Mr. Speaker. We are virtually self-sufficient in energy, we are virtually self-sufficient in such resources as nickel, iron and other minerals and we are rich in agricultural products. In short, of all industrialized nations, we have fewer problems than others. Switzerland, Germany and Japan, for instance, have very, very serious problems but in spite of them have been able to handle their level of inflation in a much more satisfactory way.

The figures I used are on the record, Mr. Speaker. I shall not take hon. members through the Bank of Canada's February 1970 Review again. It points out the comparative position as far as consumer prices are concerned in the various countries listed. We must not forget, however, that the Bank of Canada—and few members will want to dispute what the Bank of Canada says in this regard—points out that in December, 1977, the 12-month inflation level in the United States was 6.8 per cent compared to the Canadian 9.5 per cent; the Japanese inflation rate was 4.9 per cent compared to our 9.5 per cent; and the German rate was 3.5 per cent compared to our 9.5 per cent. In fact, all those major industrialized countries were lumped together and 7.2 per cent is the average inflation level compared to our 9.5 per cent. I think those Bank of Canada figures are a sad testimony to the effective management of our economy by this government.

Toward the end of my opening remarks on Monday, Mr. Speaker, I said that I should like to deal with the historical perspective of this question. I hear the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) suggesting that I should shorten my remarks. I find it not only reprehensible that the government does not have the courage to tell the people of Canada what they believe the facts to be, but that they seem to have absolute disdain for anybody in this House who tries to enter the debate of the day as it should be debated.

Mr. Lumley: A point of order, Mr. Speaker. My comments to the hon. member were that we are debating Bill C-18, amendments to the Anti-Inflation Act, not having a general discussion on the Canadian economy. The hon. member has already spoken for almost two and one-half hours. It is taking the eloquent gentleman from the business world two and one-half hours to make his point. That is the point I was making, Mr. Speaker.

Mr. Towers: You missed the point entirely.

Mr. Stevens: As the hon. member for Red Deer (Mr. Towers) says, the parliamentary secretary missed the whole point. The point is, if the parliamentary secretary feels I have taken a few minutes too long—

An hon. Member: A few hours too long.

Mr. Stevens: The fact is that over there the Minister of Finance, his parliamentary secretary, the Prime Minister or any minister of that cabinet have not taken one minute to give their explanation of the failure of their anti-inflation program as enunciated in October of 1975 to the Canadian people. That is the point. I think perhaps even more effectively than he realizes the parliamentary secretary has demonstrated the complete disdain of his party for this House of Commons. The fact that he could get up and be critical of one member speaking for a few minutes longer than he likes and the fact that the minister chooses not to say one word on this, if not the most important problem in Canada, certainly the second most important problem, inflation, is appalling. What does Bill C-18 deal with if not inflation? It is simply legislation amending the Anti-Inflation Act that this government, counter to their 1974 election promises, introduced and passed in this House in 1975. That is what I am debating.

We have another interjection from a government supporter, the hon. member for Scarborough West (Mr. Martin). They speak from their seats much more effectively than from their feet, Mr. Speaker.

Mr. Martin: We do not take 2½ hours.

Mr. Stevens: The hon. member for Scarborough West says I have spoken so long that it is very difficult for others to get into the debate, but I should like him to stand up and indicate whether the Minister of Finance has agreed to enter the debate. Perhaps the Parliamentary Secretary to the Minister of Finance could indicate that. If other gentlemen can assure me that the minister will come and join in the debate, I will stop within the minute and give him an opportunity to put his comments on the record concerning the anti-inflation program introduced by this government in 1975.

I should like to return to my concluding remarks when I spoke on Monday concerning Bill C-18, Mr. Speaker. I feel it is proper to put into historical perspective what "the Trudeau government role" has been on this whole question. Let us not forget that a large proportion of the money printed in recent years by the Bank of Canada has gone to finance the Trudeau government's deficits. For the members of this House who were not here Monday night when I dealt with this question of the creation of inflation by the over-printing of money in relation to the real growth in the economy, I would reiterate that that is the basic cause of inflation in any nation.

• (1602)

As I pointed out, during the ten years of mismanagement by the Trudeau emperor, we have had money created to the extent of 156 per cent in this country. During that same period of approximately ten years the real growth in the economy, Mr. Speaker, was 55 per cent. Is it any wonder that we had 100 per cent inflation during the present government's tenure

of office since 1968? These are the facts. Basically, let us not forget the more people pretend that they do not know—and certain politicians pretend that they do not know what causes inflation—the more they are not being fair to the Canadian public. Inflation basically cannot be caused in a nation unless more money is printed than the real growth of the economy permits.

That is why I come back to this question of the nature of the printing of money by the Bank of Canada. The fact is the Bank of Canada printed money to finance 33 per cent of the federal cash requirements needed by this government in the past five years. The $5.6 billion of federal securities purchased by the Bank of Canada represents more than 60 per cent of the total addition to the money supply over the period I am referring to.

Let us bear in mind that when the Prime Minister took the reins of power, when he became the senior executive in this country, the total federal securities owned by the Bank of Canada were approximately $4 billion. Since that time securities owned by the bank have risen to almost $11 billion. That increase from $4 billion to $11 billion is what people mean by monetarizing the debt of the nation. When the debt of the nation is monetarized, that is the classic way to print more money; more money is flushed into the system which causes the inflation we are now living with. I cannot dwell on that point too often because it is the point that every government in power which acts irresponsibly with respect to the management of the economy likes to forget. The main cause of inflation occurs when governments over-print money in relation to real growth. The terrible culprit in Canada has been the present administration.

The spending practices of the present government created the budgetary deficits which where partially financed by increasing the money supply, as I have indicated. Since 1968 federal spending has more than quadrupled. If the $50 billion figure is accepted, it is up almost five times. In 1968 the federal government announced preliminary federal spending intentions of $10.9 billion. In 1979, using the government's own figures, it will be $46.5 billion, which is the figure I am referring to when I say there has been approximately a four-fold increase in government spending.

Before I go further, Mr. Speaker, let us make a quick review of the present administration's strategy against inflation. First of all are the years 1973 to 1975. Early in 1973 it became apparent that the administration had not licked inflation as the Prime Minister was wont to claim. In 1971 we find that the rate of inflation was approaching 6 per cent. It was showing no signs of lessening since the money supply was growing in excess of 15 per cent. In short, the return of inflation in that period was not surprising.

In the budget of February, 1973, the present administration stated that fiscal measures were, and I quote, "aimed at reducing inflationary pressures in Canada". The strategy was to increase supply, to increase disposable incomes, to protect Canadians against inflation and to restrict federal government demands upon the economy. In many ways, are not those familiar terms even today? Wage and price controls were flatly rejected in that budget.

[Mr. Stevens.]

That strategy, of course, was a failure. Inflation which stood at 5.8 per cent reached 9.6 per cent a year later, and was still rising. The strategy might have had more effect if it had been properly implemented. Where smaller federal demands upon the economy were promised, federal spending actually grew 23 per cent in the following year. Let us not forget that figure.

In spite of the fact that in the February, 1973 budget we were told that the government was at last going to restrain their spending, in the very next year they increased it by 23 per cent. By the next budget, in May, 1974, inflation had reached 11 per cent and was still rising. The budget reflected to use the government's words, "determination to deal with inflation." Lip service to spending restraint was dropped. Federal spending grew at the even faster rate that year of 28 per cent. Once again the present administration rejected the illusory magic, as they called it, of controls. During the subsequent election campaign—how well we all remember—the Prime Minister called controls "a proven disaster looking for a new place to happen". At the same time he pledged his government, and I quote again, "to bring inflation under control." That was the Prime Minister's pledge to the people of Canada which presumably influenced them in voting for his re-election in 1974.

With the rate of inflation approaching 12 per cent the then finance minister, Mr. Turner, prescribed the same medicine once again in November 1974 that he had been prescribing previously and unfortunately it had the same effect. The inflation rate was hovering around 11 per cent when he presented his last budget in June 1975. The principal measure was, again, promised restraint in federal spending. While the present administration claimed it had cut $1 billion from federal spending plans, federal spending was still forecast to increase by an alarming 11 per cent over the year before. That, Mr. Speaker, is a very brief summary of what the government said and did during the 1973 to 1975 period.

Let us take a look at 1975 through to 1978 and at what brings us to the debate on Bill C-18 at the present time. You will recall, Mr. Speaker, that by October 1975 the inflation rate was still in excess of 10 per cent. After nearly three years of budgets directed against inflation, three years during which the government had consistently rejected the use of wage and price controls, the present government introduced the anti-inflation program, which I have referred to. The central component of it was none other than wage and price controls.

At this point I should explain something. Most of us will recall that the minister of finance who presided over the economic affairs of this country during the tremendous spending binge which occurred was none other than Mr. John Turner. But Mr. Turner presumably had a falling out with the Prime Minister in that the Prime Minister was a controls-oriented person. He liked the sound of controls. The falling out resulted in Mr. Turner resigning and Mr. Macdonald being brought in to do the dirty work of imposing controls.

• (1612)

It is interesting to note that there was a change of ministers at that time. But not only was there a change of ministers. As we know, the deputy finance minister during most of the time Mr. Turner was minister of finance also resigned, and he has since stated in unequivocal terms that the inflation problem with which we are confronted today was contributed to in large measure by the overspending of the federal government during the Turner years. That is a little of the background.

Then we find that the anti-inflation program of October, 1975 proposed to reduce inflation from its level of 10.6 per cent to 4 per cent by October, 1978. As I said earlier, that 4 per cent target was not an overly high one. It was relatively realistic. The anti-inflation program also promised that federal spending would be restrained, that the growth in the money supply would be greatly restricted, that there would be "a review with some urgency of the federal government's responsibility for creating price rigidities in its own area of responsibility", and that there would be a reassessment of the cost to the private sector of government rules and regulations. Finally, a review of the role of regulatory agencies was to be undertaken.

The promise of federal spending restraint, Mr. Speaker, has not been kept. Over the two years of so-called restraint the estimates of federal spending have risen by 28 per cent, and those increases have occurred due to the administration's own internal operating costs. Let no hon. member forget this. During the two years of so-called restraint, operating costs have increased by 37 per cent. That, Mr. Speaker, is the government in action. That, if you like, is charisma in action for the Canadian public to enjoy. The cost to the taxpayer has been horrendous. If the cost of federal operations had run parallel to the inflation guidelines of the control period, federal expenditures would today be $2 billion lower than they are.

Let us remember, also, that the growth of the money supply has been held within the limits proposed by the Bank of Canada primarily because the targets were so generous. The first set of targets called for money supply growth amounting to between 10 per cent and 15 per cent effective September, 1975. The second set called for growth rates between 8 per cent and 12 per cent effective March, 1976, and the third set for rates between 7 per cent and 11 per cent effective last June. These targets all represent rates of monetary expansion which are not consistent with price stability. They are an improvement in relation to previous performance but they are still, in our opinion, too high.

Throughout most of the controls program monetary expansion has been below the target range. Recently, however, the money supply has been growing at much higher rates. In December, 1977 the money supply was 12 per cent higher than in December, 1976, a rate of expansion higher than the target range. If such growth continues, the Bank of Canada will slip back into an inflationary posture not much different from that which created the initial problem.

The administration has given us no indication that it is reviewing the contribution to inflation made by federal agencies. Indeed, the federal government has specifically exempted a number of Crown corporations and agencies from the application of its own price and profit control guidelines. Such an action clearly indicates that the administration does not view the activities of its own agencies as being in any way inflationary.

Further, the government has published no studies and offered no initiatives relating to its commitment to reassess the economic costs of federal regulations. Recently the minister of state responsible for small business announced he would establish a program to reduce the paperwork burden on small business. The first step, Mr. Speaker, is to be a study. Guess of what. A study of what the problem is. More than two years after a commitment is made to reduce the regulatory burden, the present administration has progressed as far as studying the problem. In order to do so they intend to appoint, they say, a comptroller of the paper burden, with a staff of 20.

Mr. Hnatyshyn: Pathetic!

Mr. Stevens: If it were not so sad it would be almost laughable to compare the rhetoric of the government with its actions. There has been no indication that the government is reviewing or has reviewed the role of its regulatory agencies. Ministers have admitted publicly that they do not know how many Crown corporations the government owns; the total is over 385 and they are still counting. It is unlikely the administration will be able to accomplish the review it promised even if all the regulatory agencies can be identified. New regulatory agencies are still being created; for example, there is the national broiler board, the Northern Pipeline Agency, the competition policy advocate and, of course, the comptroller of the paper burden.

Let me add one almost humorous note. Here we are dealing with Bill C-18, which proposes to amend the anti-inflation legislation. The government, according to the *Financial Post* this week, has given an assurance to the 700-man staff of the AIB that they will be shifted to other government jobs should the board ever be dismantled. Here is a government which created an agency, one which it told us would never be established, and then announced that the number on the staff would not be more than 200 temporary employees. Now we find the board has a staff of 700, and when it is suggested the board might be dismantled the employees are assured they will never be allowed to drift away from the public service but will be guaranteed jobs at salaries comparable with those they now receive under the AIB.

• (1622)

Let me now deal with the lack of success—indeed, I might say the failure—of controls. Since the present administration has been unwilling to honour its commitments on spending restraint, monetary restraint, and the proliferation of bureaucracy, it is not surprising that wage and price controls have been unable to slow inflation. In fact, the failure of this administration to implement supportive policies has made controls virtually irrelevant in the anti-inflation campaign.

Wage controls, for example, did not halt the erosion of our competitive trade position with the United States. Studies by the Conference Board of Canada indicate that the deterioration in our competitive position has continued throughout the controls program. All the devaluation of the Canadian dollar has done is restore our competitive position to what it was in 1975 when our competitive position was so poor that controls were required.

On the question of the effect of a declining dollar hon. members will recall that this party initially pointed out to the government that a falling dollar is not a mixed blessing. The government was saying that the fall in the dollar would help exports, but we were pointing out that it would also trigger a new round of inflation in the country. As the Conference Board pointed out in the quote to which I referred, the fact is that the devaluation which had occurred up to the date of the report simply had put us back to the competitive position we were in in 1975, the very year the government said it had to bring in controls because we had lost our competitive position in relation to the rest of the world.

The important thing to bear in mind now is that the government at last seems to be coming to its senses. It is realizing that the falling dollar is in fact generating its own inflation, and we now find that the Governor of the Bank of Canada in a release dated April 3 stated that, and I quote:

> —too large an exchange rate adjustment over too short a period of time would not be helpful in restoring Canada's international competitive position on a durable basis because of the risk that it would undermine the substantial progress Canada has made to date in overcoming inflation.

In short, the economy is in a tailspin. The government has allowed the dollar to drift lower, and to the degree that it has allowed the dollar to drift lower it is in turn generating inflation about which even the governor of the Bank of Canada has become alarmed.

Let me touch on another point. In our opinion the price and profit controls imposed on the nation through the government's anti-inflation program were quite an unnecessary burden on the business community. Corporate profits have been so sluggish that in 1976 only 20 per cent of the firms subject to profit controls had been within 10 per cent of the allowable maximum profit. Most firms had such small profits that the profit restraints were unnecessary. In 1976 Canadian business was generating only 51 per cent of the maximum profit allowable under very strict profit restraining guidelines. The steadily worsening economic situation has narrowed business profit margins independently of controls. Profit margins of industrial corporations had already fallen from 1974 levels of 7.2 per cent to the level of 6.1 per cent in the nine months of 1975 before controls were introduced. Margins fell further in 1976 to 5.2 per cent and declined to 5.1 per cent in 1977.

Wage controls, on the other hand, did not halt the erosion of our competitive position, nor were profit controls necessary in the current economic circumstances. The costs of controls have been huge. Labour-management relations have been damaged severely by prolonged federal intervention. Business confidence and investment are low. These costs might have been sustainable if inflation had fallen to forecast levels, but as we have pointed out, inflation has not come down to the 4 per cent target. Where the inflation rate was originally forecast to be in the 4 per cent to 6 per cent range at this time, as we know the rate is now 9.5 per cent. The Trudeau government's controls have failed. Not only have they failed, but they have produced the costs to which I have referred which have had to be borne by business. Let me put this into perspective. One corporation has told me that its cost for staff and administration simply to cope with the anti-inflation program is $500,000 a year.

What are the new policies enunciated by this administration to fight inflation? The government now says that the phase-out of the disastrous controls program will begin on April 14 of this year. However, as I indicated on Monday, 70 per cent of workers and 80 per cent of companies will remain under controls until the end of 1978. Even after the expiry of controls certain rules and guidelines will continue to apply. Monitoring of prices and wages in the post-controls period is now to be undertaken by the Economic Council of Canada. Whatever group does the monitoring will be a watchdog, without real powers.

We are told that inflation will reach 6 per cent in 1978. Hon. members will recall that at the first ministers' conference the government forecast an inflation rate of 3.5 per cent by 1982, but no policies have been implemented or even proposed to move Canada from the current 8 per cent plus inflation level to the 3.5 per cent level the government claims can be achieved by 1982. Let me be candid on that. We believe that an inflation level lower than 3.5 per cent could be achieved by 1982. That is not the point. What we are saying is that it will not be achieved, any more than was the 4 per cent inflation level achieved this year, if the government does not now take the necessary steps to ensure that it will be achieved.

Repeatedly the Minister of Finance likes to maintain in his inept way that he sees nothing wrong with existing federal fiscal and monetary policies. That is most unfortunate.

Let me now deal with what we in the Progressive Conservative party think should be done in this country to reduce inflation. First of all, we should end controls, but they should not be ended in this disgraceful way by saying that there will be a decontrol period starting on April 14, but in fact keeping 70 per cent to 80 per cent of the employees and companies in this country bound up until the end of the year. We believe that, if anything, wage controls have been inflationary. What starts out as a wage ceiling over time becomes a floor for wage settlements. That is a consequence of a controls program which lasts too long.

Profit controls, no doubt, have been inflationary. They have retarded investment projects which would have protected the economy from inflation resulting from supply shortages. Profit controls have increased the burden of regulations upon business, added to cost and reduced efficiency. Profit controls have encouraged business inefficiency as a method of disposing of excess revenue.

A second thing we would do to counter inflation would be to cut income taxes. Consumers need a break. The 6 per cent

ceiling on wage gains in 1978 is inadequate to compensate workers for the inflation expected during this current year. Without a tax cut the buying power of consumers may well fall. Wage earners must be protected against inflation to avoid a catch-up explosion of wage demands in the future. We feel the tax cut should be large. It should be approximately the $2.2 billion the government is overspending at the present time. I referred to that earlier. This means that more than 1 per cent of Canada's national output, or gross national product if you like that term, will be returned to individual taxpayers; that 500,000 Canadians will be taken off the federal tax rolls if our tax cut were implemented. I say that 500,000 Canadians would be taken off our tax rolls because we recall how many ministers of finance have loved to use that term.

● (1632)

Not only do we feel that the tax cut would benefit the average Canadian but we believe it should be directed so as to bring the main advantages to those earning up to $16,000 a year, who would receive nearly $300 if you work out our program. In effect, we are proposing a tax cut which would give most Canadians one week's extra pay. We say that one of the problems in the economy is the lack of consumer buying. We must get the consumer buying once again, creating the demand to which the businessman will respond through additional production, and eventually the creation of more plants and the buying of more equipment to serve that demand.

If you assess the thrust of this government's stand with respect to making our economy more buoyant, Mr. Speaker, I think you can determine that they have put heavy emphasis on giving the corporate sector an incentive. But the corporate sector really needs more than an incentive; it needs the demand from the buying public to allow it to create the jobs that are so urgently needed in the country. In addition to giving the corporate sector just a blind handout incentive, one should link those incentives to productivity tests so far as those corporations are concerned, and make them work for the tax breaks they are offered through one's fiscal position. That would be part of the approach that we would adopt in bringing in a budget if we had the opportunity to do so this month.

Having said that, I should like to emphasize that timing is all important in these measures. We enunciated what I am saying in part several months ago. We urged the government to cut back on their spending and to give a more meaningful tax cut to the Canadian taxpayer. We would not have the unemployment levels today that we have if the government had taken our suggestions. But now we are saying: Although it is late, do something still; because if you do not get the economy responding in a more vigorous way, we will have higher unemployment come the winter of 1978-79.

We believe that there should be a cut in sales taxes. The federal government collects a 12 per cent sales tax on almost every purchase made by consumers. By reducing the rate of tax on particular items, for example on building materials, consumers will pay lower prices. This is a fiscal tool that could be used, if the government so wished, with precision. They can assess, for example, the hardware items that are not moving at present, the cars, refrigerators and stoves, and as the government determines where it wants to put the main thrust of its incentives, it can at least lower the sales tax, if not remove it, with respect to that particular commodity. We have referred to the manufacturers' sales tax or the federal sales tax because we feel that is a most unfortunate type of tax. It is very inflationary and it goes on products at the manufacturer level and in effect then becomes amplified as mark-ups are placed on the product between the manufacturer and the eventual end user.

Another approach that can be used is to have the provinces reduce their sales taxes. Most provinces feel that they cannot give such a cut if they do not have a break from the federal government. That is why we are saying that the federal government, and certainly the Minister of Finance, in considering the budget that he will probably bring in next week or the following week, should at least consider cutting back on taxes, or, if you like, giving a bonus to those provinces which are willing to reduce their sales tax. Surely it is most unfortunate that a province such as Newfoundland, which is experiencing the tragedy of the highest unemployment in this country, should feel it necessary to impose a 12 per cent sales tax on its goods.

Mr. Kempling: Quebec has the highest unemployment.

Mr. Stevens: The hon. member is correct. I was referring to Newfoundland having the highest unemployment rate, which is also correct. I am pointing out that it is most unfortunate that, because of lack of revenue, some of the provinces which have high unemployment—and the two things go hand in hand—have been forced to inflict upon their citizens the highest sales taxes in the country.

This is where the federal government can do something meaningful. It can make whatever compensation is needed to those provinces to allow them to start removing, or at least reducing, their sales tax so that the consumer buying enthusiasm can be restored and in turn we can get our economy working again.

The thrust of what I am saying is that if we were in power, we would get Canadians back to work. It is a disgrace that in a nation which is as bountiful as ours this government should be tolerating a real growth of only 2.6 per cent, as they did last year.

Having said those things on the revenue side, let me say where we feel those revenue items can be paid for. In short, the size of government must be reduced. By cutting back on the growth of federal spending we will reduce the contribution of the government to inflationary pressures. A variety of cuts would be made by us if we had the opportunity. The size of the federal public service would be reduced by 20,000 a year for the next three years. This would be accomplished through a hiring freeze and a policy of not replacing those who resign or retire.

In this respect we feel we should probably have to exempt prison guards, RCMP personnel and military personnel. In

short, we are simply saying that it is possible not to fill the vacancies, to let attrition of its own momentum reduce the size of our public service. If we were able to drop, say, 20,000 public servants a year through that method, this would mean about $400 million a year could be saved in spending at the federal government level.

We also feel that savings could be achieved through lower personnel support costs, lower accommodation and equipment charges, and lower transportation and communication expenditures. Again we feel that further reductions in spending could be achieved through sharply reduced advertising and consulting expenditures. One of the points we have made—certainly my leader has made them several times—is that we believe there is room for zero based budgeting and sunset laws if they were implemented by the federal government and earnestly enforced. I emphasize that because, as most of us know, the city of Hamilton has brought in a zero based approach to their budgeting. It has been tough, it has been hard to work out, but it has been successful. I think it is interesting to note that a city with a budget of approximately $100 million has been able to keep the lid on its spending to within 1 per cent of the previous year's spending. As a result of the general growth of that city, their mill rate, the actual tax rate of the homeowners in that city, has gone down this year compared to last.

● (1642)

Compare that city with zero based budgeting, keeping their increase to within 1 per cent of their spending last year, to this federal government which expects to receive cheers when they tell us they kept their spending approximately equal to the real growth plus inflation in the nation. They are a laugh. Hopefully the Canadian public will give them the final laugh when the election is called and the voting is recorded later this year.

We feel that some of the more than 300 Crown corporations to which I have referred should be dismantled or integrated within departments or sold to the private sector. Non-budgetary borrowings of Crown corporations should be curtailed, especially where the interest rate does not reflect market conditions.

We have before the House a bill to amend the Export Development Corporation Act in which the Minister of Industry, Trade and Commerce (Mr. Horner) is seriously asking this House to give that one Crown corporation the right to borrow without further reference to this House, certainly of a formal nature, over $20 billion on their own account.

The Minister of Finance has said that our cash needs for fiscal year 1979 are to be $11 billion. He deliberately did not induce the borrowings of such Crown corporations as EDC because they do it in their own name. That may be so, but they bind the Government of Canada when they do it. That is clear. If you read their prospectus, Mr. Speaker, in each case across the front of it they state it is an Export Development Corporation note that you are buying, but Her Majesty the Queen in the right of Canada guarantees the note.

[Mr. Stevens.]

When we talk about cash needs, admitted by the Minister of Finance to be $11 billion, and we add the needs of Crown corporation such as EDC, we see how totally out of control this government is getting. If you put it into percentage terms, you find they are spending about $50 billion this year and are going to be able to pay back only 77 or 78 per cent of that spending. The rest of it is ending up on the cuff to be paid not necessarily by us, but in part, plus interest, by future generations in this country. That is why we say there has to be a cutback.

Recently some of us were in Israel. I found it most refreshing when talking to the minister of finance in Israel to hear his attitude as a new minister of finance, heading a Conservative government in that country, with regard to what they intend to do with their state corporations. The previous socialist government which ruled that country ended up with about 180 state corporations. Apparently those state corporations were into unbelievable things. They were making plastic articles, virtually anything you can conceive of, but losing money hand over fist.

When I talked to officials in their finance department, they pointed out that their country simply could not continue to subsidize the losses that were being run up by those state corporations. The solution of the new government in Israel—and this is why I say it is so refreshing—is to put on the block at least one-half of those 180 state corporations. They are simply going to ask for tenders in the private sector. If they can get suitable bids, presumably they will sell and get out of the business of running companies which no government any place in the world generally runs well.

The next point I would like to make is that we, if in power, would deregulate the economy. The burden of public bureaucracy on private enterprise must be lifted. Sunset laws will be implemented to terminate agencies which have outlived their usefulness. Tax rebates will be supplied to small businessmen who are plagued by excess federal paperwork.

We should bear in mind that the paperwork, the bureaucracy that business has to live with, is certainly an irritant to all businessmen. The large corporations handle it by simply adding to their staff. They hire another accountant or another lawyer. It is just another cost item. The small businessman cannot do that. He finds that that is often the final load that breaks him as a businessman. In short, he goes out of business.

My final point in dealing with what we would do if we were in power today is this. We feel there should be greater monetary restraint in Canada. There should be gradual reductions in the growth rate of the money supply, greater than we have been having. Monetary expansion must not be allowed to exceed growth targets that are set in relation to realistic real growth potential in this country. The federal government must put less pressure on the Bank of Canada to finance their own federal debt. The federal government must learn to live within its means.

That is our position. I believe it is a credible position. I hope it will be accepted, at least in part, by the Minister of Finance when he brings in the budget some time next week or the week

after. If he does not, let me assure him that to the extent he has cheated the Canadian public once again by taking the wrong fiscal and monetary positions in a budget, we will make it an election issue come the next election.

I have touched on the Liberal record with regard to controls. I could touch on certain other items. I know there are other members who are anxious to get into this debate and I do not want to take an unduly long time.

Mr. Kempling: These are just preliminary remarks.

Mr. Hees: That was a nice introduction.

Mr. Knowles (Winnipeg North Centre): He has not warmed up yet.

Mr. Stevens: I do not want to take a prolonged time as far as my remarks are concerned. I am pleased to see that a former minister of finance is in the chamber, the hon. member for Eglinton (Mr. Sharp). He knows what I am taking about.

Mr. Knowles (Winnipeg North Centre): He is the only Liberal listening to you.

Mr. Stevens: I hope that hon. member might join in this debate and give us the benefit of his understanding as to where the government has gone wrong with regard to inflation in the nation. I hope he will indicate where he feels some of the mistakes were made in the anti-inflation program and where corrections could be made, even at this late date.

I conclude by saying that I think Canada has a potential second to none in the world. It has a potential that, if properly harnessed with the government of the day giving the kind of economic leadership that Canadians rightfully deserve and are entitled to, could go on to real growth targets, not at the low level set by this government, but substantially above the real targets to which this government has referred.

In short, this country could be second to none in the world. We do not have to be humiliated with the tenth standard of living in the world when we once had number two. We could be number one in the world as an industrial nation if we simply made up our mind under the present leadership in Ottawa that we could do it.

I am concluding my remarks a little prematurely because I earnestly hope that the Minister of Finance will take the time that I have left to come into the debate and give us some explanation as to why he has been such a tragic failure as Minister of Finance to this point.

Some hon. Members: Hear, hear!

• (1652)

Mr. David Orlikow (Winnipeg North): Mr. Speaker, as I listened to the speech of the first spokesman for the official opposition I could not help wondering why he went on and on, speaking for more than three and a half hours, unless the nature and objective of his speech was not to criticize the government but rather to outdo the lengthy speech of my colleague the hon. member for Nickel Belt (Mr. Rodriguez) some months ago. All the practical suggestions made by the hon. member for York-Simcoe (Mr. Stevens) could very easily be compressed into fifteen minutes. I listened very carefully, so let me list them quickly to show what I mean.

Some of the proposals he made for reducing government expenditure included means of reducing the size of the government. Of course, he was very careful not to indicate which programs would be eliminated. Every member of parliament who has any experience knows that the real cost of government does not result from the size of the public service, although that is substantial, but from services provided the people of Canada. If a political party pledges to eliminate services it may lose votes, so the hon. member was very careful not to do that.

Mr. Stevens: I was trying to give you some time.

Mr. Orlikow: Then the hon. member said a Conservative government would dismantle some Crown corporations. Again he was very careful not to indicate which they would be.

An hon. Member: That is being smart.

Mr. Orlikow: That is right; that is being smart politically, but not very honest.

Mr. Stevens: I rise on a point of order, Mr. Speaker. The hon. member asked that I conclude my remarks in order to give him some time to speak. In doing so I did not have the time to elaborate on some of the points he is raising and complaining about now. Had he allowed me the extra time I would have given him the detail he is looking for now.

The Acting Speaker (Mr. Turner): Order, please. I would suggest to the hon. member that this is a point of debate and not a point of order.

Mr. Orlikow: Mr. Speaker, it is a long time since I have heard a member speak for three hours and then—

An. hon. Member: And say nothing.

Mr. Orlikow: —complain about not having enough time. The hon. member said that a Conservative government would dismantle some Crown corporations. Canadian history will show that Crown corporations are created by government. In the entire history of Canada we have never had a socialist government in Ottawa. We have always had either a Conservative or Liberal government. Those governments created Crown corporations, not because they fit in with their ideological frameworks, but because there was a need that was not being met by the private sector.

For example, in my province of Manitoba we have a publicly owned telephone system. It was created in 1908 by the Conservative party headed by Sir R. Roblin. This is how we get Crown corporations. If the hon. member had been serious I think he should have indicated the kind of Crown corporations his government would dismantle.

The hon. member then talked about greater monetary restraint. Of course, what that means is that you spend less money, you provide less service and you employ fewer people. As a result, of course, you increase unemployment. So much for his ways for reducing expenditure.

He then outlined his proposed ways of helping to get the economy moving again. Those suggestions were not bad, as far as they went. He was not being very radical, but following the advice of the Economic Council of Canada and the Conference Board. He said a Conservative government would cut income taxes, particularly for the people in the middle and lower income brackets. We are in agreement with that. He said his government would cut sales taxes. We are in agreement in that regard, and they would encourage the provinces to cut their sales taxes as well. Mr. Speaker, I have taken about five minutes to list all the practical things the hon. member took over three hours to outline.

Let me speak about the situation this country finds itself in, keeping in mind the sophistry used by the Prime Minister (Mr. Trudeau) during question period today when he referred to the Liberal objective of providing equality of opportunity for the people of Canada. What the Liberal government has done instead since this Prime Minister took office is provide a lack of opportunity for the people of this country.

I am glad to see that the hon. member for Eglinton (Mr. Sharp) is in his seat today. If my memory serves me correctly, he was the first minister of finance at the time this Prime Minister took office. I want to compare the situation then in April of 1968 with the situation in February of 1978.

In April of 1968 the actual number of unemployed was 375,000 and the actual rate of unemployment was 4.9 per cent of the labour force. In February of 1978, just two months short of the ten years this Prime Minister has been in office, the actual number of unemployed was 1,007,000, and the actual rate of unemployment was 9.5 per cent. In other words, we had an almost threefold increase in the number of unemployed and an increase in the rate of almost 100 per cent.

An hon. Member: And they call that progress!

Mr. Orlikow: Yes, they call that progress and we are told we are doing quite well in comparison with other countries. The hon. member for Cape Breton-East Richmond (Mr. Hogan) has informed me that in a news article appearing in the Ottawa *Citizen* today there is an indication that the rate of unemployment in nine common market countries is 5.9 per cent as compared to the 9.5 per cent in Canada.

In discussing this bill before us today we must consider the history of how we got into this situation and why we are amending a bill we first passed in 1975, more than two years ago. Members will remember that in 1974 the Conservative party, then as now the official opposition, began a campaign across the country calling for a freeze on wages and prices. That was to be a 90 day freeze. That proposal was taken up by the media and given a great deal of prominence. It became an issue in the election campaign of 1974. The Prime Minister of this country travelled across the land from the Atlantic to the Pacific telling the people of Canada that a freeze on wages and prices would not work, and that the government which he headed would not impose wage controls in this country. The people, particularly the workers in the urban parts, believed the Prime Minister was an honest man. They voted in substantial numbers electing Liberal members while defeating some Conservative and some NDP members of parliament.

We all know that happened in 1975. This Prime Minister, who had won an election on the promise not to impose controls, implemented wage and price controls because, as he said, they were necessary to stop the cost of living from rising. In October 1975 there was sharp inflation, running at an annual rate of 10.5 per cent. After the anti-inflation program was imposed in October of 1975 there was a sharp decrease in the rate. At the end of the first year in which we had controls the cost of living increase had been reduced to 6.2 per cent.

● (1702)

The Prime Minister, the Minister of Finance (Mr. Chrétien) and the chairman of the Anti-Inflation Board went around flexing their muscles and saying to the people "Look how successful we have been." Some of us tried to warn the government that this to a large extent was an accident and a temporary thing which would not be repeated.

I have not often, if ever, quoted from a speech which I have made in this parliament on an earlier occasion. However, speaking in this House on June 20, 1977 I talked about this question of the cost of living, and I pointed out how in each month from January, 1977 through to June the cost of living had increased by a half to one per cent. I said:

> Taking into account the $2 a barrel price increase there will be in July, we are looking at an increase in the cost of living for the year 1977 of between 9 and 10 per cent.

And what happened, Mr. Speaker? We had an increase of exactly 9.5 per cent for the calendar year of 1977. The Minister of Finance is still going around the country arguing that in 1978 the cost of living will only rise by 6 per cent. However, he cannot find a single independent economist in the universities, the business community or anywhere else who will agree with him that such a thing will happen.

The reasons are obvious. First of all, the fall in the Canadian dollar has had a disastrous effect on the cost of living in this country. The business commentator in the *Globe and Mail* yesterday quoted a speech made recently by David Slater, a member of the Economic Council, in which he quoted from a study done by the Conference Board of comparable wages between the United States and Canada for 1975 which seemed to show that the wage rate in Canada was higher than in the United States. Even if one accepts the validity of that study in 1975, the fact is the dollar in Canada as compared to the dollar in the United States has fallen by 15 cents since 1975. So the Canadian worker has suffered a real decline in the cost of living since this program began.

The second thing is that we have a continuing increase in the cost of energy because the government is committed to staged increases in the cost of oil and natural gas to the

consumer until the cost reaches the world price. Thirdly, there has been and continues to be a sharp increase in the cost of food, so much of which is imported from other countries, and which is, therefore, a cost over which we have no control.

The government—I said it then and I will say it now, and events have proven me correct—had taken credit for the decline in the rate of inflation through the Anti-Inflation Board. However, when the facts demonstrated that there was no reason to br proud of what was happening, the Anti-Inflation Board suddenly began to try to rationalize matters and deceive the public last October by putting out a booklet called "Kick the Inflation Habit", in which they tried to argue that we were doing quite well. They tried to show that the rate of inflation was continuing to come down. How did they do that? They did that in the classical way of one who wants to lie to the public. They cooked the books. To show how they did it and how they rationalized it, I quote from that pamphlet:

Food, energy and import price movements have obscured somewhat the success that has been attained in reducing the rate of inflation.

Of course, if you take out the major factors for the change in something, then you can prove that the change has not taken place.

What has been the effect of the anti-inflation program? Let us look at it. The program has, in fact, never worked because it has never controlled prices. It has only been successful in the one field in which there was the least reason for implementing it, and that is in controlling and limiting wage increases. Since the program has not worked at all, we believe there is no logic in continuing the program, and for that reason we are going to vote against this bill.

The program has not succeeded in holding down prices, profits or the rate of inflation. All it has done is to hold down the salaries and wages of the low and middle income people. It has been ineffective in controlling executive salaries or the incomes of professionals. The only logic for continuing the program, therefore, is a continuing desire on the part of the government to hold down wages and salaries of the ordinary people of Canada. The government continues to believe that this type of wage increase is the prime cause of inflation when there is all kinds of evidence to indicate that the prime cause is elsewhere altogether. By holding down wages and salaries, the government is restricting the purchasing power of the wage earners, thus holding down consumer demand and lengthening the recession in which we currently find ourselves.

The government has deliberately increased prices on oil products. The oil price increase of last year, this year and the one which will come some months from now will add at least one per cent. It added over one per cent in 1977, and it will add more than one per cent to the over-all cost to the CPI for 1978. For the average family this means approximately $150 a year more to heat a house and drive a car. The oil price increase has contributed to a 15 per cent increase in the price of fuel and utilities in the last year, and we have not yet seen the effect of the latest increase. Moreover, the government is committed to a dollar per barrel increase every six months for the foreseeable future.

The cost of buying a house has increased by 9 per cent in the last year for a $50,000 home, which in most cities does not give a person a very elaborate home. This is a price increase of $4,500 and over the average life of a mortgage it is an increase of approximately $12,000. Also the cost of an automobile has risen by nearly 10 per cent in the past 12 months, and recent price stories indicate that the larger car companies will continue to raise their prices in this year. In fact, one has already raised its prices and another has received permission from the AIB for a 5 per cent increase. Food prices in 1977 have gone up by over 15 per cent, and food for home consumption rose by nearly 18 per cent. As a result of all this, we have had an increase over the year in the CPI of 9.5 per cent, and in the last months of 1977 the increase was over 11 per cent.

In spite of this the government, under the provisions of this legislation, is holding down wage increases in the last year of the AIB to 6 per cent. With inflation running at somewhere between 8 and 9 per cent, this means food and energy prices, and even prices of supposedly controlled items are going up at a rate of 9 to 10 per cent a year, and the average person this year will suffer a corresponding decline in his real standard of living.

• (1712)

If they are lucky the average family's income will go up about $900, or $18 per week. The average family, if it gets the increase allowed by the AIB, will find its standard of living this year dropping by about $12 per week. For those on fixed income the loss will be even more, about $16 per week for those on fixed incomes of $8,000 per year and about $20 per week for those on fixed incomes of $10,000 per year. What we have always needed is an alternative to the anti-inflation board, a plan that protects those on low and fixed incomes and guarantees the purchasing power of ordinary people so that we can begin to work our way out of the combined recession and inflation that has characterized this country for the past few years.

We have been told that the reason we had inflation was that workers were demanding and getting too high wage increases. I refer now to the period in 1975 when the government brought its program in. What the government conveniently forgot to tell people was that in 1975 workers were reacting to the very sharp increases in profits which Canadian corporations had been able to achieve in the years 1972 to 1974. Profits more than doubled in those three years. It was very natural for workers to try to get their share of the increased productivity and the increased gross national product of this country.

We were told that we needed the anti-inflation program to protect our markets. Although we have had the controls and although the wage demands of Canadian workers were restricted, what we have had is complete disaster. Our major export products, such as metals, have not been selling, not because the price was wrong but to a large extent because the market was not good. There has been a world recession. They have not been selling because our very patriotic multinational

corporations such as International Nickel found it wise from their point of view, wise from the point of view of their management, wise from the point of view of their shareholders, but disastrous for their workers, to take the profits they made in Canada and the loans so generously provided by this government and invest that money in mines in Indonesia and Guatemala. These mines compete for sales with Canadian mines and for jobs with Canadian workers.

In a fit of honesty—not found too often—a senior Inco official admitted and later retracted, I am sure under a great deal of pressure, that of course Inco could not conceive of cutting back production in Indonesia or Guatemala because those governments simply would not permit it. Only in a country like Canada with a supine government such as we have could this take place.

When I began I said that our actual rate of unemployment today is 9½ per cent. Is that temporary, Mr. Speaker? Is it likely to go away in the near future? Is it likely to improve? There is not a single reason to believe that is likely to happen.

The current issue of *Macleans*, Mr. Speaker, should have been paid for, if it was not, by the Liberal party because it is an out-and-out propaganda pamphlet for that party. It contains an article by Ian Urquhart entitled "What Price Trudeau? If he didn't hurt the Economy, he sure didn't help it." Then there are four "report cards" given by four economists who were asked to rate the Prime Minister. I should like to quote a couple of sentences each from three of them.

The first one is by John F. Helliwell, Department of Economics, University of British Columbia, and has the heading "Trudeau's Report Card No. 1: A very Average Student". The text reads as follows:

GRADE: C

The student was asked to find and implement policies that would achieve reasonably full employment, reasonably stable prices, efficient, innovative and peaceful operation of the public and private sectors, and less disparity of income and opportunity across the country. The student failed the exam . . .

Carl Beigie, C. D. Howe Research Institute, Montreal under the heading "Trudeau's Report Card No. 2: Not working to Potential", writes as follows:

GRADE: C

Mr. Trudeau inherited two major economic problems when he became Prime Minister—regional disparities and a weak international competitive position in most manufactured products. Both are now even more serious.

The last one I want to quote is Professor J. C. Weldon, Department of Economics, McGill University. Under the heading "Trudeau's Report Card No. 4: Should seek other Work", he writes:

GRADE: F

Not deserved? Perhaps, but it is the lowest grade the rules allow. I suppose the principal charge to be laid against the Trudeau government is that it has adopted the most reactionary of all economic policies, namely to abandon policy. The vital commitment of 1945 to full employment has vanished.

In case members on the government side think that I am being much too partisan and being unrealistic in speaking about full employment, let me remind them of a white paper published by a Liberal government in 1945. One of the great men in the Liberal history of this country, C. D. Howe, was minister of reconstruction. When tabling the white paper he said that the central task of reconstruction was to maintain a high and stable level of employment and income, a task the government adopted as a primary objective of policy. He said that government was not thereby selecting a lower target than full employment.

That was the commitment of the Liberal government in 1945 and we must compare that with the record in February, 1978 when over one million were unemployed and 9.5 per cent of the labour force was out of work and looking for work. We know that is an under-estimation of the actual number of unemployed. We know that there are several hundred thousand—probably 500,000 people—who have given up looking for work because it is no use, there is no work in the areas in which they live.

Our party believes in 1978, as did the Liberal government in 1945, that full employment is both necessary and possible. We believe that and we say it can be done. Indeed, we know it can be done. If we are to achieve that goal, however, we must order our system much better than we have been doing.

In a recent report on industrial policy the Science Council of Canada gave as one of the major causes of our economic turndown the fractionalization of industry because of the high degree of foreign ownership in our manufacturing sector and our subservience through branch plant organization to investment decisions being made by large foreign industrial concerns. Mr. Speaker, is there a member of this House from any party who would not agree with that assessment? Is it not obvious that our branch plants are not able and interested in providing the jobs which are necessary?

● (1722)

We have in many fields an efficient industry productivity. In the Canadian steel industry it has always been high. Output of the worker increased by 6 per cent between 1975 and 1976. Canadian steel prices are 10 per cent to 20 per cent lower than that of comparable American products. We are able to sell 70 per cent of our steel exports to the United States and yet the employment rate has been falling in that industry. While we are not exporters of steel, we run a deficit in imported manufactured goods incorporating steel. These manufactured goods are auto parts, aircraft parts, agricultural implements, appliances, machinery and equipment. The biggest drawback to expansion in this industry is weak demand. As a result there are less people employed this year than there were in earlier years.

Those of us who were here in parliament at the time when the auto pact was negotiated remember the glowing promises made by the then minister of industry, Mr. Drury, about how we were to get a better share of the automobile market, how we were to get more skilled jobs, how we would get lower prices for cars. Mr. Speaker, we have more jobs but the skilled jobs are in the United States. The assembly jobs are available in Canada. The tool and die makers are in the United States. We have not developed a tool and die industry. We have let

our electronics industry and our television industry go. What we have had is a series of plant closures and layoffs.

Let me put on the record just a few of them. RCA is getting out of the major appliance business. CAMCO, formerly Westinghouse, manufacturer of dishwashers, refrigerators and ranges, has reduced employment from a high of 1,400 in 1973 to the present 700. Appliances, formerly made in Barrie by Canadian General Electric, are now being shipped in from the parent plant in the United States. These products include vacuum cleaners, electric knives, hair dryers, deep fryers, blenders, food processors, etc. The workers at CGE in Peterborough attribute the drop in employment from a high of 4,500 to 3,000 in 1975 and to the present low of 2,300 to the depressed economy and the fact that the company has been moving many sections of its operations elsewhere. I could go on and on.

We may not know it because the GATT negotiators have not said so publicly, but what we gather and are told by people in the industry is that our negotiators are prepared, if they can get some more concessions for tariff reductions on raw materials such as minerals and lumber, which we export, to agree to substantial tariff cuts for manufactured goods coming into Canada. That means fewer jobs and more unemployment in Canada.

Having damned the government's program and having indicated how miserably the anti-inflation program has failed, I want to take the few moments remaining to me to put on the record the concrete steps which we think should be followed by a Canadian government.

First of all, there must be a real commitment to full employment. This country can and must have full employment. It must offer to every Canadian citizen who is able and willing to work a meaningful job. How can that be accomplished? We believe that our monetary and fiscal policies must be timed adjusted and implemented to attain this objective. We believe that our manpower policies and training programs should be developed and co-ordinated to bring jobs and people together. That obviously has not been done. Publications such as the *Financial Post* are predicting that we will have a very serious shortage of skilled craftsmen despite the fact that we have spent billions of dollars on our manpower training programs. We believe that substantial moneys should be allotted by all levels of government for programs to create jobs providing decent living wages. What we have had instead, despite the urging of the official opposition, is the exact reverse—restraint and cutbacks. These have meant more unemployment in all provinces of Canada.

We believe that we need a massive low income housing program to help solve the severe housing shortage and, as well, to provide jobs. We believe an industrial strategy must be developed which would promote and create secondary manufacturing, provide long-range solutions to energy problems, deal with manpower needs, transportation, housing and land use, and concentrate on employment. We believe that there must be a redistribution of income in this country. We must face up to the fact that the present Minister of National Health and Welfare (Miss Bégin) stated so clearly in her recent speech, namely that in more than 30 years income distribution in Canada has hardly changed at all. Where it has changed, it has changed for the worse. Thirty years ago the lowest 20 per cent of income earners of this country got about 4 per cent of the gross national product. The top 20 per cent received more than ten times that. They got 42.5 per cent of the gross national product. Thirty years later according to the latest figures, the bottom 20 per cent get 3.9 per cent and the top 20 per cent get 44 per cent of the gross national product.

What should we do about income redistribution? First of all, we should scrap the Anti-Inflation Board since its main thrust has been to keep down wages and not prices. Secondly, the tax system should be restructured to be more equitable. Thirdly, those on the lower end of the income scale should have their personal income taxes lowered and the sales taxes should be cut. Fourthly, pensioners and those on fixed incomes should have their purchasing power restored by tax adjustments and by increasing benefits. Lastly, real taxes on corporation profits should be increased.

I have tried to sketch not just what is wrong with the government's program but what a government that is really concerned about the welfare of this country should do. This government has failed lamentably, Mr. Speaker. It has not met the needs of the Canadian people. One of the most dramatic ways of indicating that feeling is to vote against this bill, because this program has been a complete failure. For those reasons, we intend to vote against this bill.

● (1732)

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have already made a contribution to this debate on this patch-up bill, C-18, but I want to put in a few final remarks at this time. I do not want members on the other side to think we are holding things up over here. I know they have had a lot of information given to them by the hon. member for York-Simcoe (Mr. Stevens) but I would refer the House to the fact that the bill had only two days of debate in the House earlier before it was referred to the Standing committee, where it received speedy passage after only four committee meetings. I would also stress that we in the opposition are going to be consistent and stick to our position in opposing this kind of bill.

I think it is interesting, though, to refer to the draft bill which my hon. friend from York-Simcoe mentioned in his remarks. I have the draft bill here in my hand, a discussion draft bearing the name of D. Maurais from the Department of Justice, legislation branch. It makes reference to the minister as being the Minister of Finance (Mr. Chrétien). It is interesting that at our last committee meeting on March 16 the minister said to the committee in reference to this bill, which he said he saw for the first time in the committee:

> It has never been government policy and I have never seen it before. It was shown to me by a member of the opposition and I denied that day and I deny today that we had any intention whatever to present such a bill.

Now that is a fairly straightforward statement, but I have to go back a little further to February 17 when we were also in

committee and the minister, again referring to the bill, said this:

I have never approved and do not have any intention to approve; I do not intend to put it in front of my colleagues in cabinet. I have said that to the unions, I said it to the businessmen and I now say it to the premiers. There was no such thing. How could I say more?

He was referring again to that bill. I commented that this was reassuring and at that same meeting—I am quoting myself here—I said:

If the Economic Council would not take on the job there would be legislation?

To which the minister replied: "For a monitoring agency, yes". The minister said he did not want to see the bill and continued:

You know, Mr. Stevens presented it. He had the bill in his hand. I have never seen such a bill. My name is on it, but I have never seen it.

I thought it was poor that we should have the minister at the meeting without having the advantage of having seen such a bill, so on the next occasion, also at a meeting of the finance committee, I reminded him that on Friday I had said that I would try to get a copy of it for him. I said I had it with me, but the minister said: "I do not want to see it." He did not want to see it even though he had been reminded that his name was on it. Subsequently the minister was asked by me who Mr. Maurais was, the one who had drafted the bill, and the minister said he did not know who that was. Finally, at this same meeting, I asked the minister whether he would undertake for the benefit of the committee to determine where this bill originated, who drafted it, under whose authority, and why it was released. I said:

Mr. Chairman, I said I was willing to obtain a copy and I did obtain a copy for the minister but he does not want it.

The minister said: "It was given to me here. I will take it home." So finally, on February 17, we have the minister admitting that he has the copy and that he will take it home even though some weeks later he says in the same committee:

I have never seen it before it was shown to me. And I denied that day and I deny today that we have any intention whatever to present such a bill.

That is very strange, Mr. Speaker, and in order to try and clarify as to how this draft bill came into being, I decided we had better ask a question in the House about it. Accordingly, on February 22 I put a question to the Minister of Justice (Mr. Basford) because, after all, legislation does emanate from the Department of Justice. I asked him whether he would tell us who in his office had instructed Mr. D. Maurais to draft this bill and who had authorized the release of the bill across the country. Now that is a fairly straightforward question. At that time the minister said simply that he did not know the name of the officer and added "I would have to find out who he is in order to ascertain from whom he received his instructions."

That was approximately six weeks ago and we have not yet had an answer from the Minister of Justice with regard to that question. I tried to catch Your Honour's eye today so that I could refresh his memory on this matter. I am assured by the minister that he will have an answer for the House tomorrow. I regret he did not have it available before now but I would remind the House, since I will not have an opportunity to do so tomorrow, that the name of D. Maurais is the ninth name on the list of some 14 officers in the legislative section of the Department of Justic. He is listed right here in the government of Canada telephone book and if the minister has any trouble finding him I will be glad to help.

Leaving that mystery aside for the moment I should like to deal with the issue of restraint. Ministers have assured us they are anxious to exercise restraint, yet the President of the Treasury Board (Mr. Andras), when presenting the estimates this year, took great pleasure from the fact that the government was reducing the rate of increase in public expenditure. He did not say that expenditures were down or that the government had been able to hold the line with regard to expenditure. No, the only thing the minister could take credit for was a reduction in the rate of increase.

We cannot afford to carry on this kind of spending spiral. We have to do something more serious than having the rate of spending increase going down. Of course, as the hon. member for York-Simcoe has said, it is really all a matter of confidence in the economy; but I must say that if one looks at the record of the government one cannot escape the conviction that the record is not an impressive one. How can we have confidence in a government led by a prime minister who said to us some time ago that inflation had been wrestled to the ground and that separatism in Canada was dead?

I have a couple of quotations here from recent magazines. This is the same man who in July, 1974 said:

You cannot start with a policy and then run away from it every time you want to get a new sector of the population to support you.

Well, we have seen some of the changes of mind of the government opposite and if they have any shred of consistency left, it is this: when they get a bad policy they sure stick to it. I guess this is why we have a bad record on unemployment and inflation.

Another couple of quotes from the leader of the government party. Here is one from December, 1975. He does not like the system the way it is. He says:

We haven't been able to make it work, the free market system. We've ended up with very high unemployment and very high inflation. We can't go back to what was before with the same habits, the same behaviour and the same institutions. Otherwise, we'd be back to high unemployment and high inflation... That means the government is going to take a larger role in running institutions.

● (1742)

That was two and a half years ago, and since the Prime Minister (Mr. Trudeau) made that statement we have had nothing but high unemployment, high inflation and a government which takes a larger and larger role in running institutions. If the government cannot learn from its mistakes, I do not know how we can expect it to change the direction in which Canada is going or to increase confidence in Canada.

If we think the statements of the Prime Minister are strange, perhaps we ought to compare his statements with the actions of his government. In the 1974 election campaign the government campaigned against controls of any kind and made a mockery of the temporary freeze proposed by the

Conservative party. Then, as we all know, 15 months later the government imposed a 39-month program of controls. Can we believe what the government says?

In that same 1974 election campaign the government promised the residents of Toronto a $30 million waterfront park. Well, the residents of Toronto know that nothing has happened on that score. That is another example of this government changing its mind.

The government promised other cities aid in the form of grants for rapid transit systems, but every mayor in the country can tell us that there has been no money for rapid transit since that election promise in 1974. I suppose we should not be too surprised at the actions of the government opposite.

I see that the Minister of Employment and Immigration (Mr. Cullen) is here. I appreciate the fact that he is listening attentively because I want to refer to some of his problems. He tells the country quite blithely that his department does not have any deficit. The fact that it spends something like $1.7 billion more than it takes in is, in the words of the minister, a commitment of the government. I hope the minister can sell that to the taxpayers, particularly those who are either self-employed or who are retired and do not contribute to or benefit from the unemployment insurance scheme, but who, nevertheless, are required to pick up their share of the tab through general taxation. Some insurance scheme!

I remember that the Minister of National Defence (Mr. Danson) told the country about the great things his department was going to do, but we find that there was such a small increase in national defence spending that it did not even keep up with the rate of inflation.

If the voters of the country can be forgiven for wondering about the practices of the government opposite, I wonder how the voters of Vancouver feel. Every time many of my constituents look out of their windows in the morning they can see 13 to 15 ocean-going ships anchored in the harbour. Why are they anchored in the harbour? They are waiting for grain. Where is the grain? The grain is out on the prairies because the government cannot get it to Vancouver to ship it to the people who want it, the Russians or the Chinese. Who pays the cost of these ships waiting around in Vancouver harbour, and who is at fault? At the very least the taxpayer pays. Farmers probably pay more than other taxpayers do. We know where the fault lies. No one can take the blame except the government opposite.

Let us go back to the time when the government told farmers that they should not grow anything because the government could not sell it. Farmers were going to be paid for not producing. Now they are told to produce as much as they can, even though it cannot be shipped out.

What are the results of this lack of planning and leadership on the part of the government? Recently we have seen a flight of capital from Canada, principally to the United States because that country is so close to us. That is not really surprising. Any time a government creates a hostile environment for people or capital, they leave. We need only examine the situation in Quebec at the present time under its separatist government. That government has frightened many people and undermined confidence in that province. Many companies and individuals are leaving Quebec because of the hostile environment there. We had the same problem in British Columbia a few years ago when we had an NDP government. One result of policies which are unfriendly to businesses and individuals is that there is a tendency to save money rather than to invest. Another result is higher unemployment because the private sector will not invest in order to create the jobs which are needed.

It is really a shame to see Canadian expertise and Canadian money going to the United States to provide housing for American citizens. The Minister of State for Urban Affairs (Mr. Ouellet) tells us we have a housing crisis in Canada. We do not have a housing crisis; we have a money crisis. Many people cannot afford the houses that are available. There are empty units all over Canada. Units financed by the government opposite are competing with private sector units, and some government financed units are even competing with other government financed units. It is ludicrous that the government should be competing with itself. In some small centres apartment units financed under the National Housing Act by CMHC are competing with new houses built under AHOP. The result is that people invest in housing for themselves only. What we really need is more investment in housing and in other industries in order to get things going again.

Finally, I want to conclude this fairly short intervention by saying that it is extremely unfortunate for the country and for the confidence that taxpayers are expected to have when government ministers—and I have just illustrated a few cases—do not even know what is going on in their own departments. We cannot expect to have confidence until hon. ministers opposite can show that they know what is going on in their departments and that they are interested in what is happening. When the government has no idea—as illustrated by the quotations I have cited—of what direction it should take, it runs for cover because it knows it has to take care of itself; and if it does not know what direction the country should take and the effects of its policies on the whole economy, the results can be devastating indeed.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, as we approach the beginning of the dismantling of controls on April 14, I think we should take a look at the problems we will have to handle in a satisfactory way if we are to avoid a recurrence of the situation which made the imposition of controls necessary in the first place.

First of all, we must realize that human nature does not change very much from year to year and that the impulses and desires which caused management, labour and government to act in the way they did prior to the imposition of controls in 1975 will still be about the same when controls are lifted. Knowing this, in what way can we expect these three components of society to react when the economy becomes free of controls once again?

We can expect organized labour to put forward demands for the accumulated wage increases it considers were wrongly denied it by the AIB during the period when controls were in force.

We can expect management to give in to labour's demands for wage increases rather than risk work stoppages and the consequent loss of profits, as it did in most cases during the period which preceded the imposition of controls. These wage increases will, once again, be passed on to the buying public in the form of higher prices. Management can also be expected to resume the practice of charging what it considers the traffic will bear in order to obtain the best possible return for its shareholders.

We can expect government to continue spending far in excess of what can be justified by proper management of its responsibilities to the public and to be the worst offender of all in fueling the fires of inflation.

● (1752)

Realizing that there will be sharp upward pressures on wages and prices as soon as controls are lifted, the government has announced guidelines, and has asked the Economic Council of Canada to monitor our price and wage performance after controls have been removed. Now, how effective will this monitoring mechanism be? The best way to arrive at an answer to that question is to see what success a similar approach to controlling wage and price rises had when it was tried some years ago.

In June, 1969 the government established the Prices and Incomes Commission under the chairmanship of Dr. John Young in an attempt to control price and wage increases. Soon after it came into being, the commission announced price and wage guidelines to be followed by management and labour, and started to monitor price and wage performances.

As wages kept on rising at an unacceptable rate, the commission brought this to the attention of the unions concerned, and strongly urged that the government's guidelines be obeyed. The unions paid no attention to the commission, because it had no powers to compel compliance with the guidelines. As wages continued to rise, prices also continued to go up at an unacceptable rate. Management's reply to the commission was that these price increases were necessary to compensate for the wage increases that were taking place, and so the price-wage spiral continued unchecked.

It became obvious that without the provision of teeth to require compliance with the guidelines, the commission was powerless to control or even slow down price and wage increases, and it finally went out of existence in June, 1972, a very disappointing failure.

When those of us who were around here ten years ago hear the government announcing guidelines, to be monitored by a mechanism that will have no power to require compliance with the guidelines, we get the very definite feeling that "this is where we came in". There is no reason for believing that the government's proposed method of getting labour and management to comply with its guidelines after April 14 will be any less of a failure than it was between 1969 and 1972. To try to pretend that the present approach will be any more successful than it was then is a blatant attempt to mislead the people of this country.

And, of course, that is exactly what the present plan is. April 14 will be very close to the day when the election will be called, and the vote will be in the latter part of June. The government's plan is for very gradual decontrol in the early stages, which means that very little decontrolling will have taken place before the end of June. This plan will, of course, give the government the best of both worlds. It will please those voters who are clamouring for decontrol, and sharp increases in prices will not become apparent until after the election is over.

In addition to our own buying capabilities, why is it so necessary to keep our price levels from rising at an excessive rate? The main reason for applying controls in 1975 was that rapidly accelerating inflation was making our products less and less competitive in both the Canadian and the export market, and production and employment were adversely affected. In this regard, we are particularly vulnerable to price levels in the United States, the country which is by far our most important trading partner and with whom we do 70 per cent of our export and import business. Neither Americans nor Canadians are willing to pay more for a Canadian product if they can buy a similar American product at a lower price.

For many months now, prices in the United States have been rising less rapidly than ours, and that is one of the principal reasons why our production and unemployment have been steadily worsening. If this spread between our price levels grows even greater, our loss of orders to the United States will be even greater than at present, and unemployment in Canada will increase at an even faster rate than during recent months.

The complete failure experienced by the Prices and Incomes Commission in trying to control price and wage increases without the power to compel management and labour to obey the government's guidelines shows the futility of a monitoring mechanism without teeth to require compliance with the guidelines. I believe that the teeth which are required are for the government to say, very clearly, that if inflation due to causes generated within our economy rises for two successive quarters at an annual rate greater than 1 per cent above the annual rate at the time when decontrol starts, controls will be reimposed.

Past experience has demonstrated that without such teeth we will be heading for failure before we even start and will have inflation which will accelerate more rapidly than that which made controls necessary in the first place.

Mr. Speaker, may I call it six o'clock?

The Acting Speaker (Mr. Turner): It being six o'clock, this House stands adjourned until tomorrow at two o'clock in the afternoon, pursuant to Standing Order 2(1).

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

HOUSE OF COMMONS

Thursday, April 6, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

CUBAN INVOLVEMENT IN TROUBLED AREAS—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity to move, seconded by the hon. member for Vegreville (Mr. Mazankowksi):

That this House feels, having regard to the recent developments in Africa, the time is overdue to advise the government of Cuba that with an army of 110,000 men, of which some estimated 23,000, under the direction and with the co-ordination of the Soviet Union, are engaged in action in Africa and in particular in Angola where diabolical cruelties were perpetrated against its people by this army, and in a so-called liberation movement designed to drive out democratic governments Cuba has troops now in Mozambique, Malagasy, Tanzania, the Congo Republic, Sierra Leone, Guinea, Liberia and Algeria, in Rhodesia they are engaged in arousing revolution, and elsewhere assisting in the drive of African guerrillas against white minorities: in consequence of this, the peace of the world is endangered, and this House declares, despite the closeness of the relationship and mutual admiration between president Fidel Castro and the Prime Minister of Canada that—

Some hon. Members: No.

Mr. Diefenbaker: Even on this happy day I suppose there will be mutual messages. My motion continues:

—a warning in the form of an ultimatum be given to Fidel Castro that either he have his troops returned from Africa and agrees to desist from stirring up war and revolution, this House not only condemns what he is doing, but if he does not desist and return the troops to Cuba, Canada will have to consider terminating the large financial aid that she is providing to Cuba—

Some hon. Members: Order.

Mr. Speaker: Order, please. This is a very long motion. I hope the right hon. member is coming to the end of it.

Mr. Diefenbaker: Mr. Speaker, the assistance of hon. gentlemen opposite makes it impossible to be brief. My motion continues:

—and also give consideration to ending diplomatic relations.

Some hon. Members: Oh, oh!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

MINISTER'S STATEMENT ON VALUE OF CANADIAN DOLLAR—MOTION UNDER S.O. 43

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I would like to move a motion under Standing Order 43. In view of the irresponsible statements by the Minister of Industry, Trade and Commerce in Hamilton yesterday, where reportedly he indicated that he is not concerned about the devaluation of the Canadian dollar and, furthermore, that the dropping of the Canadian dollar to as low as 80 cents U.S. would be a good thing for Canada—

Mr. Horner: I never said that.

Some hon. Members: What did you say?

Mr. Saltsman: —I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House condemns the minister's irresponsible statements, talking down the Canadian dollar, which only encourages speculation and uncertainty and lack of any confidence in our currency.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

VETERANS AFFAIRS

REQUESTED INCREASE IN DISABILITY PENSIONS—MOTION UNDER S.O. 43

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

In view of the numerous requests made by the National Council of Veterans' Associations in recent months concerning the increase in the basic rate of disability pensions for veterans; in view of the fact that there is a $240 annual income

disparity between the average wages of unskilled civil servants and the disability pension of veterans; considering also that the federal government must ensure that a fair pension is paid to disabled veterans and to the widows whose spouses willingly courted danger and sacrificed their lives, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House direct the Minister of Veterans Affairs (Mr. MacDonald) to take all necessary steps in the shortest possible time to introduce a bill aimed at increasing the basic rate of disability pensions for veterans and thus correct inequities existing between the latter and the wages of the unskilled workers comprising five groups of civil servants now on the labour market.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL UNITY

SUGGESTION GOVERNMENT CONSULT PROVINCES ON FORM OF REFERENDUM—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent necessity and great national interest.

Considering that the Minister of State for Federal-Provincial Relations (Mr. Lalonde) openly recognizes that the referendum bill he has introduced was prepared and drafted without previous consultation with the provincial governments; considering that, when the first ministers met last February, the federal government formally proclaimed its intention always to consult the provincial governments on all matters of national interest; and considering that nothing could more directly involve national interest than a bill providing for a referendum or amendments to the constitution, I move, seconded by the hon. member for Brome-Missisquoi (Mr. Grafftey):

That the House unanimously decide to postpone consideration of the referendum bill until all provincial governments have clearly indicated their position on this issue, for hon. members need to know where the provinces stand before opening an intelligent debate on such a vital issue.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Allard.]

AGRICULTURE

SUGGESTED PAYMENT FORMULA FOR POTATO GROWERS—MOTION UNDER S.O. 43

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with a matter of urgent and pressing necessity.

Considering that eastern Canada's potato growers are going through the worst selling campaign in 25 years because of artificially low prices; considering that yesterday the federal government announced initial and part payments of about $60 million to western grain producers; and considering that eastern Canadians are not less deserving that western Canadians as regards monetary needs to pay for seeds and to compensate for the loss of net income, I move, seconded by the hon. member for Ottawa-Vanier (Mr. Gauthier):

That the Minister of Agriculture (Mr. Whelan) and the Agricultural Stabilization Board immediately announce the payment formula or formulas for potato growers.

Mr. Speaker: Order. Under the terms of Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

BUDGETARY DEFICIT—DATE OF PRESENTATION OF BUDGET

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my initial question is for the Prime Minister, who undoubtedly is very anxious to tell the House when the budget will be presented. In telling the House when the budget may be received, can he tell Canadians why the budgetary deficit, which was approximately $20 for every Canadian when he took power, rose to almost $500 for every man, woman and child in the country in the year just ended?

Right Hon. P. E. Trudeau (Prime Minister): Mr.Speaker, it seems to me that the answer to the question—

Some hon. Members: Hear, hear!

● (1417)

Mr. Trudeau: Mr. Speaker, I thank hon. members on both sides of the House for their very warm applause.

Some hon. Members: Hear, hear!

An hon. Member: Jack Horner didn't applaud.

Mr. Trudeau: I certainly cannot guarantee that they will all be here in ten years to wish me another ten years.

Some hon. Members: Hear, hear!

Mr. Trudeau: There may be, in those days, a couple of leftovers, including myself, from a previous depression, Mr. Speaker, but not many more.

Some hon. Members: Oh, oh!

An hon. Member: Which depression?

Mr. Trudeau: Mr. Speaker, that is my point. But that is a bit too subtle for the hon. member to understand.

Mr. Speaker, the question is obviously one which is related to the budget debate. The opposition have been asking for a budget debate, and I am glad to see that they are not only welcoming it now, but are entering into it at this point, by their questions. I would suggest they wait until next week, when the Minister of Finance will be making his budget speech, and then maybe we will hear the answer to the point made by the hon. member opposite.

Mr. Stevens: What day?

Mr. Trudeau: What day is it, Mr. Chrétien?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it will be Monday night at eight o'clock.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, my supplementary is to the Prime Minister, who surprised me when he did not seem to know the date when the budget debate was to be held. I would also add, with reference to his "depression" reference, that certainly we on this side will not be contributing, as he is, to the next depression in this country.

Mr. Speaker, could the Prime Minister indicate why he feels that during his ten years in office the number of unemployed in this country should have risen from 375,000, when he took power, to over one million Canadians looking for work today.

Mr. Trudeau: Mr. Speaker, I think you will agree that the question is argumentative.

Mr. Stevens: Mr. Speaker, again my supplementary is to the Prime Minister, who surely does not feel that Statistics Canada's hard, cold figures which I have just cited are argumentative.

Some hon. Members: Hear, hear!

Mr. Stevens: Let me ask him this second supplementary, Mr. Speaker. Could he explain to the House and account to the Canadian public why inflation, which was running slightly above 4 per cent when he took power, should now be 9.5 per cent, which is the last figure published by Statistics Canada?

Mr. Speaker: I am sure the hon. member will realize that if the Prime Minister wanted to attempt to do that, the question period would not provide ample time.

DECLINE IN BALANCE OF TRADE

Mr. John C. Crosbie (St. John's West): Mr. Speaker, a question for the Prime Minister. I was one of the deluded Canadians who ten years ago voted for the Prime Minister to become leader. I have since atoned for that.

Some hon. Members: Oh, oh!

Mr. Crosbie: My question to the Prime Minister is this: Canada's financial deficit on current account was $97 million in 1968, and was 44 times that last year—$4.2 billion. This is reflected, of course, in the way the world is now dealing with the Canadian dollar: you need a snorkel mask now to deal with the Canadian dollar, which is supposed to be floating.

• (1422)

My question to the Prime Minister is this: Could he explain the reasons for this dismal record and tell us how, in the few days left to him in office, he is going to do something to reverse this tragic decline in our trade balance?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, of course we are very anxious to make comments on these statistics and help the Canadian public understand how they should be interpreted, rather than listening to the biased interpretation from the other side of the House.

When a statistic is quoted, I am not saying the statistic itself is argumentative; I am saying the way in which the question is asked is argumentative. Obviously, with respect to each one of these statistics—the one asked now and the previous one by the hon. member for York-Simcoe—we have answers and are anxious to put them forth in the budget debate. For instance, when the hon. member says that the number of unemployed has gone up by something like 400,000 in ten years—

Mr. Stevens: 600,000.

Mr. Trudeau: —600,000, it would be important for the Canadian public to understand that during that period Canada created jobs at a faster rate than any other industrialized society.

Some hon. Members: Hear, hear!

An hon. Member: You are a fraud.

Mr. Trudeau: Mr. Speaker, 2,300,000 jobs have been created in that period in this economy. That, obviously, is an argumentative answer and that is why I am suggesting that this line of question would be properly put during the debate. We are very anxious—

An hon. Member: You don't like this kind of question.

Mr. Trudeau: Not at all, Mr. Speaker. If the hon. member wants me to give argumentative answers, I will make my budget speech right now. He can just continue asking the questions. On the other question that he asked me—

Mr. Crosbie: Mr. Speaker, I suggest if the Prime Minister cannot do better than that, he should give the boots to Coutts.

Some hon. Members: Hear, hear!

Mr. Crosbie: I suggest to the Prime Minister that the electorate of Canada will want the answer in a few months. In 1977, our deficit in fully manufactured end products—that is, the products that give the jobs—was $11.6 billion. If we manufactured those goods in Canada—in reverse—it would mean 800,000 jobs. Can the Prime Minister tell us how he plans to overcome this deficit which has grown from $3.1 billion in 1968 to the present $11.6 billion? What are his plans to reverse that in the next few weeks, before the Canadian people reverse him?

Mr. Trudeau: Mr. Speaker, I can indicate at some length that the size of the deficit in Canada now, compared to gross national product, is considerably less than it has been historically in Canada. That should put that matter in perspective.

The hon. member is interested in making puns on personalities. I wonder if he would explain to us why he comes down here to give us advice on economics, when the Premier of Newfoundland did not even think he was good enough to correct the economy in that province.

Some hon. Members: Hear, hear!

MINISTER'S STATEMENT ON VALUE OF CANADIAN DOLLAR

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I should like to ask a question of the right hon. Prime Minister. Could the Prime Minister indicate to this House whether the statement made yesterday in Hamilton by the Minister of Industry, Trade and Commerce, when talking down the Canadian dollar, reflects government policy? When the minister said that he is not concerned about the devaluation of the Canadian dollar, and that the dropping of the Canadian dollar to as low as 80 cents U.S. would be a good thing for Canada—

Mr. Horner: I never said that.

An hon. Member: You did.

Mr. Horner: Were you there?

Some hon. Members: Oh, oh!

Mr. Speaker: Order please. The hon. member for Waterloo-Cambridge.

Mr. Saltsman: Mr. Speaker, I really wish the backbenchers would keep their ministers in order.

An hon. Member: How would you do it?

• (1427)

Mr. Saltsman: Jack, if it is not too much of a crossing, come over and I will show you.

Some hon. Members: Hear, hear!

Mr. Saltsman: Mr. Speaker, on some days it is very difficult to get a serious question in.

Mr. Speaker: If the hon. member would put his question, the matter would be complete.

Mr. Saltsman: Mr. Speaker, would the Prime Minister indicate whether the Minister of Industry, Trade and Commerce was reflecting government policy when he said it would be a good thing if the Canadian dollar dropped to 80 cents U.S.?

Mr. Horner: I never said that.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the policy of the government, as stated by the Minister of Industry, Trade and Commerce, the Minister of Finance, myself and all ministers, is that the dollar should be allowed to find its natural level.

Some hon. Members: Oh, oh!

Mr. Trudeau: It is a floating dollar. I understand hon. members opposite would like to engage in a bit of speculation; they would like us to tell them the way it will float. If they want to risk some money, they can do it on their own.

Some hon. Members: Hear, hear!

Mr. Trudeau: The position of the Minister of Industry, Trade and Commerce has been exactly that: it should find its level. He has twice said to the hon. member—and the hon. member understood him—that he did not say the words he was quoted as having said. I would have thought the hon. member would accept that denial as the word of the minister.

Mr. Saltsman: Mr. Speaker, I have a supplementary question for the Prime Minister. Of course I am prepared to accept the denial of the minister that he said it; nevertheless, whatever he said has certainly given an impression of what he meant to convey. If he is not guilty of that, he is guilty of having some very loose lips.

An. hon. Member: "Loose Lips Horner".

An hon. Member: Let's have a statement, "Loose Lips".

Mr. Speaker: Order, please. I really wonder how much of this kind of preamble we should have. Will the hon. member please put his supplementary question.

Mr. Saltsman: Mr. Speaker, this question is to the Prime Minister. In light of the Minister of Finance's fine moral fervour of yesterday when he lectured the opposition to avoid

making certain statements because of the effect this would have—

Mr. Speaker: Order, please.

Mr. Saltsman: —would he lecture the Minister of Industry, Trade and Commerce along the same lines?

[*Translation*]

ALLEGED FAILURE OF GOVERNMENT TO CREATE JOBS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the right hon. Prime Minister. On this tenth anniversary, Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. La Salle: Allow me to point out that there are probably a million or more Canadians who do not feel like applauding the way my hon. friends opposite do. In 1968, Canada had 375,000 unemployed; ten years later, we have over a million. Under the circumstances, having failed to find the solutions required, would the Prime Minister have at least the courage to recognize the monumental failure of his government in that regard?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, once again it is a matter of quoting statistics with arguments. I repeat what I said a while ago in reply to the same question in English. We would like to hold a debate on budgetary matters; that is why the Minister of Finance announced a budget for this coming Monday night. I can understand that hon. members across the way should want a budget when none is on the way, but now that one is, they do not want a debate because they know we have answers to all those questions. The hon. member speaks of an increase of some 600,000 unemployed; but that should be placed in the context of a Canada in which 2,400,000 new jobs were created over the same period. All those things must be seen in context and that is why we want to have a debate on the budget next week. I trust the hon. member will come forth with his speeches at that time, and that he will listen to the answers we give.

Mr. La Salle: On a supplementary, Mr. Speaker. In answer to that the Prime Minister says they still managed to create two million new jobs. How then can one explain the lack of foresight of the government with regard to the new workers entering the labour market? The Prime Minister tells us they created two million new jobs in the last ten years: how then can that increase of 700,000 unemployed be explained? Under the circumstances, how does one explain the fact that the Prime Minister—

[*English*]

Mr. Speaker: Order. The hon. member for Elgin.

• (1432)

AGRICULTURE

STEPS TO OVERCOME FARMERS' ECONOMIC DIFFICULTIES

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture. It relates to lack of government performance. In view of the fact that farm debt has doubled, to $10 billion, in less than ten years and farmers, under this government, have to borrow simply to survive, what immediate action, if any, can the producers of this country expect to help overcome these serious difficulties?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member wants to be a little more factual. He knows that land values for farmers have increased about 120 per cent in the past four years. That is a capital gain for the farmers, so naturally they are going to have more investment. But they are much wealthier because of that. There are many farmers in agricultural endeavours who are making net profits; the hon. member knows that very well.

Mr. Wise: Farm input costs have increased 100 per cent in less than ten years, net farm income has declined 30 per cent in three years, and agricultural imports have tripled since 1968. Without the sale of western grain, total agricultural exports would be nil. What legislation, if any, can we expect to effectively deal with these serious problems?

Mr. Whelan: Mr. Speaker, the hon. member knows very well that we increased our exports last year by 11 per cent on the world market. The hon. member makes broad, sweeping statements about agricultural products that we are importing. He should be more specific and outline what they are. He knows that the Tariff Board report is in, and that action has been taken on imported products.

If we were to swing in and immediately move to stop all the imported tomatoes coming into Canada, the producers could produce them but we could not process them, the facilities are not there. It would have to be a three year phase-in program. The hon. member knows those programs are in the government's machinery at the present time, and that the horticultural producers of this nation recently made an award to this minister for doing more for them than in living memory of the Canadian Horticultural Society.

Mr. Speaker: Order, please.

* * *

[*Translation*]

INDUSTRY

LOSS OF JOBS DUE TO CLOSING OF RENAULT PLANT IN QUEBEC—GOVERNMENT INTERVENTION

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. We were told yesterday that Renault-Canada is leaving the

province of Quebec and that from now on its complex, located in Brampton, Ontario, will serve only as a distribution centre for Canada. An agreement to build Renault models in the United States has been reached between the Régie nationale des usines Renault of France and the American Motors Corporation. Taking into account the glaring laissez-faire and irresponsibility of the Quebec government on this question and taking into account the loss of jobs that this move will mean for Canada, and particularly Quebec, can the minister tell us if his officials or himself have taken action in the matter?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I will take this question as notice, owing to the delicate nature of the implications of the Quebec government and the Canadian government in the various automotive plants.

[*Translation*]

Mr. Beaudoin: Mr. Speaker, I would like to know if the minister had heard about this move and if he had made plans to prevent it?

[*English*]

Mr. Horner: Mr. Speaker, I was aware of the possibility of the move. As I said, owing to the delicate nature of it, I would like to examine all the ramifications before answering fully.

* * *

THE BUDGET

LENGTH OF DEBATE

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, now that the Minister of Finance has announced that the budget is going to be presented Monday night, will the Prime Minister, as head of the government, confirm whether it is the intention of the government to have a full length budget debate? If so, will he participate in that debate? Should he participate, would he tell us how he can explain the floating Canadian dollar, and why it should not be known as the "fuddle-buck"?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I thought the first part of the question was a serious one, but it was obviously intended in jest. I am not quite sure what kind of answer the hon. member wants. On the one hand, they wanted a budget debate. When we announced the budget they said "We don't want a budget because it is going to be an election budget."

Some hon. Members: Oh, oh!

Mr. Trudeau: That is what members opposite have been saying.

Mr. Paproski: You are the one who said that.

Mr. Stevens: I never said that.

[Mr. Beaudoin.]

Mr. Trudeau: The absent Leader of the Progressive Conservative Party and the Leader of the NDP—

An hon. Member: He is out getting his hair cut.

Mr. Trudeau: He may be getting out of shape; I am not quite sure what he is doing. On the other hand, they want us to have an early election. Now they want a guarantee that we are going to take all the time for a full budget debate. If they will make up their minds, I will have the government House leader meet the House leaders of the other parties to see how much business we can complete in the next few days, or weeks—

Some hon. Members: Oh, oh!

Mr. Hees: Keep trying; you will screw it up.

Mr. Trudeau: Obviously, we are ready for an election any time.

Some hon. Members: Hear, hear!

Mr. Trudeau: We were told repeatedly by the opposition that they wanted to have a budget debate before an election: they challenged us to do it. Our attitude now is that we are going to have a budget debate before an election. We would like to pass other important legislation before an election and we hope we will have the co-operation of the opposition: for instance, the bill to amend the Criminal Code—

Mr. Speaker: Order, please.

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AGRICULTURE

STABILIZATION PAYMENTS TO EASTERN PRODUCERS

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is for the Minister of Agriculture. In view of the fact that eastern farmers have as high and as urgent a cash requirement as do western farmers just before spring seeding, can the Minister of Agriculture now indicate what payments he or the Farm Products Price Stabilization Board intend to make, and when will they be made to eastern potato growers, since the last press release was of little consolation to them?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member knows full well what the stabilization act is that we use for potato growers. The act used for western grain producers is a voluntary program which they join and contribute to if they wish. Their operation is on a calendar year basis. As I said in the House yesterday, the final figures are not in for that; we do not know what the final figures will be. We will not be changing our historic approach toward the stabilization of potatoes. Potatoes are completely different from cereal grain. Potatoes are a perishable product, while cereal grain can be stored for years. I do not think you can make a similar comparison at all.

[*Translation*]

ENVIRONMENTAL AFFAIRS

REQUEST THAT TEXT OF CANADA-U.S. AGREEMENT ON MARITIME FRONTIERS BE PUBLISHED

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment.

Is the minister prepared to release today the text of the agreement reached recently by the United States and Canada on the question of maritime frontiers?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I wonder if the hon. member could be mistaken. Canada has recently reached an agreement with Japan, but not with the United States; that agreement is to the effect that negotiations will resume within a certain period of time, probably in six or eight months from now.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I would like to ask a supplementary question.

Would the minister state, even in very broad terms, the provisions of the agreement between Canada and the United States on the matter of the four sectors involved and could he also explain what criteria were followed in the negotiations with the United States?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I am sure I would need a lot more time than Your Honour would give me to answer in detail the question of the hon. member. As I have already stated, there has not been any agreement. We have agreed that the special negotiators would take some time off in an attempt to identify points where agreements could be reached and to find a solution. Meanwhile, we will have to conclude an interim arrangement for 1978.

* * *

● (1442)

[*English*]

ADMINISTRATION OF JUSTICE

LEGISLATION TO ESTABLISH INFLATION MONITORING AGENCY

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Justice of which I gave him notice yesterday. It arises from a question I put to the minister a few weeks ago concerning the drafting by one, D. Maurais, of his department of an act to establish an inflation monitoring agency and to provide for the reporting of financial and other information. At that time the minister said he would inquire who the officer was, who authorized the drafting of this legislation and the distribution of the draft bill throughout the country.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I apologize to the hon. member. He told me yesterday that he wanted to ask this question and I undertook to get the information, but because I have been in cabinet all morning I do not have that information. I will get it immediately and supply it to the hon. member.

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INDIAN AFFAIRS

CRANBROOK, B.C.—DISPUTE BETWEEN INDIAN BAND AND CPR

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. Has the minister followed developments in the unequal dispute between the St. Mary's Indian band of Cranbrook, B.C., and the CPR in which the band has threatened to charge the railway with trespass? Can the minister report any progress on this problem of seven years' standing, which deals with erosion into the St. Mary's River from the railway line?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): No, Mr. Speaker, I have not followed the developments recently. But I would be pleased to review the matter and report to the hon. member.

Mr. Johnston: Considering the difficulty experienced in negotiating disputes involving Indian bands in south central British Columbia, the delicacy of questions of ownership, the possibility of differences between individual rights and band rights regarding the—we hope—early settlement of the cut-off lands question, and that the nearest Indian Affairs office is as far away as Vancouver, is the minister in a position to announce the reopening of the Indian Affairs office at Vernon, B.C.?

Mr. Faulkner: No, I am not, Mr. Speaker.

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INDUSTRY

HALIFAX, N.S.—NEGOTIATIONS ON SALE OF SHIPYARDS

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, my question is addressed to the Minister of Industry, Trade and Commerce. As the minister knows, there has been a drop in employment in the Halifax shipyards from roughly 1,300 or 1,400 down to 100, and the province has been trying to negotiate the sale of the shipyards by Hawker Siddeley to Upper Canada Shipping Limited. I think the minister has been engaged in the negotiations. Can he report to the House any progress as far as the negotiations are concerned? Many people in that area are suffering as a result of the high rate of unemployment.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the hon. member is quite correct; Hawker Siddeley does want to sell the Halifax shipbuilding

yards. We are attempting to facilitate new ownership of the yards, but as yet we have not put together a package that is satisfactory to any prospective buyer. I would hate to speculate any more on the matter for fear of upsetting the delicate balance of negotiations at this time.

Mr. Hogan: Mr. Speaker, does the Minister of Industry, Trade and Commerce think the lay-offs at the Halifax shipyards are due to workers' inappreciativeness for the retention of their jobs?

Mr. Speaker: Order, please. The hon. member for Palliser.

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AGRICULTURE

GRAIN STABILIZATION PAYMENTS

Mr. Stan Schumacher (Palliser): Mr. Speaker, my question is for the Minister of Agriculture. In his statement yesterday relative to grain stabilization payments, why did the minister, in effect, return to the farmers only what had been paid into the funds to date by those very same farmers? Why did the government not make a contribution of its own to match what the farmers had contributed? Could it be that the Minister of Finance wanted to postpone this so that his deficit would not look so bad at the present time?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, if the hon. member reads the questions and answers of yesterday, he will find the answer to his question. We still have to wait for cost of production figures from Statistics Canada, and they will not be ready until July.

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ENVIRONMENTAL AFFAIRS

REPORT ON ELDORADO REFINERY—REPRESENTATIONS FROM INDEPENDENT GROUPS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of State (Environment). In the period of time between when the minister receives the final report of the environmental impact panel which is making a recommendation regarding the Eldorado refinery at Port Granby, and the time that report is considered by the cabinet, will there be an opportunity for independent groups and persons to make representations to the government and to the ministers concerned?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I do not know how many groups I will be able to see, but I did tell a group from Port Hope that I would be very happy to see its members before I make a decision on the report submitted to me.

Mr. Lawrence: Mr. Speaker, I am sure the minister appreciates that a number of people will want to make representations based on the final report before the cabinet, and especially the Minister of Energy, Mines and Resources, make certain decisions which may flow out of that report. Will people have an opportunity to make representations between the time the report is released to the public and the time the cabinet finally makes its decision? Will there be an opportunity for interested groups or individuals to make representations to the cabinet or to the ministers concerned?

Mr. Marchand: Yes, Mr. Speaker, I expect to be as flexible as possible. However, wide-ranging public hearings were held by the panel and I hope not to carry on the process for too long.

Mr. Lawrence: Mr. Speaker, I am assuming that the minister has not yet received the final report. I wonder if he has any idea when it will be coming, whether he will be releasing it or whether the panel will be releasing it.

Mr. Marchand: Mr. Speaker, I expect to receive the report about the middle of April, and I will be releasing it.

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PUBLIC WORKS

USE OF METRIC SYSTEM FOR PROJECTS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Public Works. The minister has defined a public works policy whereby all plans for capital projects have to use the metric system. Do even those plans drawn to the standard measure have to undergo metrication before contracts for capital projects are put out to tender?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): I do not believe so, Mr. Speaker, but I will be happy to verify that for the hon. member.

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AGRICULTURE

KENTVILLE, N.S.—REQUEST THAT CONSTRUCTION OF RESEARCH STATION BE SPEEDED UP

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I have a supplementary question for the Minister of Agriculture. In view of evidence given by the minister's officials yesterday in the Standing Committee on Agriculture that the long outstanding capital project in the Annapolis Valley, the research station at Kentville, Nova Scotia, is now ten months behind due to metrication of plans already drawn, could the minister exercise his good offices and the weight of his office with the Minister of Public Works and finally announce this project, so that the tenders which have been delayed three times may be dealt with in the early spring rather than some time in June?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member can rest assured that I will do everything I can to help him—out!

Some hon. Members: Oh, oh!

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POST OFFICE

REQUEST FOR ACTION TO ACHIEVE PROFITABILITY

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I would like to direct my question to the Postmaster General. The minister is certainly aware of the deteriorating service provided by his department. Today is a day for statistics and for looking back ten years. I presume the minister is aware that ten years ago—

Mr. Speaker: Order, please. There have been several questions on this theme which, by their very nature, are argumentative. If the hon. member has a question for the Postmaster General, would he put it forthwith.

Mr. Darling: I would like to ask if something is going to be done to reverse the present trend in the Post Office. Ten years ago there was a $67 million deficit; now there is a $650 million deficit ahead of us. Ten years ago we paid 5 cents for a stamp for first-class mail, and now we pay 14 cents: that is nearly a 300 per cent increase.

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, referring only to the question of postal rates, I must say that even with a 14 cents stamp our rate remains the lowest in the world. So I do not believe that there has been so much inflation or, if you like, that the increase was scandalous. I think it is a reasonable rate in the circumstances.

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[*English*]

CONSUMER AFFAIRS

HIGH COST OF FOOD IN THE NORTH—REQUEST FOR FURTHER STUDY

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Some two years ago the then chairperson of the Food Prices Review Board had a special study conducted with respect to food prices above the sixtieth parallel in the two northern territories. That report recommended a further study in order to see that food prices be reduced.

In view of statistics released yesterday, indicating that food prices in Whitehorse and in Yellowknife are some 25 per cent above the national average, can the minister now say when that study will be resumed and, if not, has he any plans at all for reducing food prices in the two northern territories?

• (1452)

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I still have as great an interest in the question of food prices in the north as I did when I was minister in that department. Just two weeks ago I sent two officials from the Department of Consumer and Corporate Affairs to the north to discuss this very matter. I am afraid I do not have exact information on when this particular study will be proceeded with, but I will inquire into that and get back to the hon. member.

Mr. Nielsen: Is the government taking any action whatsoever to bring down food prices in the north—which I emphasize are some 25 per cent above the national average—in Whitehorse and Yellowknife, to say nothing of the more remote communities along the coastal areas of the Northwest Territories?

Mr. Allmand: Mr. Speaker, I would agree with the hon. member that those statistics are alarming. I will bring myself up to date on the work that is being done in this respect.

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PUBLIC SERVICE

GOVERNMENT INTENTIONS REGARDING CONTROVERSIAL CLAUSE IN BILL C-28

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is for the President of the Treasury Board. Due to the great number of representations made to members of parliament, in particular in the Ottawa area, concerning Bill C-28—

Some hon. Members: Oh, oh!

Mr. Gauthier (Ottawa-Vanier): Be quiet. More especially with regard to sections dealing with the right of the employer to assign not only duties through position but duties to employees, is the President of the Treasury Board in a position today to tell us if he intends to amend this section or to withdraw it altogether?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, it was not the intention of the government to permit the employer to make such assignment and/or change of duties of employees, as has been the interpretation of the wording of that clause. We believe that the concerns are unwarranted. However, for absolute certainty, I assure the House that when we proceed with the bill before parliament, we will make the necessary amendment or, if necessary, delete that clause.

Some hon. Members: Oh, oh!

Oral Questions

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEMBERS OF WINNIPEG SYMPHONY ORCHESTRA

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I would call attention to the presence in the gallery of 55 members of the Winnipeg Symphony Orchestra, led by their musical director and conductor, Maestro Piero Gamba, and their president, Mr. Julian Benson.

Some hon. Members: Hear, hear!

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ADMINISTRATION OF JUSTICE

DUTIES OF OMBUDSMAN VIS-À-VIS RCMP

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the Minister of Justice a question. Today I received a news release from the office of the Minister of Justice in which the following statement is made:

> The ombudsman will also be able to hear complaints from members of the public about specific actions of the RCMP. The need for a mechanism allowing the public to have complaints against the national police force reviewed by an independent body—

My question is twofold. First, will the minister move immediately on this legislation, and has he ascertained the cost with reference to the priority? We already have a deficit. Second, does he consider—I know the minister is not running again, and I make nothing of that, but that means he will not be Minister of Justice—that it is necessary for the ombudsman to check the RCMP?

Some hon. Members: Yes.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, first, I think it is essential that we have an ombudsman within the federal jurisdiction. As to whether we will proceed with the bill, the Prime Minister endeavoured a short while ago to indicate to the opposition bills, such as the language of trials bill and others, for which we hope to get the co-operation of the official opposition with regard to passage.

Mr. Trudeau: Two days' debate?

Mr. Basford: With regard to the other part of the hon. member's question, Judge Marin in his report on the RCMP made two recommendations: first, that there be an independent process for the examination of citizens' complaints regarding the force and, second, that there be a different system dealing with complaints and disciplinary matters by members of the force. The bill that was introduced dealing with the ombudsman acts on the first of the recommendations, and the Solicitor General is proceeding with the preparation and introduction of a bill covering the second of those recommendations.

Mr. Woolliams: In light of the fact that I have always had confidence in members of parliament when it comes to the routine of their daily work with reference tc taking care of complaints from their constituents, and even people living elsewhere, I would like to ask the Minister of Justice whether he has ascertained the cost of setting up a new organization within the government, thus adding to the deficit? What is the cost of this new empire which the minister wants to build before he leaves the distinguished position he now holds?

Mr. Basford: The report upon which the bill is based outlined the projected cost. I think the cost will be considerably lower than that projected in the report.

Mr. Woolliams: How much?

Mr. Basford: The estimate of the cost for the first fiscal year, if the bill is passed this session, is $700,000 for the start-up, appointment and establishment of the capacity to deal with some 200 complaints per month. It is, of course, impossible to determine with any certitude what the business of the ombudsman will be. It is also very dependent upon the style of the ombudsman one appoints. The Quebec ombudsman deals with 7,000 complaints a year, with a staff of some 30 people. The Ontario ombudsman deals with 6,000 complaints a year, with a staff of about 140 people. We hope to appoint the Quebec-style ombudsman as a more effective and efficient way of dealing with the matter.

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POST OFFICE

EFFECT OF SLOW MAIL DELIVERY ON SMALL BUSINESSES

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is for the Postmaster General. On March 20 one of the stores in Vancouver mailed an advertising brochure to the poeple of Surrey, which was delivered on March 28, for a sale to be held on March 27. Can the Postmaster General collaborate with the Minister of State for Small Business to see if they can find ways to help small businesses stay in business in the face of the kind of perverse help they are getting from the Post Office?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I believe we are making every necessary effort to have the most efficient mail service possible. Accidents or errors may happen, and I think that in this case it was an error and I am very sorry it happened.

[*English*]

POSTAL WALKS FOR NEW SUBURBAN AREAS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I ask the Postmaster General a question? Since several hundred thousand Canadians cannot have their mail delivered, will the minister now make the decision to spend some or all of the last postal rate increase on installing postal walks in cities in Canada with new suburban areas? Over 2,000 postal walks

are needed. Would he agree now to establish these new mail deliveries for Canadians across the country?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, if I did what the hon. member is asking for, it would mean spending millions of dollars. Considering the fact that the opposition is always telling us we are spending too much money, the increase in the postal rate was imposed so as to decrease to $525 million the deficit which was projected to be $717 million and I think it was a wise move. If we expanded door to door delivery, it could cost many hundred million dollars, because all across Canada people want it at the moment. But at the present time we must be reasonable and we must try to administer the Post Office like good businessmen.

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THE BUDGET

LENGTH OF DEBATE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Prime Minister. There was an exchange between the Prime Minister and the hon. member for Edmonton West with respect to the budget debate and I will be asking the government House leader when we might be commencing the debate. But no answer was given by the Prime Minister on whether the budget debate will be shortened or there will be a full debate. I ask the Prime Minister, as leader of the government, what is the intention of the government with respect to the length of the debate? Are we to have the full six days' budget debate, or is the government's intention otherwise?

Right Hon. P. E. Trudeau (Prime Minister): We could go either way. If the opposition has a preference, I would appreciate hearing from them what it is.

Mr. Baker (Grenville-Carleton): Quite frankly, my preference is to go to the country, beat this dreadful government and get it over with.

Mr. Speaker: Order, please.

● (1502)

Mr. Baker (Grenville-Carleton): I do not believe that has anything to do with the length of the budget debate; at least, I did not think it would. But if it does, would the Prime Minister tell the House whether or not we will have a full debate? It is a simple question and I would like as direct an answer as I gave him.

Mr. Trudeau: Mr. Speaker, we are attempting to be extremely accommodating in this matter. At the request of the opposition, we made sure we would have a budget before dissolution. We have announced that budget. They seem to grumble that there is going to be a pre-election budget. I am not quite sure what they have in mind. Now I am saying, Mr. Speaker, if they want quick dissolution after we read the budget speech, we can go that way—if that is what they would like. If they are completely indifferent, my suggestion to them is, why don't they wait and see?

Mr. Baker (Grenville-Carleton): Mr. Speaker, I appreciate the act of accommodation of the Prime Minister, but still I would like an answer to my question. What is the intention of the government?

Mr. Trudeau: Mr. Speaker, if it is a very serious debate, and if the opposition comes forth with very constructive proposals, we will want to hear them through to the bitter end. If they are making politics out of this, we might just dissolve before.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

TRANSPORT AND COMMUNICATIONS

Third report of the Standing Committee on Transport and Communications in both official languages—Mr. Collenette.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

Third report of the Standing Joint Committee on Regulations and Other Statutory Instruments—Mr. Baldwin.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. Before the government House leader has to leave the House, in the event he does, and since the budget date has been announced today, I wonder if I could ask a question with respect to that in the course of the usual Thursday question on House business.

I think the House would be interested in knowing on what day after April 10 the budget debate will be commencing. Once the budget debate has commenced, is it the intention of the government to carry it through on six consecutive days to the normal end? Or is it the intention of the government to break up the budget debate and deal with other legislation in the meantime? If the government House leader can be any more forthcoming than the Prime Minister (Mr. Trudeau), I know the country would be grateful. That is one question I should like to put to him.

My second concern is that there is a motion for concurrence in the report of the Standing Committee on Justice and Legal Affairs dealing with that committee's report on pornography. I understand it may well be the intention of the government House leader to call that business. If it is his intention to call it, I want to assure him that we are prepared to have that motion concurred in without debate.

The third thing I should like to deal with is that it is important, and obviously it is becoming much more important from the point of view of the answers of the Prime Minister today, for him to give us an indication of the government's priorities with respect to legislation as we go into the next week. I would appreciate it very much if the government House leader could be as straightforward as possible with respect to those questions.

Mr. MacEachen: Mr. Speaker, it is my present intention in calling the budget debate on Wednesday to provide hon. members with an opportunity to savour the flavour of the budget address. It is my intention to call the budget debate and continue it in the regular sequence, in accordance with the Standing Orders and all constitutional opportunities which may present themselves. Nothing will be done that is not fully regular.

Some hon. Members: Oh, oh!

Mr. MacEachen: At the present time I have no intention of interrupting the budget debate with other legislation. It may be that will happen, but it is not my intention.

In addition to the budget debate, today I will call the amendments to the Anti-Inflation Act, then the Farm Credit Act, followed by the bill in the name of the hon. Minister of Energy, Mines and Resources (Mr. Gillespie), petroleum administration act amendments and then Bill C-8, the labour code. I want to talk to my colleagues in the other parties on whether we might agree to pass, within a very short time, the act to amend the Criminal Code with respect to the language of trials. I should like to get that passed quickly, if we can get consent from hon. members to deal with it quickly.

Mr. Baker (Grenville-Carleton): Mr. Speaker, my friend's answer speaks volumes to all of us. He mentioned Bill C-18. I understand there may be anxiety on the part of the Minister of Agriculture (Mr. Whelan) to deal rather quickly with the Farm Credit Act. That is a matter he and I may wish to discuss. I would be happy to discuss it on the basis that I believe debate on that will be quite short.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, with respect to this point of order, may I say first of all that someone should be commended for the new clocks in the chamber today. The times may be out of joint in Canada, but it is good to have the clocks in this place synchronized.

May I remind the government House leader that on at least two occasions, once when Mr. King was prime minister and once when Mr. St. Laurent was in that position—both of them Liberals—the House was informed a few days ahead of dissolution as to the actual date of the election so that we could plan the work of the last week or ten days with some sort of sense. I wonder if the government House leader would discuss with the Prime Minister (Mr. Trudeau) the possibility of following that precedent, and straightforwardly telling us what the election date is so that we can decide what should be dealt with in the intervening time.

Mr. MacEachen: Yes, Mr. Speaker, there are a lot of members of this side, as well as the other side, who would be interested in knowing that date. As always, I will attempt to co-operate with hon. members opposite. It would be very important information to them, from which they would likely be ready to clear the order paper in a very short time.

Mr. Knowles (Winnipeg North Centre): Will the government House leader be calling an early meeting of House leaders so that we can discuss the plans for the remainder of this session?

Mr. MacEachen: Yes, Mr. Speaker.

[*Translation*]

Mr. Lambert (Bellechasse): On the same point of order, Mr. Speaker, this is a very important matter, a very serious one, of interest not only to members of parliament but indeed to taxpayers. We have repeatedly suggested that the election date should be provided for in the constitution, that it be established once and for all and known to every Canadian. I feel that such an amendment would provide a very clear-cut rule for holding general elections, avoiding a lot of dealings and so many public opinion pools of no use whatsoever.

Therefore, Mr. Speaker, I would like to support the point made by the leaders of other parties in this House, that we be apprised as soon as possible of the date of the coming election. Mr. Speaker, I believe this would facilitate our proceedings, we could go ahead in an objective way with the process of dealing with government bills that have a high priority. Simultaneously, as far as the budget is concerned, after the answer given today by the right hon. Prime Minister (Mr. Trudeau) that the budget hopefully will be coming Monday next, this would allow members to seriously address the question of what should be discussed about the forthcoming budget, in the interest of Canadians we are trying our best to serve here. In this way we could work together at giving Canada the best possible administration, the most efficient one, so that the Canadian tax dollar be put to the best use, for the benefit of all groups within our society.

● (1512)

[*English*]

Mr. Rodriguez: Mr. Speaker, I would like to put a question to the government House leader. I noticed when he listed the order of business that he mentioned the lifting of the anti-inflation legislation, then the farm credit legislation, the petroleum administration measure, and then Bill C-8. I would

like to put it to the government House leader that C-8 is an extremely important bill for all those workers covered under the federal labour code, and in the committee when we studied the bill we expedited it because both labour and the members of the committee felt that it was extremely important to workers under federal jurisdiction to have the right to refuse work which is dangerous to their health and safety. It was in that spirit that our party participated in expediting the bill.

I recognize the fact that the minister may be receiving some flak from some members of the cabinet with respect to that bill because of the new ground it is breaking, but I would plead and ask the government House leader to please reconsider the order and put Bill C-8 in a higher position than it is presently resting.

I would hate to have all that work that we have done, and the anticipation of the workers under federal jurisdiction, dashed by an election which would wipe out that legislation. So, I ask the government House leader if he would give us some assurance that he will reconsider the order and put C-8 in a higher position?

Mr. MacEachen: Mr. Speaker, I have indicated that following the Anti-Inflation Act amendments I would call the farm credit bill, and following that I am quite prepared to consider whether I could call C-8 prior to Bill C-19.

Mr. Baldwin: On a related point of order, Mr. Speaker, I want to say that the way the Prime Minister (Mr. Trudeau) in his superior attitude has treated the question of a budget is picayune and childish. The question I would like to ask the hon. gentleman is: will this House have the right of the normal procedures of a budget debate to place the normal amendments, and has the government the intestinal fortitude to allow those amendments to be brought to a vote in this House?

Mr. MacEachen: Mr. Speaker, I have indicated that it is my intention to call the budget debate and to carry it forward in the normal way. I have already made it clear that there are constitutional possibilities that may intervene, and I have no control over those. I think the Prime Minister has indicated his attitude on that point.

Mr. Leggatt: Mr. Speaker, during the exchange between the government House leader and the Conservative House leader there was an indication that, in the event the report on pornography from the legal and justice affairs committee was called, there would be some commitment that it would go through without debate. I want to make it clear that that is not the position of our party. We would not wish to see that particular report go through this House without further debate in the House.

Order Paper Questions

COST OF REGULATION ACT

MEASURE TO PROVIDE ANALYSES OF DEPARTMENTAL REGULATIONS

Mr. Bob Kaplan (York Centre) moved for leave to introduce Bill C-433, respecting the cost to the public of government regulation.

Some hon. Members: Explain.

Mr. Kaplan: Mr. Speaker, there is a tremendous amount of regulation and red tape associated with modern government whenever a new regulation is introduced, and inevitably costs rise. Under the policies of the government the only costs that are disclosed as such are the costs to the taxpayer. The purpose of this bill would be to require federal departments and agencies to estimate, to the best of their ability, the costs of regulation and administration and to give this information to the industries affected by the regulations, and to the consumers of the products and services involved.

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

* * *

CUSTOMS ACT

MEASURE TO AMEND

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved for leave to introduce Bill C-44, respecting Customs.

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

* * *

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today; 1,302, 1,398, 1,400 and 1,416.

[*Text*]

FISH—IMPORTS AND EXPORTS

Question No. 1,302—**Mr. Marshall:**

1. Of the $183,000,000 worth of fish imported in 1976, as reported in the 1976/77 Annual Report of the Fisheries Prices Support Board, what is the breakdown with regard to the (a) amount of each species of fish imported (b) dollar amounts for each species of fish imported?

2. What is the same breakdown with regard to fish exports?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment):

Order Paper Questions

Canadian Imports and Exports by Species, 1976

1. Imports

Name of Species	Amount Imported (Metric Tons)	$ Amount ('000)
Seafish		
Cod	1,790	3,147
Haddock and Hake	2,539	3,161
Halibut	965	3,137
Herring	565	779
Sardine	1,277	2,668
Salmon	3,495	10,305
Tuna	12,903	23,712
Anchovy	233	721
Seafish, not specified	28,202	29,934
Freshwater Fish		
Trout	701	1,782
Freshwater Fish, not specified	1,114	1,876
Shellfish		
Clams	2,387	2,947
Crab	836	3,462
Lobster	2,524	23,401
Shrimps	11,002	60,585
Oyster	17,419	4,853
Shellfish, not specified	2,867	6,628
Other Species		
Fish and Marine Animal Oil	299	233
Total	91,118	183,331

2. Exports

Name of Species	Amount Imported (Metric Tons)	$ Amount ('000)
Seafish		
Cod	45,441	73,612
Haddock and Hake	8,221	11,904
Pollock[1]	4,637	5,455
Halibut	1,709	5,522
Catfish	865	1,506
Ocean Perch	21,187	36,503
Flatfish	22,277	44,906
Turbot	3,000	4,678
Herring	125,167	114,108
Mackerel	2,011	1,119
Sardine	4,135	6,979
Salmon	21,197	87,309
Smelt	1,516	1,205
Swordfish	3	5
Alewife	2,164	771
Seafish, not specified	49,248	42,789
Freshwater Fish		
Bass	131	155
Perch	1,727	6,620
Pickerel	2,311	7,947
Pike	1,733	2,495
Sauger	982	3,388
Smelt	4,530	3,359
Sturgeon	31	117
Trout	289	551
Tullibee	633	1,281
Whitefish	4,878	7,775
Mullet	518	417
Freshwater Fish, not specified	2,587	2,728
Shellfish		
Clams	743	1,182
Crab	1,910	11,684
Lobster	8,857	52,762
Scallop	9,259	43,436
Shrimps	1,759	5,700
Shellfish, not specified	2,375	2,677
Other Species		
Seals[2]	(156)	4,114
Whales	5	8
Fish and Marine Animal Oil	3,407	1,041
Seaweeds	4,549	2,708
Total	365,992	600,516

[1]Includes some cusk.
[2]Quantity reported in number of skins.

[Mr. LeBlanc (Westmorland-Kent).]

EXPENDITURES PER CAPITA BY FEDERAL AND PROVINCIAL GOVERNMENTS

Question No. 1,398—**Mr. Schumacher:**

What amount did the (a) federal (b) provincial governments spend in total, per capita, in (i) 1937 (ii) 1947 (iii) 1957 (iv) 1967 (v) 1977 in current dollars?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports: The following table shows the amount spent per capita by the federal and provincial governments in the years asked for.

Year	Federal	Provincial
1937	$ 41.00	$ 33.00
1947	169.00	52.00
1957	313.00	111.00
1967	517.00	394.00
1977	1,824.00	1,581.00

VETERANS' HOSPITALS

Question No. 1,400—**Mr. Schumacher:**

1. How many veterans' hospitals have been turned over by the government to provincial government responsibility and, in each case, where was the hospital located and on what date was responsibility transferred?

2. How many other veterans' hospitals will be turned over to provincial authority and, in each case, where is it located and what is the proposed date of transfer?

3. (a) In each of the hospitals already transferred to provincial jurisdiction, how many employees had to resign their federal positions and re-apply to the province (b) how much severance pay was given in each case by the government?

4. In each of the hospitals still to be transferred from federal to provincial authority, how many employees will be expected to resign their federal position?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. Seven: Sunnybrook Hospital, Toronto, Ontario, (transferred to the University of Toronto) October 1, 1966; Ste. Foy Hospital, Quebec, Que. September 1, 1968; Lancaster Hospital, Saint John, N.B. November 15, 1972; Shaughnessy Hospital, Vancouver, B.C. July 29, 1974; Veterans Hospital, Victoria, B.C. August 26, 1974; Westminster Hospital, London, Ont. October 3, 1977; Queen Mary Veterans Hospital, Montreal, Que. February 20, 1978.

2. It is the policy of the government to transfer all veterans hospitals. Date of transfer is a matter of negotiation with provincial authorities. With the exception of Camp Hill Hospital, Halifax, which it is proposed to transfer this summer, no dates have been negotiated. Location of hospitals not transferred: Halifax, Ste. Anne de Bellevue, Senneville, Ottawa, Winnipeg, Saskatoon, Edmonton and Calgary.

3. (a) No employees have had to resign their federal positions and reapply to provincial jurisdiction. (b) The amount of severance pay given in each case is determined under the terms of collective agreements negotiated under the provisions of the Public Service Staff Relations Act which are binding on both the Public Service as the employer and the employees.

4. None.

PENSIONS PAID BY CHARTERED BANKS

Question No. 1,416—**Mr. Knowles (Winnipeg North Centre):**

Has the Minister of Finance, or the Inspector-General of Banks acting for the Minister, since May 2, 1977, had any discussions with the chartered banks in which the point has been made that the pensions paid by the banks to their retired employees ought to be escalated annually by an amount at least equal to the rise in the cost of living and, if so, can the Minister say whether the chartered banks are implementing this practice with respect to their retired employees and, if not, have they made any improvement in this regard since the last time there was a report thereon, as indicated on page 5180 of *Hansard* for May 2, 1977?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): No. It is not government policy to impose conditions on private pension plans beyond those contained in the Pension Benefits Standards Act. I am, however, advised that the chartered banks are continuing to pursue the previously reported practice of making supplementary payments to their older pensioners with increases in the cost of living being the primary factor in the determination of the amount of the supplement.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question number 933 could be made an order or return, this return would be tabled immediately.

Point of Order—Mr. Rynard

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

[*English*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary having been answered, is the House agreed that question No. 833 be made an order for return?

Mr. Paproski: Yes, Mr. Speaker.

Mr. Speaker: Agreed and so ordered.

[*Text*]

CANADA COUNCIL GRANTS "EXPLORATION PROGRAM"

Question No. 933—**Mr. Epp:**

As of November 21, 1977, what were the purposes and descriptions of each of the eighty-five Canada Council grants funded under the "Exploration Program" and (a) how long will each project last (b) what is the total number of persons employed through each project?

Return tabled.

* * *

POINT OF ORDER

MR. RYNARD—DELAYS IN ANSWERING STARRED QUESTIONS

Mr. P. B. Rynard (Simcoe North): On a point of order, Mr. Speaker, I want to draw to your attention one of the failings of this House, namely, the failure to deal with the starred questions. It was almost four years ago, the length of this parliament, when I first brought this to your attention. A starred question had been on the order paper for a period of just about one month.

I will put it in order of sequence. On February 27, 1975, I rose in the House of Commons to inquire about a question which was of importance to me. At that particular time a starred question of mine had been on the order paper for approximately four weeks and had not been answered. I naturally assumed that that question would be answered within a week, as was the custom when I first came to the House of Commons. As custom dictated the law of proceedings in the House, I accepted this to be so.

When I rose on this point of order, Mr. Speaker, you stated that I had raised a very interesting point but you could not find any authority which would entitle a member to an answer to a starred question within a certain period of time. What it did entitle me to, of course, was an oral answer in the House of Commons when that answer was given. As I have stated, this was not my interpretation of the starred question. Indeed, I felt it was accepted fact that starred questions were to be answered within a week, or the minister contacted that individual who had asked the question.

● (1522)

In the Mother of Parliaments, a member who desires an oral answer to his question must distinguish it with an asterisk, and notice of any such question must appear on the order paper

two days before that on which an answer is desired, except that questions received before 2:30 p.m. on Mondays and Tuesdays may be put down for oral answer on the following Monday and Thursday respectively.

As a matter of historical interest, Mr. Speaker, the starred question came into being in 1910 when Sir Wilfrid Laurier was Prime Minister of Canada. At that time he stated that many questions are put on the floor of the House that have no interest except to the individual putting the questions, but if a member desired to have an oral answer he had only to put an asterisk to his question and it would come before the House at once. In 1910 the rules of the House provided only for written questions, but members persisted in asking oral questions and, by custom, this became a rule. The starred question was introduced in an attempt to reduce the emphasis on oral questions. Oral questions were not recognized by the rules of this House, as far as I can find out, until 1964.

In 1955 the Special Committee on Procedure sought to establish more firmly the existence of the starred question, which was then given a special place on the order paper on one day of the week. No member was allowed to have more than three starred questions on the order paper at any one time, and this is still the accepted practice. This, of course, was the situation when I first entered the House of Commons.

The very thing that has happened today is that the order paper has become so full of questions that the backlog goes far beyond the original interest of those starred questions being answered within a few days. It appears to me to be a very foolish thing, and a waste of time and printing, when one finds at the end of a parliament that hundreds of these questions remain unanswered long months after they had been placed on the order paper.

As a matter of fact, John B. Stewart, in his work on procedure in the House of Commons, offers an unique explanation for the existence of starred questions, by stating that usually the purpose—and this is very fundamental to our democracy—is to ensure that the House and the press will not remain oblivious to any horrendous information elicited about extravagance, patronage, or mismanagement by government itself. This strikes at the roots of democracy, and it is the right of the people to know.

I want to thank you, Mr. Speaker, for your advice in the House and for your request, on more than one occasion, that the Special Committee on Procedure meet to deal with this matter.

I am further upset that this infringes on the rights and privileges of a new member particularly, who might have difficulty in the wording of his oral question. Further, I see no reason why the committee should repeatedly ignore the request of the Speaker who, all of us feel, has the toughest job in this House. Not only must he have the ability to think and the wisdom to guide, but his own conscience is on trial. As well, of course, as ignoring my own personal request as a member of this House on several occasions, and the refusal of the head of that committee to meet, I do not believe that this would be the wish of this government or of any member of the opposition.

[Mr. Rynard.]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I just add a few words in support of my colleague with regard to starred questions. Governments in the past have been absolutely contemptuous of members with respect to the nature of starred questions which, by tradition, practice, and ordinary decent consideration, have been earmarked for early attention by the House and could not be sloughed off as a matter to be made an order for return. The fact that starred questions exist today does not mean a thing.

I have intervened not only to support my colleague and others who want to use starred questions, but in order to support you, Mr. Speaker, in your stand, and to lay the blame where it belongs.

I am vice-chairman of the Standing Committee on Procedure and Organization. I want to put on record that the committee has not met once during this past session except for the formal organizational meeting. Not only in this session but in the long prior session, the government House leader has refused consistently to refer one item of House rules to that committee. This matter should be taken into account by the committee itself. The government House leader has been contemptuous of this House where there was an agreement on both sides that certain modifications should take place. The House has been run as his personal fiefdom when he is here and, when he is not, it is totally neglected.

I do not know how we are going to cut the Gordian knot. Shall we have to decide that the committee will take up matters without reference from the House and bring in their return? Something has to be done, Mr. Speaker. For the three terms that I have been vice-president of the Standing Committee on Procedure and Organization, the present government House leader, not only in this parliament but in a previous parliament, has consistently refused to refer any particular point to the committee, with the result that nothing is done. We have this continuing abuse, and we have anomalies in practice. The duties of Mr. Speaker are made more difficult, and the functions of members are made equally difficult.

I insist again that the blame lies entirely with the government House leader who has refused to refer these matters to the committee.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I think we must still put the facts in their proper perspective. What the hon. member for Edmonton West (Mr. Lambert) says is not quite accurate. As I remember very well, since I was myself a member of the Committee on Procedure and Organization, two years ago, at least three very detailed reports on parliamentary reform were prepared and discussed by this committee. The committee even sat during the summer recess. We came here to Ottawa, and what stopped the House from adopting those reports which recommended reforms and important changes was that the parties had undertaken to submit those reports to their respective caucuses. The Progressive Conservative party never did accept to ratify those important changes, which were liberal to say the least and which would have greatly helped modernize

the House and make it more efficient. This was therefore the true reason. It was not obstruction on the part of the government House leader, but the fact that the Progressive Conservative members of parliament did not come to an agreement about the changes which had been discussed and which had obtained the approval of the members of the committee. This is the real reason.

As for the suggestion of the member who spoke before the hon. member for Edmonton West concerning starred questions, I think that it is very interesting and should be examined in due time by the Committee on Procedure and Organization, but I think we should not examine only this matter but consider also a global reform. We must not forget, Mr. Speaker, that during the past year and a half, or rather the past year, the main reform in this institution has been the televising of our debates. God knows that hon. members have co-operated under your able leadership to enable this reform to be made as smoothly and as efficiently as possible. Now that our debates are televised, I am convinced that an in-depth reform of parliamentary procedure will follow and that very shortly, probably in the early days of the thirty-first parliament, the Committee on Procedure and Organization will be able to study many changes to parliamentary procedures and that this will quite probably include the starred questions mentioned by the hon. member.

For our part, I want to assure the House that we are open to all changes which aim at making this parliament more modern, more efficient and more respectful of the rights of members of parliament and the population as a whole.

● (1532)

[*English*]

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, this is an unusual day to be discussing the reform of parliament after the exhibition which occurred this afternoon during the question period. I have never seen anything to equal it since 1957 just prior to the dissolution of parliament that year, which resulted in the election taking place in June.

Mention is made of television in parliament. One of the effects of TV in parliament, which has not been beneficial, is the fact that across the country people are deeply disturbed about the noisy nature of this institution and of the degree to which those ordinary principles under which man meets man, even in disagreement, are so often disregarded.

Today brings to mind that prior to an election things do happen. I recall the last day of the 1957 parliament when, as far as I was concerned as opposition leader, the possibility of becoming Prime Minister was as remote as Peking in China. It was pointed out that there had been a Gallup poll which showed that all the Conservative party would be able to poll would be 34 per cent. It was then I enunciated a principle which I have followed through the years concerning polls, and that is that the only animal which knows how to give appropriate treatment to poles are dogs.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I listened to the hon. gentleman who just preceded me. I do not want to be unjust to him, but I have watched him as questions are asked or motions are made under rule 43, and he has developed a propensity and a capacity to say no without resort to any artifical instruments.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Here we are facing the end of this session of parliament. There are 1,408 questions, of which only a few have been answered since April. There have been starred questions asked on the part of the hon. gentleman who has brought up this point of order, as far back as November. I had one here a moment ago; it was concerning prices. It was a starred question, and there is no answer to it. This is the kind of thing which disembowels this institution. It seems to me now that we are in a position which did not happen under previous governments. It did not happen under Mr. King, it did not happen under Mr. St. Laurent, and it did not happen under my leadership. We are in a position where questions have simply become an instrument for the concealment and hiding of information. Hide and conceal, and never reveal!

This is a very serious matter. This matter not only covers starred questions, but questions in general. I am beginning to wonder how parliament can continue unless there are tremendous changes made. Untrue information is given too often, and yet we are supposed to accept the answers as being the truth. I could give several examples of that. Yesterday during the course of the oral questions the Minister of Agriculture (Mr. Whelan) pointed out what the western farmer would receive. It looked like a $60 million gift. Gift, nothing! This amount was contributed in considerable measure by the farmers themselves over a period of two years. Those farmers who belong to the stabilization organization have each contributed approximately $1,000, and the farmers are simply getting back what they paid in. It is no gift. There should be no concealment, or endeavour to pretend that it is otherwise.

There are other examples I can give which have come to mind, but I am not going to do so. I am simply saying that unless there are reforms in this connection, parliament will become a hollow institution. It does not have to become that. In the Mother of Parliaments in the United Kingdom, how long would they stand for the fact that there are questions on the order paper going back to October 18, 1977, unanswered, unconsidered, concealed? There are 1,400 of them here.

An hon. Member: Shame!

Mr. Diefenbaker: This is wrong. This is unjustifiable. Mr. Speaker, this is a travesty on the institution which you and I and hon. members love.

An hon. Member: It is contempt.

Mr. Diefenbaker: I do not want to designate it by such an inferior expression as contempt. It is the disregard of the rights of an institution that belongs to the people of Canada. That is what it is. We had a clear example today when the Prime Minister finally allowed the Minister of Finance (Mr. Chrétien)

to speak. He said, "You", and then the minister was able to speak. If parliament comes under the control of the Prime Minister, and he has no regard for it, then this institution simply becomes a form of debating society. I only hope, believing as I do in the continuance of Speakers from parliament to parliament, that even with a change of government, the House will decide to continue you, sir, in office—

Some hon. Members: Hear, hear!

Mr. Diefenbaker: So that you, with your high ideals of what parliament should be, of what this institution should do, will take a lead, bringing about changes which everybody admits should be made.

The point raised by the hon. member for Simcoe North (Mr. Rynard) is one which does honour to him. All I can say is that I hope his views will receive attention. Why hide information?

The hon. member for Leeds (Mr. Cossitt)—I see his name all through the record. He has asked many questions. When he asks questions, the government wonders what he has in mind, fearing the worst or knowing the worst. You can see the record prolific with questions unanswered. This cannot maintain the dignity of this institution. To follow a system whereby a government can simply say "Shut up," will not allow this institution to carry out its responsibilities.

That is the reason why I make the suggestion to you, about a permanent speakership, sir, because I believe in the continuance of speakers in your position, thereby providing them with independence, which too often has been challenged over the years. Unless such a system is adopted, I fear for the future of parliament.

● (1542)

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ANTI-INFLATION ACT

AMENDMENT TO EXTEND RANGE OF PERSONS TO WHOM ANTI-INFLATION GUIDELINES APPLY

The House resumed, from Wednesday, April 5, consideration of the motion of Mr. Chrétien that Bill C-18, to amend the Anti-Inflation Act and guidelines, be read the third time and do pass.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, it is some five years since I first spoke in this House with regard to the subject of wage and price controls. I recall the circumstances in 1972 at the time of the budget being presented by the former member for Ottawa-Carleton. Inflation was starting to show its head, following what I consider to be the most disastrous budget that hon. gentleman ever presented in so far as the country was concerned. We are still reaping the whirlwind of it, as well as the slack money policy which accompanied that budget of 1972. It was an election year budget that was full of goodies.

It is conceivable that in its desperation for what is going to be an electoral campaign in a short time, this government, bankrupt of policy and bankrupt of effective action, will come down with a budget that is going to insert into the Canadian economy long-range nefarious effects, as was done in 1972.

At that time I spoke about the need of an effective wage and price control policy. This was continued as the policy of our party. My colleague from Don Valley spoke at length on that occasion with regard to the proposal, and others of my colleagues supported it.

This was not something that was suddenly dreamed up on the eve of the election in 1974. It had been a considered policy. It had been strongly advocated by the hon. member for Halifax (Mr. Stanfield), who was then Leader of the Opposition. It was a good program as enunciated by him.

One of the problems in 1974 was that in a spirit of dishonesty, in light of subsequent events, a government spokesman decried and belaboured the wage policy. The New Democratic Party followed suit. In Ontario, and that is where it happened, they convinced the voters that they should have nothing to do with an incomes policy. The Leader of the NDP came along immediately after he had done what he thought was effective on the Conservative party policy, and came down with a prices review board, just prices. Of course, his program was soon picked apart. His followers quite rightly read into the program that it was another form of incomes policy. It was to control prices and profits, but somehow or other not wages. There is no way to control prices and profits without controlling wages and rents.

I have the record here if anyone wants to see the onslaught of inflation over the years. In 1971 the government changed the base to 100 from what it had previously been since 1963. Taking the 1971 base of 100, when we go back to 1966, it only took 83 cents to produce what in 1971 cost $1.

In 1975 there apparently was a series of events which led to the resignation of the minister of finance and, on the eve of the re-opening of parliament, the institution of a wage and price controls program that is now to terminate on April 14. The legislation today deals with that.

Let us see what the record has been since 1971. In 1971 it was 100. In 1972 it was 104.8. In 1973, after that infamous budget of 1972, it went to 112.7. In 1974 the people were still not conscious of inflation. They had not suffered enough. It went to 125, in other words 12.3 points on all items.

In 1975, it went to 138.5, another 13½ points. That is when the government finally acted. We had had double digit inflation for three years. It was only then that the government reversed its stand. In a little over a year the policy of controls—"zap and you are frozen", as the Prime Minister (Mr.

Trudeau) was so wont to say in Ontario—became a matter of fact. He who said that the people of Canada should eschew any program of wage and price controls was the man to put it in.

A little bird in the person of a young, well-established lawyer in Ottawa circles spoke to me the other day. He gave me the scenario of what happened in September and October of 1975. The then minister of finance, Mr. Turner, finally came to his senses with regard to wage and price controls. He told the Prime Minister that there would have to be a wage and price controls program and that he, as minister of finance, was making that recommendation as of then. He was told that in no way would there be such a program. Therefore he said he could not continue as minister of finance, and wanted a transfer.

Mr. Béchard: Who told you that?

Mr. Lambert (Edmonton West): A man who knows a little more than you about it.

Mr. Béchard: Speculating.

Mr. Lambert (Edmonton West): I am not speculating. Members opposite should know the scenario of what brought on wage and price controls and John Turner's resignation. The story is told that he could no longer continue as minister of finance and that he wanted to go back to Justice or some other ministry that was in keeping with his talents. Very abruptly, Mr. Turner was told that he was in the ministry as minister of finance only, and could serve in no other capacity. That was the end of the road. That is a very instructive way of finding out why there was such a sudden change in policy.

● (1552)

Prior to October, 1975, the ministers sitting with the Prime Minister today who were ministers then, swore up and down that, no, a thousand times no, there would be no controls. Then after October 14 they were all following the former member for Rosedale, who has been appointed the new mate of the ship or, if one wants a change in command structure, the first lieutenant. The first lieutenant was then defending wage and price controls. But what a system of wage and price controls it was! It did not apply to everyone. Many price increases were allowed. Many wages were frozen. The Public Service was frozen. Wages were frozen, but prices were allowed to go up.

The price situation got so bad in British Columbia that the provincial administration of the day took its conviction into its own hands and took steps which were against the basic philosophy of the New Democratic Party, which did not favour wage and price controls. The NDP did not favour an incomes policy, as enunciated by David Lewis. But the B.C. government put in a system of price controls on foodstuffs and consumer goods, and the people became very consciously against the fact of inflation.

There is no doubt that 1974—in fact, 1973—would have been the time to bring in a program of wage and prince controls for a short time, not a protracted period of almost three years as we are now going to have. What was needed was a psychological shock to the minds of the public, and to bring to the attention of governments at all levels that this business of charging what the market would bear, passing costs on to anybody, instituting a cushion and deluding the public that inflation was not here and that it was something which could be swept under the rug, was not acceptable. People on low fixed incomes, people receiving unemployment benefits, and people who had their own savings and the savings of generations, were finding that their money was being eaten away by inflation. These people, as well as people living on savings from insurance policies, were being offered as sacrificial lambs on the altar of inflation. There was total inaction in the face of inflation.

In July of 1969 the Prime Minister appeared on television to deal with inflation as it stood then. At that time we were dealing with an inflation rate of about 5 per cent or 6 per cent, which was peanuts compared with today. We would be in a seventh heaven today if we could get inflation down to say, 5 per cent. Then later came the statement that the government had wrestled inflation to the ground. What nonsense! The man was completely deluding the Canadian public. As a lawyer I would almost say that he was crassly ignorant or grossly negligent in saying that to the Canadian public, and then instituting programs such as indexing of old age pensions and civil service pensions. Those measures were designed as a temporary cushion. They were palliatives, but inflation was not cured. The government did nothing about curing inflation.

In 1972 we saw full indexing of old age security, public service pensions, RCMP pensions and, after a certain point, armed services superannuation. That was when we had the cheap money policy. There was an increase in monetary supply.

I invite hon. members to read the speech made last Monday by the hon. member for York-Simcoe (Mr. Stevens). I invite the public to read that speech. It was a long speech, but it covered chapter after chapter of inaction. It was an exhaustive review of bad economic policy and bad economic actions by this government. However, from 1972 on we had those palliatives.

It was almost like telling someone, "Yes, we realize that you have rotten teeth, that you need some work on the roots of some of your teeth and that they hurt," and then offering some aspirin or some other type of medication. It was like telling that person to take two tablets a day to relieve the pain, that the prescription could be renewed and that if the pain remained, the dosage could be increased. Nothing was said about getting to the root cause of the problem, the decay in the roots of the teeth. In the same way, no one on the government side looked to the cause of the decay in the economy.

How on earth can an administration continue to support double digit inflation and ever-increasing unemployment? In those days half a million people were unemployed, and there were all-party debates here about that. The New Democratic Party put resolution after resolution on the order paper. There were questions, debates, motions, and amendments from all

parties on the opposition side. Government ministers did express some concern about having 500,000 unemployed when inflation was at the level of 138 to 148.9 in 1976. However, where are we today?

After two and a half years of wage and price controls we still have indexation. There has been an increase in the frequency of indexation, and now there are one million unemployed. Where are we with regard to inflation? In January of 1978 it had reached 167.8. In other words, compared with the dollar of 1971, seven years ago—and seven years is a short time in the economic life of the country—it now costs two thirds more to buy the same quantity of goods and services. We wonder why people outside this country are concerned about the falling value of the Canadian dollar. There is the answer, Mr. Speaker. Our Canadian dollar is a true reflection of the economic performance in this country during the last decade.

● (1602)

If my good friend, the hon. member for Welland (Mr. Railton), would like to take a look at the tables in the Bank of Canada's monthly review at page 62, I would invite him to read for his edification and education something that he should know. I am sure that his wife tells him that in the past decade it has cost 78 per cent more to buy $1 worth of goods and services. Does the hon. member pretend that that is the right conduct of the economic affairs of this country? What does he think will have to be the course of action over the next decade if that was the performance over the last one? If you take another 68 per cent or 78 per cent increase on this total, in other words, if you take 78 per cent of 178 per cent, as the hon. gentleman knows, we will have an increase of 100 per cent, so we will get 350 per cent. That is the prospect.

I can put on the record the performance of all governments in the past decades and the percentage they take of the GNP in the inflated figures, based upon the regressive tax system we have. By 1984, George Orwell's Big Brother will have nothing at all on government, as government will take more than 54 per cent of the GNP.

Mr. Railton: I wonder if the hon. member would permit me to ask him a question.

Mr. Lambert (Edmonton West): I will certainly accept one from that hon. member.

Mr. Railton: I want to thank the hon. member for allowing me to put a question to him. Does he agree with the statement in the past year made by the vice president of the Toronto Dominion Bank about Canada's borrowing power and the soundness of the economy, which will increase progressively because of our GNP increase over the next 15 or 20 years at a steady rate of between 4 per cent and 5 per cent, and that we have nothing to fear because we have a deficit at this time in the economy? That is what he stated. Does the hon. member agree with it?

[Mr. Lambert (Edmonton West).]

Mr. Lambert (Edmonton West): First let me say that I would hope the hon. gentleman has a true appreciation of what was said by the president of the Toronto Dominion Bank, and second, I would say that I do not agree with that statement because it was made on the basis of past records. My statements are made now when the Canadian government has difficulty borrowing. Does the hon. member know what was the record of that $750 million bond issue in New York which fizzled out? It was a real fizzle.

An hon. Member: It was sold out.

Mr. Lambert (Edmonton West): Yes, at discount prices. The hon. member for Scarborough East (Mr. O'Connell) shrugs his shoulders. Of course, you can always sell at fire-sale prices. The hon. member knows very well that the Canadian government has to report not only the initial credits in the consortium of Canadian banks on its foreign exchange account and then arrange for a credit, but is having to pay increased rates at 1 per cent more, and this will have to be paid. It is all part and parcel of consumption by the government. I do not agree with what was said because I do not agree with the premises put forward by the hon. member for Welland as quoted by the hon. gentleman, and I am not too sure of the accuracy of his quotation.

I want to come back to the point that here we are being asked to make some changes in the legislation. I welcome some of them, and one in particular in section 47 and 48 dealing with matters which I raised in committee with the Minister of Finance (Mr. Chrétien), the director of the Anti-Inflation Board, and the administrator. That was a point that no one seemed to notice in the initial instance, but then it was drawn to my attention by one very erudite gentleman who asked; "Have you provided for anything to eliminate the spring-back effect of multiple year contracts?" If you read your Anti-Inflation Act, you will find that there is nothing in that legislation which says that any roll-back ordered by the Anti-Inflation Board or by the administrator would serve as a modification of the contract.

There had to be an amendment, and that is true in the legal sense, because it was clearly the intention indicated by a number of people that if there were in existence unexpired multiple year contracts at the time of the expiry of the anti-inflation legislation, when the controls came off not only would any full year's provision in the contract be applicable, but any amount in the roll-back would immediately spring up and be due to the workers under the collective agreement. That would make utter nonsense of any AIB roll-back or any order by the administrator. That is provided for in section 48, and I am glad to see it there. There are also provisions in section 47 specifying that notwithstanding any order of the AIB or the administrator, when the controls came off, the wage rates provided for in the contract would become binding, and naturally there would be considerable increases in the arrears.

● (1612)

The study of this bill in committee provided a classic example of how a very complicated subject cannot get adequate treatment. In the committee structure, an hon. member is given ten minutes. A committee session consists of approximately 80 to 85 minutes. In the first round, members are given ten minutes, and in the second round they are given five minutes. That may continue on, but there were only three sessions on this matter. The minister was not very, very forthcoming. He would not give information. The net result is that what you are attempting to find out in committee is withheld. There was pressure, and then the study and the legislation were terminated.

As a matter of fact, perhaps this is the bill the Minister of Finance refused to come back to committee with, unless certain things happened in the House. I was not present for that, but indeed it is a strange attitude to exhibit. I have no apology to make, and I reject any suggestions that speeches made by myself and my colleagues will take some time. We are here for the purposes of making a review. I am taking my allotted time. I was not involved in the committee, so I will canvass the subject as I see it.

I disagreed with the chairman of the Anti-Inflation Board concerning a particular case which came to my attention. There was an exchange of correspondence. The anti-inflation program does a grave disservice to a firm which is operated efficiently. I am referring to a particular trucking firm in western Canada. That firm increased its profits beyond those of the base year, as defined by the Anti-Inflation Board. It was not done by reason of any increase in rates. It was done by re-organization in certain parts, and greater efficiency.

When the AIB examined the profits of this company, it indicated that they were over 95 per cent of the base year or the compliance period. Therefore, the board indicated that there would have to be a return of the excess profits to the patrons. That is totally impractical and impossible, unless the company reduced its present rates thereby putting out of business other smaller competitors. If that occurred, of course it would pick up more business, and a self-defeating cycle would occur. Instead, the company proposed to take the surplus profits and invest them in better capital facilities, rather than distributing them as dividends or for the payment of higher executive salaries. I protested this. There was no way this could be accepted by the board as an economic principle.

I received a letter dated September 30, 1977, from the Chairman of the Anti-Inflation Board. In part it reads as follows:

> I agree with your statement that the program "in many ways" discourages attempts by management and employees to improve efficiency in that, by and large, we require the benefits from such actions to be passed on to the marketplace. Indeed, it is difficult for me to imagine an anti-inflation program which did not require such a contribution from the more efficient firms. At the same time, it must be recognized that this policy only impacts on the companies that are operating close to their target profit levels.

It is extraordinarily difficult to justify that the achievers, either through improvement in management or performance by employees, must be penalized. This is what happened precisely in this particular case. The case is under review before the administrator, and I trust we will see a reversal of the AIB decision.

Before finishing, I should like to indicate that the other day I heard a very intriguing radio program on the CBC. Some time in the past there was quite an uproar in the media when the salary figure of the president of Canadian Pacific Railway was published. It had been obtained in Washington. Of course it was in the $300,000 range. People booed and hawed. They made various asinine and inane comments about it, not realizing that most of it goes toward income tax.

A former member of the press gallery, who is now stationed in Washington, went to the appropriate government agency, and under their right to know legislation, he was able to unearth the exact salary figures of leaders in the Canadian labour movement who occupy executive positions in international unions. The results were very interesting. I will not refer to any particular example, but some of these people were earning over $100,000. I should like to hear the comments of the hon. members of the New Democratic Party, particularly those who feel anyone earning over $15,000 is somehow robbing his employer. What about these people?

If it is conceivable and correct that the salaries of public officers, such as of the Prime Minister, cabinet ministers, and of Your Honour, shall be public knowledge, then the law should apply to everyone. We have a right to know. There is a great deal being said about that. The United States does not seem to be suffering from its right to know legislation. Under that legislation, corporations must file the salaries and allowances of their corporate officers, or the schedule of salaries of executive officers and directors must be filed with the Security Exchange Commission. One can get at that information in the United States, but in Canada it is impossible to do that. Similar legislation with regard to labour unions, because they are executives of major economic units, is in force in the United States. They are required to file the exact figure of their salaries, down to the last dollar and cent.

● (1622)

I think it is only fair, and it is my personal suggestion that if elected officials must post their salaries, as do certain other officers and directors of public companies, then it is right and just that those people in private corporations who are officers and directors, and executives of labour unions, should file their incomes. It should be out in the open where everyone will know, and no one can come along and point to business leaders and comment adversely about their salaries while at the same time they are drawing down the same high salary or perhaps more.

On that, Mr. Speaker, I will now draw my remarks to a close.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I am pleased to speak on Bill C-18, a legislation to amend the Anti-Inflation Act. Inflation has become a real psychosis over the last ten

years and remains a major barrier to the realization of our collective and individual aims.

In 1975, Mr. Speaker, when we were discussing Bill C-73 on price controls, I stated that the restraint measures the government intended to take did not strike at the roots of the problem. Indeed, controlling the salaries of the workers and the weak and letting the brass do as they wished was no solution and changed absolutely nothing to rising inflation. I would now add that the efforts that were being planned for the three following years would not solve the problem.

Mr. Speaker, today, after three years of implementing the Anti-Inflation Act, the government is out of breath in every field, and especially with regard to inflation and unemployment problems. It admits candidly that it is incapable of throttling rising prices and unemployment. When the price and wages control program was introduced, the board was given the task of reducing inflation to 6 per cent over a two-year period. Unfortunately, the system created a majority of dissatisfied people and much dissatisfaction and we are grappling with a 9.5 per cent inflation today. That is as unacceptable as the current rate of unemployment. Mr. Speaker, we not that the steps taken by the government until now, that is limiting government expenditures, controlling and watching prices as well as salaries, are precisely that, just steps. It is high time we have a cohesive policy, and over-all policy requiring decisive leadership. It is all too easy to blame inflation on unions and workers.

The inflation we know in Canada is not inflation created just for lack of demand as some would have us believe: it is monetary inflation stemming from the level of prices and interest rates. It is therefore a monetary problem. Let us not forget that the production of goods and the production of money, that is the issuing of credit, are the fruit of two entirely different processes. The price mechanism is related directly to the monetary system. Mr. Speaker, the chartered banks can issue up to 16 times the credit they have in real reserves; they have a direct influence on the purchasing power of consumers. High interest rates mean additional costs for the producers who pass them on in their prices. The consumer who resorts to credit to acquire goods and services will pay in the price of the products he buys a portion of the interest of the producer, in addition to his own interest on the capital.

Thus, Mr. Speaker, those who close their eyes on the impact of interest rates bury their heads in the sand, as the government is doing. The actions of the government relating to inflation controls were only reactions of defence. They came to grips with secondary effects rather than with the roots of the problem.

The government is unable to put before us a real aggressive policy to control inflation and unemployment. Does this mean that it has already surrendered to the financial power of chartered banks and large companies? We often hear in government circles that our inflation comes from external causes and that it is worldwide. I would like to remind you that the most industrialized countries in Europe, such as Germany and Switzerland, have the lowest inflation rates. The continuous rise in the cost of energy and food we experience will only be amplified by the drop in the value of our dollar, because we import many of our products in large quantities.

In my view, the decline of the dollar is caused by the lack of confidence of financial circles and international bankers in our economy and by the total lack of leadership to ensure its recovery. Inflation which continues and will continue to plague us can be attributed to a large degree to past mistakes by the monetary and fiscal authorities. And, unfortunately, the longer inflation goes on the more complex become the factors creating it.

Mr. Speaker, I agree with the government when they refuse to end the controls abruptly. We need a decontrol process which will not bring back the staggering rise in prices, but let me add that these decontrol measures as proposed by this government will still create a great deal of frustration because we cannot endlessly count on such simple measures to stop the decline in purchasing power. To get to the root of the evil, what will be needed is a consensus of the three main components of our economy, that is management, labour and the government. I believe it is already generally recognized that this is a step toward a more consistent policy which would not favour one group at the expense of the other. This action has had good results in Germany and other European countries. However, more than a consensus among the three groups, the government will have to seriously consider revamping the present monetary system, where most of the credit power rests with the chartered banks. We all recall that in 1976-77, interest rates offered on savings accounts decreased fairly substantially and that despite this trend financial and banking institutions continued to charge interest rates of 13½ per cent or more.

Mr. Speaker, we cannot stabilize our rate of inflation by relying on measures such as anti-inflation controls, which affect only some facets of the economy such as salary increases and other secondary problems, while the brass continue on their merry way. I therefore ask the government that, in submitting the first phases of its decontrol program, it also propose a genuine policy aimed at reversing inflation and unemployment, which, in my opinion, are causing more harm than the problem of national unity.

Finally, Mr. Speaker, I hope to see the government exercise more control over chartered banks, especially, of course, over the Bank of Canada, which is the foremost money and credit institution, so that it adopts a credit policy in line with the harmonious development of the Canadian economy. Such a credit philosophy, if I can use those words, will, in my view, stabilize the purchasing power of consumers. I therefore implore the government to consider these suggestions very seriously.

● (1632)

[*English*]

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, we in this party are going to oppose Bill C-18 because it continues the inequities of the Anti-Inflation Act and, instead of ending in April, it is really going to continue until January 1, 1979.

I want to start by looking at what the Prime Minister (Mr. Trudeau) had to say in his New Year's interview with Mr. Bruce Phillips of CTV. He was asked by Mr. Phillips how he would defend his economic record. When Mr. Phillips mentioned 9.1 per cent inflation for the last 12 months—as of that date—the Prime Minister said it was unfair to look at the year-to-year change in the consumer price index without reference to the over-all trend of inflation during controls. He went on to say, and I quote from the transcript:

> We are still making the assertion that by the end of the three-year control period the inflation rate will have been brought down from the almost 12 per cent it was, to 6 per cent.

Again quoting from the transcript, a few moments later the Prime Minister said:

> . . . that on the over-all three-year average we're going to be on target.

The Prime Minister was wrong both in his view of recent Canadian economic history and in his forecast.

First, from the historical point of view, inflation was not almost 12 per cent when controls were announced in October, 1975, but 10.6 per cent.

The target was not 6 per cent but 4 per cent at the end of the three-year controls program. As for his forecast of getting 4 per cent this year, every economist I know of, in or out of government, forecasts that we will be looking to an inflation rate of 8 per cent for 1978. Given the recent increases in interest rates it is likely to average at least 8 per cent, and everybody knows that it is now about 9.5 per cent as measured by the consumer price index.

We all know that, on top of this, the unemployment rate this year will be at least 8 per cent, and if discouraged workers were counted accurately by Statistics Canada, there would be an average of 1-1/4 million workers unemployed, or 1,600,000 during 1978.

In several speeches I made when the Hon. John Turner was minister of finance—and our party has been consistent in this—I told the government that inflation cannot be controlled by deliberately creating more unemployment.

The current economic wisdom at the centre of the Liberal national economic policy was that expansionary policies would push up the cost of living, or the inflation rate. In our opinion, this is a fundamental error, with very bad results for the whole of this country but chiefly for low income areas of unstable employment. I think of Quebec and parts of Atlantic Canada such as my own, regions of northern New Brunswick, and most of Newfoundland.

The New Democratic Party was accused, both by Mr. Turner and Mr. Donald Macdonald, when each was minister of finance, of not caring about inflation. We retaliated by saying they were hurting individuals, regions, and national unity by their policy of waging the fight against inflation on the backs of the unemployed.

Just recently Mr. Ralph Sultan, chief economist of the Royal Bank of Canada, who is no wild eyed radical, said:

> The current thinking is that expansionary policies would be inflationary. This may be one of our fundamental errors. Inflation seems built into our economy regardless of our growth rate.

The Prime Minister's economic policy for the last three or four years has been based upon this notion which is prepared to see unemployment rise as a trade-off for less inflation. Between 1975 and 1977 this policy was shown to be a bankrupt one, and 1978 will prove it to be even more so. Economic history attests that in Canada and other countries you cannot fight inflation on the backs of the unemployed and low income workers. It is not only a morally wrong policy but an economically bad one. That I repeat, has been shown in this country at the present time, and will be shown even more during 1978.

The Prime Minister pointed with pride in his recent address to the Economic Club of New York to the fact that Canada had created 280,000 new jobs between February, 1977, and February, 1978, "well above our historical average of 250,000 jobs each year." That is fair enough—if we do not seek the details of how many of these were permanent jobs. In any case, what he forgot to mention was that while jobs increased by 280,000 the demand for jobs rose by 362,000, leaving a record of 1,007,000 Canadians unemployed in February, 1978. Statistics Canada shows that there were only a little over 32,000 vacancies for permanent jobs in all of Canada during the same month. The Prime Minister conveniently did not mention that the size of the unemployed labour force in Canada had almost doubled since 1974, the year of the last election.

As high unemployment has continued there has been a substantial increase in the number of long term unemployed. The definition of long term unemployed that Statistics Canada uses is "unemployed for over 14 weeks". The number of people unemployed for 14 weeks and over averaged 247,000 in 1976, rising to an average of 302,000 in 1977.

In New York the Prime Minister tried to hide his government's miserable mismanagement of the economy since the last election by a curious selection of reference years such as 1964—when he was not Prime Minister—to 1975. He has done the same thing in the question period during this week. He does not dare run the coming election on his government's performance in the last four years, so he retreats to decade figures to try to hide from the Canadian people how poorly the Canadian economy has been managed over the last several years. This time, however, he will not fool the Canadian people.

The Prime Minister must have sounded unconvincing even to the Liberal faithful when they gathered in Ottawa in March, when he tried to tell them that Canada is a healthy country in a difficult world. Using unemployment as the chief yardstick of economic sickness, Canada has not fared well. The following are recent figures compiled by the International

Labour Organization in Geneva and the *Montreal Gazette*. These figures were published in the *Montreal Gazette* on Wednesday, February 8, 1978, on page 2. The countries with less than 4 per cent unemployment are: Switzerland under 1 per cent; Sweden 1.8 per cent; Japan 2 per cent; Austria 2 per cent; Norway 2 per cent; Israel 3.5 per cent; West Germany 4.2 per cent. Countries with unemployment between 5 and 7 per cent are as follows: France 5 per cent; the Netherlands 5.3 per cent; Australia 5 per cent; Britain 6 per cent; United States 6.3 per cent; Italy 6.6 per cent; Finland 6 per cent; New Zealand 6 per cent. Countries with unemployment over 7 per cent are as follows: Denmark 7.1 per cent; Canada 8.5 per cent (at that time); Belgium 9.5 per cent; Greece 9.5 per cent, and Ireland 12 per cent.

● (1642)

Canada has in recent years one of the worst managed economies in the western world, and I could add the cost of living figures to go along with the unemployment statistics to show that. Amongst the western world countries, Canada has one of the most consistently high unemployment rates over the last three years. I would love to debate the Prime Minister's economic record during the coming election campaign, not the record of the government during the last ten years, but the record during the last four years since the last election campaign.

The Liberals are going to be fooled if they think that because of the Gallup polls which show them ahead because of the national unity issue, because the people in Quebec are uptight and so on, English speaking Canada will fall for that kind of thing and not see the economic mess that has been perpetrated by the stupid policies of this government in the last four years, and especially in the last three years.

Money policy or monetary policy was fairly tight in 1977 and was tightened even further by the Bank of Canada's two increases in its discount rate, which is the rate it charges to the banks that borrow from it, to 8.5 per cent from 6.7 per cent in March. These interest rate rises have occurred despite the fact that the Canadian economy is weak, a weakness that is widely attributed to the existence of deficient domestic demand for investment goods and consumer goods. Indeed, Mr. Speaker, imposing even higher interest rates on an economy already hampered by restrictive national and provincial fiscal policies will only serve to dampen business investment and consumer spending further. This again is another bleak chapter in the bankrupt economic policy which has been followed by this government.

For the first time since the Central bank adopted the policy in 1975 interest rates have been increased with no pretense that the change was needed to keep the supply of money growing within the chosen target range. In fact, the latest increase in the bank rate will probably make the money supply grow slower than the Bank of Canada says it needs to grow for the good of the economy. This means that interest rates are going higher than they should.

[Mr. Hogan.]

The rise in the bank rate immediately caused an increase in the prime rate charged by the ordinary banks, in other words, the interest rate which they charge to large corporations for short term loans. And with the prime rate up to 9.25 per cent, other interest rates will rise too. This can be expected to make it less attractive to build homes or to get business loans in order to improve one's business, or for consumers to buy durable goods such as automobiles, etc. Interest rates for loans such as these will be higher. The increases are far from over. They may be able to hold them in line until election time, but I doubt it because as I see it there are higher interest rates in the offing. These trends will all tend to hold the economy back at the very time when it needs to grow faster to cut down on unemployment. We are all familiar with the figure that it is over 1 million people. If you count the discouraged people who cannot get jobs and those who have given up looking for jobs and are therefore not counted statistically amongst the unemployed, the figure is at least 1.4 million people in Canada without jobs.

But Mr. Gerald Bouey, the governor of the Bank of Canada, admitted as he raised the interest rate, that the bank, and I quote him, "gives high priority in its conduct of monetary policy to the external value of the Canadian dollar." When is this government going to learn the lessons of the economic history of this country? It is repeating the same errors of the early 1960's.

Ottawa's actions of accommodating and encouraging higher interest rates in Canada at this time are explained on the basis that interest rate rises in Canada are inevitable because of interest rate pressures in the United States. Thus this government has chosen to defend the Canadian dollar at the cost of an even more sluggish economy. That means, in every day words, at the cost of more unemployment and at the cost of higher inflation. As Mr. Donner, a Toronto economist, said in the *Globe and Mail* yesterday "this risk is not worth taking, and Ottawa has, once again, chosen to emphasize the wrong priority. Ottawa has linked Canada's economic prestige to a particular international price for the Canadian dollar, and by intervening with tighter monetary measures in exacerbating the real No. 1 problem, which is not the declining dollar, but high unemployment."

As Clarence Barber, professor of economics at the University of Manitoba, has recently noted, the governor of the Bank of Canada claims to have a policy of gradually reducing the rate of inflation. "In fact, the evidence suggests that it has a policy of gradually increasing the rate of unemployment."

Since the governor embraced his monetarist creed—and for those who are not cognizant with the term "monetarist creed", it means the money supply aggregates are much more important than the interest rates and one does not intervene in the economy. The governor of the Bank of Canada embraced this very much since 1975. Now he has to get off that kick of Professor Milton Freidman and others. I repeat that the governor embraced his monetarist creed in the late summer of 1975, and Canada's unemployment has risen from 7 to 8.3 per cent. As Professor Barber says, and I am still quoting, "that

takes some doing when the U.S. economy is recovering and its unemployment rate is falling." Meanwhile, the new wage and price controls policy appears to have had little effect on the rate of inflation. That is a serious warning from Professor Barber.

● (1652)

The American economy is showing a decrease in unemployment and a decrease or a holding the line of inflation. When our economy should be moving up and our exports should be increasing, what do we get? We get increasing unemployment and higher interest rates that will further increase unemployment and the cost of living.

If we look two years ahead or more, this country will be in an even more serious condition than at the present time. I defy anyone to say that is gloom and doom. What we are going to get willy-nilly is the continuance of the policies of the past three years by this government which have made this country so badly off, both nationally and internationally, and have caused so much suffering to the people of this country.

This government's major thrust since October, 1975, when it introduced the anti-inflation legislation, has been to fight the cost of living or inflation, as measured by the consumer price index, by increasing unemployment. It is helping to convince many, as Karl Marx pointed out in the nineteenth century, that, in order to succeed, capitalism needs a "reserve army" of the unemployed. This time the major part of the army is young adults and housewives whose incomes for family well-being are desperately needed by at least half of Canadian families.

The record of this government for the past three or four years in its economic mismanagement of this country defies description. To continue essentially until January 1, 1979, with this present anti-inflation program which has not stopped price increases except in a marginal way, and in the past year especially has attacked the personal disposable income and wages of the ordinary people of this country, is a sad state of affairs, for a party to go to the nation with at such a time with such a program. They will try to hide behind the flag of national unity. This time those living in regions of high unemployment, and suffering desperately as a result of it, are not going to be fooled.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, we are now debating the demise of the government's anti-inflation program. Inflation has gone from 10.5 to 9.5 per cent, not much to show for almost three years. The Anti-Inflation Board will carry on for at least another 12 months.

I would like to speak today on a few of the elements in the inflationary process and the fact that other and more pressing problems are weighing down on us. With the Canadian dollar at a 45-year low, the American dollar collapsing on the world markets with its enormous American trade deficit, the Russian superiority in arms and their ability to control western oil through their successes in the Horn of Africa, along with Iraq and Libya, this means that Canada and the western world are in a rather grim financial situation. The value of oil has been a factor in rising inflation. Inflation grew out of the oil crisis in 1973.

I would like to deal first with the Prime Minister's desire to have the Anti-Inflation Board grafted on to the Economic Council of Canada. There is a certain relationship in that one of the Council's jobs has been to give advice on how to avoid inflation. But the move does seem to pose great problems for the Economic Council if it is to have a function to point the way to the government of often unpleasant political truths. Will it not lose a great deal of value if it only becomes the mechanism for deflecting criticisms that rightly belong on the government's own shoulders?

One cannot quarrel with the idea of a general report and surveillance of inflationary processes. The problem will begin when the organization has to do what the Prime Minister suggests, and I quote:

—the surveillance of those particular cases of increase in prices, wages or other incomes which constitute threats to the national economic objective.

There does not seem to be any way in which the council can stay out of public controversy over its views on price and wage amendments. What is the government doing? It surely seems to be unloading on the Council the government's responsibility for the problems of inflation and it will almost certainly lose its role as an independent economic critic.

Obviously it is not going to develop new ties with organized labour or provincial governments. If the Economic Council is going to be involved in economic debate, there is substantial evidence that it would be better not to involve the Council. With such a move it will make the Council much less important in the future, and much more suspect to government direction. In the final analysis, the Council was set up to point the way in a non-political manner as the best advice for the government in dealing with economic problems.

Obviously the government's plan and the oft-stated hope that inflation would fall to 6 per cent by this year are purely a mythical mirage and a political deception. The announcement yesterday that the Bank of Canada's lending rate was up to 8.5 per cent, with two raises within the past month, indicate that the government is in serious difficulty. It was necessary to arrange an increase on its stand-by credit from $1.5 billion to $2.5 billion, and the Minister of Finance (Mr. Chrétien) announced that he had to draw $750 million to bolster Canada's foreign exchange reserves. Furthermore, the government lost $500 million through intervention in the foreign markets during March through interventions aimed at supporting the Canadian dollar, although the minister keeps saying that the Canadian dollar is floating. What about the inflows—

* * *

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Ethier): Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have

passed Bill S-10, an Act respecting The Royal Canadian Legion, to which the concurrence of this House is desired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Pensions—Requested amendment to legislation to provide pensions at age 60 despite marital status; the hon. member for Surrey-White Rock (Mr. Friesen)—Health and Welfare—Grants to Planned Parenthood Federation; the hon. member for Fort William (Mr. McRae)—Energy—Rationing of supplies—Government position.

It being five o'clock, the House will now proceed to the consideration of private members' business.

PRIVATE BILLS

[*Translation*]

Mr. Pinard: Mr. Speaker, there seems to be unanimous consent to proceed with consideration of Bill C-1001 reported to us this afternoon and to give it third reading during the next hour. I think that the parties have brief comments to make on the matter and this would enable the member for Brandon-Souris (Mr. Dinsdale) to proceed with consideration of motion No. 50. So, Mr. Speaker, I ask that Bill C-1001 with all its amendments be reported as is and that we proceed immediately with the third reading in the shortest possible time before the end of this hour and afterwards, if time allows hopefully that we proceed with the consideration of motion No. 50 standing in the name of the member for Brandon-Souris.

● (1702)

[*English*]

Mr. Hnatyshyn: Mr. Speaker, my understanding is that the hon. member for Brandon-Souris (Mr. Dinsdale) has agreed to allow his motion to stand and to allow Bill C-1001 to proceed. My understanding is that it will be allowed to proceed prior to the motion in the name of the hon. member for Brandon-Souris. I think that was the essence of the agreement. I think the understanding arose from a commitment on the part of members of the New Democratic Party. I do not know if there is any time limitation, but I understand that there will be brief remarks. I understand that the hon. member for Brandon-Souris has agreed to let his motion stand and that it will proceed following the conclusion of debate on Bill C-1001.

[The Acting Speaker (Mr. Ethier).]

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, we agree to the proposal that we now take up the report stage and third reading of Bill C-1001, and after that move on to the motion in the name of the hon. member for Brandon-Souris (Mr. Dinsdale). I do not think there is any ironclad agreement about the length of time to be spent on Bill C-1001, but the intention is that it be dealt with quickly.

[*Translation*]

Mr. Beaudoin: We agree, Mr. Speaker, with the statement made by the Parliamentary Secretary to the President of Privy Council.

[*English*]

The Acting Speaker (Mr. Ethier): There seems to be unanimous consent. Is it so agreed?

Some hon. Members: Agreed.

BELL CANADA

Hon. Martin O'Connell (Scarborough East) moved that Bill C-1001, respecting Bell Canada, as reported (with amendents) from the Standing Committee on Transport and Communications, be concurred in.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

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

Mr. Knowles (Winnipeg North Centre): By leave, now.

Mr. O'Connell moved that the bill be read the third time and do pass.

He said: Mr. Speaker, I want to thank hon. members of the House for giving unanimous consent to proceed today to the final stages of this bill. That unanimous consent is very much appreciated by me as the sponsor of the bill, and I know also by the seconder of the bill. We do appreciate this cooperation.

I would like to thank hon. members of the House for the consideration they have given the bill over the past 14 months. I would also like to express my appreciation for the expeditious work this morning of the members of the Standing Committee on Transport and Communications. That committee is heavily charged with other important legislation, and its members did undertake to facilitate the consideration of this bill and particularly the amendments to this bill this morning, so that once again there has been a very cooperative attitude in the House, which is very much appreciated.

Circulated amongst us is the amended version of Bill C-1001. It incorporates the changes made this morning in the Standing Committee on Transport and Communications. I would like to refer very briefly to those changes. They can be found in a pledge made by me as sponsor of the bill in the debates of March 16 at pages 3846 and 3847 of *Hansard*. They, and they only, are the changes which were incorporated in this printed version this morning in the standing committee.

Those three changes are these: Former clause 2 has been amended in that former sections 5.2 and 5.3 have been entirely deleted from the new version of the bill. Former clause 4 which was found on page 8 of the bill has been entirely removed from the new bill. Finally, two words have been deleted from former clause 6 at line 6 of page 9. Those changes are in exact accord with the commitments made in my statement of March 16 which are recorded in *Hansard* at the pages to which I have referred, and which were made in the final stages of second reading debate. As I pointed out, no changes other than these have been made in the bill.

Just to remind the House again, the effect of the amendments are also as recorded in *Hansard* for March 16, and I will refer to them very briefly. The effect of the changes is to withdraw from the bill the request for a letters patent procedure for any possible future changes and the request for a negative resolution procedure in the House or in parliament as a future means of amending Bell Canada's basic charter.

Furthermore, the amendments would also withdraw the request formerly made for certain ancillary powers sought through the application to Bell Canada's charter of section 16 of the Canada Corporations Act.

Finally, through the deletion of the two words I mentioned the amendment would withdraw the request in this bill that future individual common stock issues not require CRTC approval. The effect of this latter change would be that future capital stock issues would require CRTC approval.

These are the important amendments made to this important private bill. What remains is an authorization of a new and higher level of capital for Bell Canada, and certain provisions to give Bell Canada a greater financial flexibility in capital stock. Those are the changes, and I believe they are such that the bill will now commend itself to hon. members of the House.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, Bill C-1001, dealing with Bell Canada and as amended by the Standing Committee on Transport and Communications, is acceptable to the New Democratic Party. Hon. members will recall that when this bill was first introduced in the Senate as Bill S-2, we objected to its passage in its original form because we felt that it would reduce parliamentary scrutiny of this monopoly telephone company. If the bill had passed unamended, it would have created a company which would have come under the Canada Corporations Act and therefore treated as any other corporation in Canada. Bell, by virtue of being a monopoly, should not be treated as any other corporation.

• (1712)

The bill would have allowed Bell Canada to expand and invest in non-telecommunication industries, which was prohibited by this parliament when it first granted Bell its act of incorporation. We felt that, if that was allowed, telephone subscribers would receive poorer service since their subscriber fees would be funneled off into non-related telecommunication undertakings by Bell Canada.

Another part of the bill to which we objected was the procedure of letters patent whereby Bell could change its act of incorporation to a negative resolution procedure, which in effect would have curtailed debate in the House on Bell's performance and the implications of any such changes. As well, we objected to removing CRTC scrutiny of the issuance of stock. Anyone who reads the debates of this Chamber will realize it was primarily the objection of the NDP that has brought about these amendments. We have had assistance from our friends in the Créditiste Party on occasion, and we appreciate that, but not one Liberal or Conservative member, other than the sponsor of the bill, rose in objection to these provisions in the bill which we say would have jeopardized telephone service and would have lessened parliament's scrutiny over this company.

Indeed, I think it is a sad chapter in the history of this parliament that the Minister of Communications (Mrs. Sauvé) and her department, as well as the Department of Consumer and Corporate Affairs, and CRTC, did not come forward with a public statement on what they thought the implications of the passage of this unamended bill would be on Bell Canada and its subscribers. Indeed, the length of this debate on Bill C-1001 almost reached the point of 1,001 speeches, because it was only through the NDP consistently putting up members during private members' hour every second Thursday that we were able to prolong debate on this bill and prevent its passage in original form until Bell Canada decided to make some compromises and withdraw the offending section of the bill. It took Bell a long time, in my opinion, to come to its senses, and indeed it is in the dying days of this parliament that it is finally getting in the bill its capitalization increase which still remains.

One of the issues on which we in this party have been harping again and again, not only before regulatory agencies but in this chamber, is the level of service that Bell is providing to its subscribers, which we say can be dramatically improved in terms of Bell's priorities, on where it is placing its priorities, and what it is doing with the rate increases it is receiving from the public. We have harped on the lack of improvement in the rural service over the years, and I think we have made an impression on Bell Canada officials that they have an obligation to rural subscribers to improve service so that we no longer have the norm of ten people per party line but have brought it down to more reasonable levels of four or

two parties on a telephone line. As I say, we have made some progress in this respect.

I do not want to prolong this debate. I have spoken on this issue many times in the House, and anyone can look at the *Hansard* record to see the reasons why we objected to the bill. I think the bill is improved because of the amendments we have been able to win out of Bell Canada, and I hope that in the future when Bell Canada comes before the House to advocate changes in its act of incorporation, we, as members of parliament, will again have the opportunity to hold up to public scrutiny the activities and performance of Bell Canada, as is surely our right as members elected by constituents who are subscribers to this company.

Our whole aim during this debate is to maximize service to telephone subscribers, to pressure Bell Canada to live up to its responsibilities, and to keep Bell Canada involved in what its act of incorporation charges it to be involved with, that is, telephone service to the best of its ability for its subscribers at the most reasonable cost. We have won this battle here in the House of Commons. There is yet the battle before the regulatory agencies on rate increases which my colleagues and I will continue to fight in the interests of subscribers.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I realize that I run the risk of being accused of just giving in public a bouquet I could give to my hon. friends in private, but I do not feel I should let this moment pass without paying a tribute to the tremendous piece of work that has been done on this legislation by the hon. member for Sault Ste. Marie (Mr. Symes), the hon. member for Nickel Belt (Mr. Rodriguez), and other members of this caucus. I could say, of course, that it is a demonstration of what can be done by hard work in parliament.

I would also like to commend the hon. member for Scarborough East (Mr. O'Connell) on his flexibility and his willingness to advocate that certain changes be made. At any rate, the story does have a happy ending although, as my friend has said, there are battles to be won in other places. But I did feel that I should not let this moment pass without paying this tribute to a number of my colleagues, and especially to my friend, the hon. member for Sault Ste. Marie.

Some hon. Members: Hear, hear!

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

The Acting Speaker (Mr. Ethier): I think there was unanimous consent prior to this day that the next item, which is item No. 2, shall stand.

We will next proceed to Motion No. 50 in the name of the hon. member for Brandon-Souris (Mr. Dinsdale).

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

REPORT ON POST OFFICE MANAGEMENT

Hon. W. G. Dinsdale (Brandon-Souris) moved:

That an order of the House do issue for a copy of the report by Hay Associates Ltd., management consultants, concerning the management of the Post Office Department, together with a list of the recommendations implemented by the department.

He said: Mr. Speaker, this motion first came up for consideration of the House on December 7 last. It is a very simple motion which should have received the approval of the government at that time.

The Parliamentary Secretary to the President of Privy Council (Mr. Pinard), rather than approving a motion of this kind, which was an attempt to get information to deal with the growing malaise in the Post Office Department, said that it is a confidential report. Perhaps I should quote him. He said:

These are internal working documents of a confidential nature. Consequently, I would ask the hon. member to withdraw his motion.

Then the motion was transferred for debate. I do not want to speak at length this afternoon because I hope that the matter will come to a vote.

● (1722)

Since great concern has been increasing in recent days regarding the problems of the Post Office, I would think hon. members would only be too happy to have access to information which would provide some answers in coming to grips with these problems. Certainly this opinion has been expressed almost every day in questions put from all sides of the House. Even the Prime Minister (Mr. Trudeau) agrees that something has to be done.

There was a great celebration today, because of the significant anniversary of the Prime Minister becoming leader of the Liberal party ten years ago. During the question period it was demonstrated that the right hon. member has not been too accurate in some of his positions, statements, and actions over the intervening ten years. In 1973, when a government backbencher asked a question of the Prime Minister arising from the continuing long saga of the Post Office horror story, he answered briefly and succinctly by saying "Everybody knows postal service is lousy". He was dead accurate in his assessment of the situation. Obviously action must be taken. Before action can be taken, it must be based upon informed opinion.

The Hay report, which was produced at considerable expense to Canadian taxpayers, goes back to December of 1975. It was a report on major organizational problems in the Post Office Department. It was made up by departmental officials, in cooperation with members of the task force from the Treasury Board, which has a responsibility for administrative matters in the Post Office. It was compiled at great cost from a series of conferences, interviews, and consultations with members of the Post Office from all parts of the country. It is

an excellent, useful, and helpful document in coming to grips with these problems. Why should the government regard a public document of this kind as confidential? It is beyond my understanding. Surely the government must be interested in resolving the problems of the Post Office. That department will play a major role in the events which are not too far ahead. It is typical of an almost paranoid government to be concerned about confidentiality and secrecy. In fact, the hon. member for Peace River (Mr. Baldwin) has been promoting successfully a piece of legislation on freedom of information. I trust the matter will come to vote today.

On the basis of the general concern which has been expressed for a long time, and which has grown in intensity in recent months as the problems become more critical, I hope we will receive the approval of hon. members for the tabling of this document, so that we will have access to its valuable information, and in turn begin to make recommendations for solving the Post Office problems. It is obvious to hon. members present in the chamber at this time that I have a document in my hand.

Mr. Paproski: Table it.

Mr. Dinsdale: I would be quite happy to. Whether it is the real document or a reasonable facsimile thereof, I do not know. It indicates the problem the government faces when it attempts to conceal information which has no confidentiality aspect whatsoever. The only legitimate reason I can conclude for this action is that there is information in the document which is embarrassing to the government. It is highly critical of the lack of attempts on the part of the government to deal with the growing problems of the Post Office.

The document recommends what hon. members on this side have been advocating for a long time, that is, the setting up of a special committee. We have not specified the specific terms of reference of the committee or its organizational structure. We have suggested that it could be a joint committee including members of the Senate and members of the House of Commons. Joint committees have been successful in coming to grips with problems on many occasions. It could be a special committee of the House assigned the task of pursuing a particular problem, as was the case regarding problems in the penitentiaries which the Standing Committee on Justice and Legal Affairs dealt with. It could be a subcommittee of the Standing Committee on Transport and Communications which deals with Post Office matters. It could be a royal commission as recommended by the Canadian Union of Postal Workers. Whatever its formation might be, it is encouraging to realize that the Hay study group made exactly the same proposal back in 1975.

I should like to quote from the report of the Joint Post Office-Treasury Board Secretariat Study Group, which reads as follows:

> The study group, in beginning its assignment, excluded from its analysis any examination of organizational options for the Post Office such as a Crown corporation, special status department, etc., focusing instead on the internal structure of the existing department. The group took this particular course of action, not out of conviction that such options were impractical, but rather because it considered that manpower and time limitations made such a review infeasible and better studied later as a separate issue.

One of the first recommendations of this group, which was brought together in 1975 to investigate the Post Office and to come up with solutions, was that it had only gone partially into its investigation and that it must be followed up, if solutions were to be found, by another review at a later date to consider and study such important issues as the advisability of transforming the Post Office Department into a Crown corporation type of organization.

● (1732)

Now, I do not have to recite the problems of the Post office here today for it has been post office week in the House of Commons. We have had several debates on the subject which indicates the degree of concern with respect to post office problems. I do not have to repeat the problems. They are all too obvious.

I would like to comment on a statement that the Minister of Justice (Mr. Basford) made recently when he said that there are far too many leaks from government departments. I do not know whether the document which I have in my hand is a leak or not. I cannot say because I have not seen the original document. He made some strong criticisms of public servants who might be responsible for such leaks. I suggest that in view of some of the problems in the body politic in Canada today—and the post office is typical of this type of situation—anybody with the courage of his convictions to make available to the general public, through elected representatives of the people, helpful documents of this kind is not acting in a despicable way. Rather, he would be acting in a responsible way, realizing that it is the only way that there can be any action obtained from a government that has been noted for inaction, wrong action, or just plain muddle-headedness.

I would say that the explanation of confidentiality is not in the interests of the public of Canada but in the interests of the government of Canada, the particular party in power. This is a far different situation from the one of confidential documents that border or move into the security area of concern.

It is another sad commentary on the lack of competence on the part of the present government that hon. members who have been primarily concerned with post office affairs and endeavouring to come to grips with the problem have had to go outside the country for information. We have not had a thorough study of the post office since 1966. I have that document in my hands, incidentally, and it is called the Royal Commission on Working Conditions in the Post Office Department, an excellent report under the chairmanship of the Hon. André Montpetit which was tabled in 1966, 12 years ago.

Strangely enough, it is in the intervening years that the Post Office Department has gone continuously downhill. There are 363 pages of recommendations, reforms, legislative changes and administrative changes that will have to be brought in urgently if the Post Office Department is going to meet the challenges of the revolution in communications generally that has been felt in Canada and throughout the industrial world. If

I had time here this afternoon I could recite recommendation after recommendation to which no attention has been given by the government of Canada. The Liberal party has been in power during this whole period of time.

The latest document I received on the subject was put out by the Congress in Washington, where they have gone the route of the public corporation in order to deal with the problems of an industrial organization such as the modern post office. I refer to volume one of the report of the commission on the postal service, and it was brought down last spring. I refer to it at this time because it indicates that if we had access to this information from a Canadian source we could intelligently and hopefully sort out the post office confusion.

One of the topics they dealt with and which we have not started to deal with in Canada is the impact of electronic communications. There was a newspaper report recently that a firm in Toronto has launched itself into the electronic communications business in Canada. If the post office service was to go electronic, 70 per cent of the first class business would be removed. Seventy per cent of the post office business can be handled by electronic communications, and the technology is already available. Surely this subject requires careful examination.

Other topics in this report are financing the postal service—that is a topic that comes up repeatedly in this House—and levels of service. Hon. members know the horror stories we hear every day in question period in this House of Commons. Chapter six deals with postal rates and mail classification.

I understand the committee on statutory instruments has picked up this topic once again and they are standing by the decision they made with respect to irregular increases in postal rates by the government under administrative decree and order in council rather than by amending the Post Office Act as is required under the act. This is a fundamental invasion, as Senator Forsey keeps saying, of the rights of parliament because only parliament can increase taxes; but the government is increasing taxes by order in council.

The joint committee made up of Senators and members of the House of Commons only this morning was wrestling once again with this problem. They are concerned that the government has again ignored their unanimous recommendation, which states that order in council action is a fundamental violation of the rights or parliament. It is also a fundamental violation of the rights of parliament for the government to refuse the tabling of a report, a helpful, innocuous report so far as the security of Canada is concerned. Indeed, I think it would be helpful to the well-being and security of Canada if we did have access to this information and were able to make recommendations helpful in resolving post office problems.

I hope that hon. members will support this appeal this afternoon and vote positively so that the Hay report can be tabled. I think that we will all benefit from the information that is obtained. When it is observed in that report that the final recommendation was that it should be followed by another study, then we will have strong support for that viewpoint as well.

[Mr. Dinsdale.]

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I should like to indicate to the hon. member for Brandon-Souris (Mr. Dinsdale) that we are regularly and constantly receiving reports on the conditions which exist within the Post Office Department. If we seek and obtain these reports, it is because we want to study them, determine how we can implement the recommendations they make to improve the Post Office organization. For the information of the hon. member, I should like to say that I have with me a list of all the reports which have been prepared since 1969. There are several of them, and I do not understand why the hon. member has chosen to pay more attention to the Hay report than to the others.

The hon. member has mentioned a lack of attempts on the part of the government to come to grips with the problems within the Post Office. I suggest that if he would only read my communications, as well as the official report of our proceedings, he would find that we have indicated on several occasions the actions we have taken. As to his suggestion about a Crown corporation, a special commission of the House or a royal commission, I have said and I repeat that they all seem great to us, but before we decide on one of them and implement it, I feel we must find solutions to two problems. As I stated again recently, the Post Office is faced with two problems, namely the debugging of our mechanization and especially, our relations with our employees.

About the Hay report, perhaps I should say something. We have received several reports, including the Montpetit report, and I should like to indicate to my hon. colleague that we have implemented over 80 per cent of its 200-odd recommendations. Which proves that when we receive a report containing recommendations, we pay them the attention they deserve. We implement those which we feel are more likely to improve the postal service. That is what we have been doing and will continue to do. As to the Hay report—

[*English*]

● (1742)

The purpose of this study was to collect objective and realistic data from the various levels of management of Canada Post concerning their conception of the climate of the organization. In fact, the consultants, Hay Associates of Toronto, called the report a "Climate Analysis Report". That was in 1975, three years ago. The purpose of the report was to analyse the data and compare results with those from other employers. Hay Associates have also conducted a climate analysis report for the Royal Bank, Abitibi, Cominco and CMHC, to name a few.

Hay Associates aimed at ascertaining what were the strengths of the post office and what were the weaknesses. We are not hiding anything and I think we have a big problem. Any corporation with a budget of $1,300 million and around 63,000 employees has problems these days.

The hon. member opposite spoke of the United States post office. A report in the *Washington Post* of March 22 says there is talk of a postal strike in the United States. I can also send the hon. member a book published in the United States in the last year entitled "United States Post Office—A Great Mess". I think we all have problems in this world when we try to run large organizations.

Mr. Paproski: Mr. Speaker, would the Postmaster General permit a question?

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

Mr. Paproski: The minister says the post office is in a mess now.

Mr. Lamontagne: I am talking about the United States post office.

Mr. Paproski: What about yours?

Mr. Lamontagne: Ours is getting better and better every day. The survey attempted to show how wide the gap was between how things were in the post office and how they ought to be. It was a vast study. A total of 5,870 climate analysis questionnaires were distributed to various regions and to all levels of management. They were answered anonymously and returned directly to Hay Associates. The method insured that the managers were given every opportunity to be frank and candid.

The report's approach borrowed from contemporary sociology and reflects both the strengths and weaknesses of this method. That is to say, it aimed at determining what the opinions and attitudes of management were toward the organization that employed them. In no way did the report try to measure the performance, efficiency and rationale for organization and operational systems.

It must be emphasized that the report is essentially an aggregate of opinion and attitudes. While having some merit in learning what management thinks, the report's approach was essentially an academic approach to operational realities that remained constantly in flux as a result of the introduction of new techniques and operational methods at Canada Post. That is why they recommended a further study.

The report was conducted in 1975, only a relatively short time after the post office had been decentralized. Automation had also only been recently introduced. As a result, when the Hay inquiry was conducted the post office was still in a period of transition, a period of change. As celebrated English journalist, G. K. Chesterton, once said, "Progress is the maker of problems."

The post office, at the time of the Hay report, and indeed today, was and is changing, a change in many respects in the direction of progress. Traditional methods were being modified in the interests of progress, and as G. K. Chesterton stated, problems accompany a period of change.

The Hay report reflects the dismay and even at times the trauma experienced by some of the management at Canada Post. The old, safe routines were being uprooted and new ways of doing things remained to be modified and adjusted to make the new systems work smoothly.

This is not to say that management's attitudes as portrayed in the Hay report were entirely negative. Neither were they 100 per cent positive. To be frank, the Hay report did reveal that there existed some discontent at Canada Post about the way the organization was being run. There exist some problems and nobody is surprised about that. But the fact that senior management at Canada Post in 1975 wanted to ascertain what the sentiments of their management were vis-à-vis the organization is a tribute to their concern about improving the morale and productivity of their employees.

It would be grossly irresponsible for me here to reveal with any precision the details of the report. Certainly, the frank and candid opinions expressed in the survey could conceivably turn a branch against another branch, a division against a division, perhaps even a region against a region. Certainly, such a revelation would not be in the best interests of the Canadian public and Canada Post. Revealing the report's details would clearly serve no useful purpose except, perhaps, to reveal that there is some latitude for more changes at Canada Post if service is to be improved. And, let me ask, what organization made complex and sophisticated by having a staff of more than 60,000 scattered across several thousand miles does not have latitude for change and improvement?

I should also like, Mr. Speaker, to give a report about the status of our relations with our employees. There are five major unions in the post office.

[*Translation*]

There are five major unions in the Post Office Department. Following the Hay report, we have used several means and approaches to improve relations between employees and management. That is the kind of system we have put into place through inter-group sessions and consultation meetings with our employees. The management works exceptionally hard with four of our five unions. I need not remind my colleague from Brandon-Souris of the interventions the Canadian Union of Postal Workers have made during the convention of the Canadian Labour Congress in Quebec City, as reported in newspapers over the last four or five days. Hon. members will admit, if they really want to be fair, that we are dealing with people with whom it is quite hard to negotiate and to discuss and I suggest that the major problem in the Post Office is located at that level.

If all our labour unions co-operated with the Post Office, we could give you a service which would be as competitive and efficient as that of any other administration of the same type or size. At this point, concerning labour relations between the Post Office and its staff, I woud like to read to you an excerpt from a brief which was sent to me and which is entitled *Labour Relations*; it may be a very delicate subject, since the matter will probably be discussed soon or since we may have to take measures. My colleague says that we are not doing

anything in the Post Office, that we are not trying to solve the problems. We are now in conciliation. The chairman has been appointed. In fact, he should begin conciliation talks next Monday. After a certain number of weeks or days of talks, or after both parties have made all their representations, he will prepare and table his report and then we will see what we have to do. If the union wishes to work more closely with us, we will try to solve the problem that way. I would like to quote a few comments on this subject:

• (1752)

[*English*]

If hon. members listen to their constituents and to the public these days who are indicating that the right to strike in the public service should be eliminated, it would be very easy to say yes right away. But the situation is more delicate than that. One has to understand the reason why the public voices such an opinion.

This opinion does not apply to all employees of the post office, but it is given because some workers of the union, at certain times act irresponsibly. Each work stoppage brings a rash of letters to editors suggesting that the right to strike be withdrawn or that the union be de-certified. All hon. members here have heard these cries. It is understandable the public eventually loses patience. As hon. members know, I sympathize with the Canadian public who get fed up at times with the kind of service that is given by the Post Office Department. I would like to point out that we are not the only ones responsible. We have workers who work well and we have certain workers who are not responsible in the work they do.

It is understandable as I say, that the public will eventually lose patience. It is questionable, however, that the answers suggested would solve the problems. According to the Prime Minister (Mr. Trudeau), the right to strike is not the problem. In a letter to a major mailing organization the Prime Minister said that stifling the worst symptom of the ailment is not a cure. He suggests that we must deal with the perceptions that labour and management have of themselves as adversaries. The Prime Minister sees the basic challenge as one of securing from labour and management a sense of shared responsibility for making sure the enterprise survives. That is the basic point. If everybody in the post office were responsible about the work they had to perform, we would not have this problem, and we would not be in this mess, as it is called.

The Prime Minister points out that while cynics may scorn this approach in favour of a hard line, experience has proven that conflict between labour and management is neither inherent nor inevitable. Mr. Trudeau said—

An hon. Member: Order.

An hon. Member: You cannot say that, you must refer to the Prime Minister.

Mr. Lamontagne: I am sorry, I will learn after a few weeks.

[Mr. Lamontagne.]

Mr. Paproski: You are doing a good job, but you will only be here for a few months anyway.

Mr. Lamontagne: Thank you, to the hon. member on the other side of the House, if that is the way to do it.

Mr. Paproski: Yes.

Mr. Lamontagne: The Prime Minister said "Consider the more harmonious relationships that exist in some other countries, for instance, West Germany. And in our post office, the letter carriers union is participating with management in a problem-solving program, which has succeeded in defusing some potentially explosive grievances." The LCUC have collaborated with us tremendously and we have no problem with them. The Prime Minister closed by insisting that his government will pursue its efforts to get all participants in collective bargaining in the public service to make the process work so that increased regulation does not become necessary.

Tripartitism is one of the many names given to an exercise in joint management/labour/government problem solving. This is an idea which is becoming more and more interesting to companies, labour unions and governments in their search for ways to cool the destructive aspects of confrontation and arrive at decisions which will present the optimum good to all three segments.

Tripartitism, it is hoped, will work for the welfare of the nation without the messiness of table banging, strikes, lockouts, and the impediment of passion. The conditions faced by most western nations—inflation, unemployment, slow growth, limited resources—enhance the appeal of any new ideas. Changes in the social climate, including interest in the quality of work, life, job enrichment, industrial democracy and individual social expectations, contribute as well to the search for new approaches to problem resolution.

It is clear that we must keep looking for better ways with an open mind. That is what we do. John F. Kennedy said, "Those who make peaceful revolution impossible make violent revolution inevitable".

Since the introduction of collective bargaining into the public service a number of bargaining agents have been certified by the Public Service Staff Relations Board to represent employees of the Post Office Department. The Canadian Union of Postal Workers represents approximately 25,000 employees primarily performing internal mail processing and complementary post services. The Canadian Union of Postal Workers was certified on January 16, 1975, at about the time of the Hay Report. The remaining 40,000 unionized employees are represented by the Letter Carriers' Union of Canada, the Association of Postal Officials of Canada, the Canadian Postmasters' and Assistants Association, the Public Service Alliance of Canada and the Professional Institute of the Public Service. These five unions present no problem.

Mr. Paproski: What about the CLC?

Mr. Lamontagne: In order properly to understand the events it is important to place the facts underlying the employer's

request in their proper perspective. The Canadian Union of Postal Workers was certified by the Public Service Staff Relations Board in January 1975 as I have said. The certification of the Union of Postal Workers followed the decertification of the Council of Postal Unions, which included the Letter Carriers Union and the Union of Postal Workers, which asked to get out.

During the 1975 round of bargaining with the Canadian Union of Postal Workers, it became clear from the union's demands that CUPW wanted a new agreement, quite distinct from the one which had just ended. In fact, because of the many changes that had been made, the 1975 agreement could justly be described as new. This is why we find it surprising, to say the least, that the proposals of CUPW would have the effect of writing a new collective agreement once again.

During the current negotiations—and I would like to bring this point to hon. members' attention because they think nothing has been done—the parties met on April 20 and 22, May 19, October 5, 6, 12, 18, 25 and 27 and November 4, 8, 10, and 17, 1977. As the House can see, during a seven month period there were only thirteen meetings. We believe it is necessary to explain these gaps.

CUPW decided to break off negotiations at the first official meeting on May 19, 1977 after some thirty minutes of discussions. This breakdown was followed by a complaint to the Public Service Staff Relations Board by CUPW alleging that the employer was contravening sections 8, 9 and 10 of the Public Service Staff Relations Act. Not until October—

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has expired. I do now leave the chair until 8 p.m.

The hon. member for Brandon-Souris (Mr. Dinsdale) is rising on a point of order?

Mr. Dinsdale: Mr. Speaker, before you leave the Chair I would like to ask if this discussion is now concluded. We started at 5:20 p.m. rather than five o'clock.

Mr. Paproski: Mr. Speaker, on the point of order, there are so many minutes left to debate this motion. We are not asking for extra time at this moment, but because this is a motion for the production of papers we have so many minutes left and we want to know how much more time is available.

Mr. Knowles (Winnipeg North Centre): There are 45 minutes.

The Acting Speaker (Mr. Ethier): Order, please. The motion does remain on the Order Paper certainly. Again, the hour provided for consideration of private members' business has expired. I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

ANTI-INFLATION ACT

AMENDMENT TO EXTEND RANGE OF PERSONS TO WHOM ANTI-INFLATION GUIDELINES APPLY

The House resumed consideration of the motion of Mr. Chrétien that Bill C-18, to amend the Anti-Inflation Act and guidelines, be read the third time and do pass.

• (2012)

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, when I called it five o'clock I was speaking about the problems of the dollar. Roger Croft, a Toronto *Star* staff writer, under the headline "Moves to prop up the dollar called too little, too late", wrote the following today:

> Ottawa's latest moves to prop the sagging dollar are too little, too late, most economists and foreign exchange dealers say.
>
> . . . in hectic trading yesterday, the dollar skidded to yet another 35-year low at 87.4 cents U.S. before recovering slightly . . .

But more important is the cost.

> "We've got a run on the currency," Michael Graham, director of dealers A. E. Ames and Co. Ltd., told the *Star*.
>
> "Foreign investors have lost confidence in the Canadian economy and are simply not putting their money into Canadian funds."
>
> At the same time, added Graham, Canadians themselves are either buying real estate in Florida or opening up U.S. currency accounts "because no one in this country has any more confidence left.
>
> "Both the Bank of Canada and the government have done too little, too late."

The article later refers to some of the reasons for our problems as follows:

> "Our high inflation rate—after three years of wage and price controls—our high jobless rate, the big and growing budget deficits and the Quebec situation. Add the expected election to that lot, and no wonder everyone wants out of Canadian funds," Graham said.

Later in the article we find the following:

> "No one wants to stick his neck out on that one" . . .

This is a reference to where the Canadian dollar will go.

> "We thought 95 was the psychological barrier late last year. Then it got to 90 and recently people have been saying that 87 cents will be the bottom."

There is now talk that at 85 cents there might be a turnaround. According to currency dealers, the Europeans got out of Canadian currency long ago. That is because they had sold off almost all they had. The article continues:

> "The gnomes of Zurich have by now got out of the situation."
>
> Barry Davenport, chief foreign exchange dealer with Wood Gundy Ltd. on Bay St. said he expects the dollar to continue "very, very weak for the foreseeable future."

"It doesn't matter what the Bank of Canada or the finance minister do to stem the drop in the Canadian dollar. It won't have any effect. Things have to change . . ."

Among those uncertainties, said Davenport, are the Quebec situation, the upcoming federal election and the relatively poor state of the Canadian economy.

Doug Peters, chief economist at the Toronto Dominion Bank, said . . .

"The government should have convinced the speculators—whether corporate or private—that it meant business. I don't think the fundamental economic situation warrants this run on the dollar."

This is what Mr. Rogers, chief economist at the Bank of Nova Scotia, had to say:

There's talk and uncertainty about a new federal budget. But the sort of budget a government should bring in to deal with a run on its currency is a restrictive budget . . .

Finally, a senior partner at Dominion Securities Ltd. said that the only thing that can save the Canadian dollar is a new government. I think we can agree with that.

The Speech of the Prime Minister (Mr. Trudeau) in New York about two weeks ago was really saying that "when you are broke you have to be kind to your bankers". In his speech he said that Quebec would not separate. Anyone who lends money would want to hear that. However, there are no assurances. It seems that our economic situation will not improve until the Quebec problem is settled. The flight of capital from that province, mainly to the United States, and the dislocating effect of language problems prevent the functioning of companies which must do business in other parts of Canada and in the United States. It is no wonder that business is moving out of that province. However, by attempting to shore up the economic life of Quebec the federal government is diverting large amounts of public funds into that province. Even with the most careful management it is difficult to allocate funds where they can have a meaningful and productive role.

The Minister of Finance (Mr. Chrétien) and the Prime Minister have looked to the United States to bring the Canadian economy out of its doldrums. The United States is now obviously being geared to a much higher inflationary rate than was even considered a few months ago. There is no doubt that inflation in the United States is going up and is going to go up at a faster rate. The basic rate has moved from 6 per cent to 6½ per cent and it will move to almost 7 per cent or more later this year. The United States coal contract will be a goal which other unions will strive to match, and they will prod non-union workers to demand increased wages. The United States dollar is weak, and ours is weaker. That will cause import prices to rise.

The President of the United States has had to back higher farm prices, stockpile copper and make a good many other promises in order to nail down votes to ratify the Panama Canal Treaty. On the political scene, the Panama Canal Treaty has increased the inflationary risk. The government and Congress are not likely to do very much about it. Mr. Carter will obviously look for other ways to deal with inflation, but he is not going to balance the budget. He wants tax cuts, and he will not restrain the money supply. Will the President of the United States turn to what the AIB was supposed to do in Canada?

How will President Carter control wages and prices? He will obviously be forced into the same tactics used by the AIB. One tactic was to get at wages and prices directly. High wages and high prices are symptoms of inflation, not the cause. President Carter and other people around him know that controls have not worked in the United States, in Canada or in any other major country, so it is almost certain that United States inflation will race along and gather steam as the year goes by.

A previous minister of finance, Mr. Turner, always maintained that inflation arose outside the country and that there was nothing we could do about it. Inflation has created a voracious monster, and it may in time destroy our institutions. We have had a decade of accelerated inflation, and all indications are that we will have more in the next few years. We measure goods and services in terms of money prices. If we had a pure barter economy, there would not be generalized inflation. If the supply of money rises faster than the supply of goods and services, then prices for all goods and services rise as well. Only if the money supply does not become more plentiful relative to goods and services will inflation be contained.

In the early stages of inflation the total money supply declines as the public is duped into holding money at high rates of interest, but actually at negative real rates of return. As inflation advances the public tries to dump its money into buying goods before inflation reduces their value. But obviously credit must be settled at some time, and there is a limit to credit.

There are other inflationary factors which are new. Mr. Henry Kaufman, in an address to the Committee on the Budget of the U.S. House of Representatives, had this to say:

The composition of credit demands in 1978 reveals part of the emerging problem. I shall focus on three major demanders for money—the households, business and the Federal Government. The increases in consumer credit and mortgage debt, reflecting mainly borrowings by individuals, is truly spectacular.

This is referring to the American scene.

It reflects strong demands for consumer goods and housing, sharp increases in prices, and a new inflationary psychology that is perhaps more than marginally liberalizing the financing attitudes and habits of individuals.

Our inability to reduce inflation is encouraging individuals to bid far more aggressively for mortgage funds than in the past because home ownership, at least in the postwar period, has been a far more satisfactory hedge against inflation than investments in financial assets ranging from savings deposits to bonds and to common stock.

So home ownership and various other personal needs requiring credit have certainly increased the number of problems related to borrowing. People's personal monetary habits spread over the nation as a whole, and that is important.

One of the greatest difficulties in steadying inflation is the definition of money. The Bank of Canada has standardized four types of money, and if the effect of money on inflation in real economic activity is viewed solely in terms of actual spending on goods and services, then we must look at spendable money. But when money is viewed as a commodity it seems to be a much broader concept. Obviously there should be a wider definition of money or of what should be called the

total money supply. If there is an excessive creation of money, it will undermine its value; if there is slow growth, it will raise the value of money.

● (2022)

It is obvious in an open economy such as is Canada's that large increases in money supply are not necessarily reflected in domestic price levels in the immediate future. In our open economy, an increase in the money supply so that the total supply of goods and services is greater than the productive capacity of the domestic market can be met by increased imports, because when domestic prices rise above competitive world prices an inflow of goods and services results. Obviously excessive money supply results in a severe deterioration in the current account of the balance of payments, with the consequent downward movement of the external value of the currency.

Canada has shown all the symptoms of excessive money creation in the early 1970's. The current account deficit was $4.8 billion in 1975; $4.2 billion in 1976; and $4.1 billion in 1977. How should one deal with the current account deficit? There are a number of ways of dealing with it, or one can use a combination of them all. Raising domestic interest rates, which the Bank of Canada has just instituted, is obviously one action which causes an inflow of money. But when we are hampered by political uncertainty in the country, with an election in the wind and with the problems with Quebec, this might offset the deficit, and tight money will eliminate the excessive current account. Also, the Central Bank could allow its foreign exchange reserves to run down, which would eventually diminish the money supply, or it could induce sellers to accept the local currency. Unless excessive monetary creation is stopped, money will either depreciate against local goods and services or against foreign currency.

Toward the end of 1976 the Bank of Canada allowed interest rates to fall and differentials vis-à-vis the U.S. money market to narrow sharply so that the excessive money creation in a little over a year has reduced the external value of the Canadian dollar by 13 per cent.

From 1967 to 1977 the growth of the money supply was truly phenomenal but the Canadian public was willing to hold increasing amounts of the total money supply as a percentage of its transactions. This was borne out in the annual report of 1976 of the Bank of Canada, which stated the following:

> —the inference is that as incomes have risen over this period, most people wish to hold a larger proportion of their incomes in the form of interest earning deposits. In terms of our earlier discussions of velocity, it is also a way of saying that every dollar of money turned over fewer and fewer times in the past ten years to accomplish a given rate of economic growth. Excessive credit demands were being accommodated rather easily by the further creation of money, and therefore, interest rates were not allowed to perform their credit allocative function.

During the period of 1967 to 1977 three quarters of the increasing assets of the Bank of Canada have been ascribed to the purchase of Government of Canada bonds. Obviously the Bank of Canada has been monetizing government of Canada bonds, the result of which has been a rapid increase in inflation.

Supporters of Keynes point out the economic benefits of a budget deficit. They indicate that the Bank of Canada has had to increase its support as a percentage of the net financing requirements. In the last ten years the government of Canada has been unable or unwilling to obtain non-inflationary financing, such as sales to the non-banking general public, and has relied increasingly on the printing presses. Obviously credit demands rise faster than the money supply, with the competition for funds causing interest rates to rise, thus eliminating the weaker borrower, and if at this stage the central Bank keeps interest rates from rising too fast, it is forced to monetize the increasing credit amounts.

This happened in 1972 to 1974 with a minority government which feared that bad publicity would result. The result was that the Bank of Canada took up 6 per cent of the government's net financing requirements. According to the "Bank of Canada Review", in 1966 to 1968 the Bank of Canada purchased 18 per cent of the bonds, which amounted to $2,578 million. In 1972 to 1974 the Bank of Canada purchased 66 per cent of the bonds which amounted to $3,271 million. In the first nine months of this year, almost 23.5 per cent of the bonds was taken up.

It is obvious that the purchase of these bonds by the Bank of Canada has increased our rate of inflation. This enormous appetite of the public sector has crowded out the private sector, and the Bank of Canada rescued the Canadian government by purchasing much of its debt. The situation was turned back once more in the last year, and with the government's recurring record of a high budgetary deficit it is obvious that this year some 25 per cent or more will have to be monetized by the government and by the central Bank, thus increasing our financial and inflationary expectations.

In the fiscal year of 1978-79 the prospects are frightening. With a $10 billion deficit and, it is to be hoped, a reviving private sector, interest rates will be forced up to high levels or, what is even worse, monetization on a large scale will be required or the printing of more money. It is estimated that if the government monetizes only 25 per cent of its requirements in two years, we will have created $34 billion in total money, or an increase of 40 per cent in two years.

How inflation can be kept below double digit rates is not at all clear. A sensible approach for the government of Canada to take is to eliminate its $10 billion to $11 billion deficit which would allow the central Bank to follow non-inflationary policies. To raise taxes now would harm the private sector. To cut expenditures seems to be the best course to follow. However, the government has obviously decided to raise a substantial portion of its next financing abroad. The Minister of Finance should tell us what are his financing plans for the next year.

The floating of the $750 million loan is just the beginning, and the speech of the Prime Minister paves the way for the future. But how can he be so hopeful about the political realities in Quebec? Obviously the government hopes to borrow abroad so as to shore up the Canadian dollar. If

foreign currency is exchanged for the Canadian dollar in a freely floating market, the net effect would be to raise the value of the Canadian dollar, with beneficial side effects on the anti-inflation effort. But if the foreign currency is converted into Canadian dollars and is absorbed into foreign currency reserves, the inflationary impact will remain the same. It seems that we will not have a balanced budget, and there are those who suggest that with the frightening prospect of two $10 billion to $11 billion deficits back to back, our rates of inflation could be double digit.

The demise of the AIB has to come. It was faulty in the beginning and it failed to attack the causes of inflation. All it dealt with was the symptoms, the rise in wages and prices. Inflationary forces were at work internally and externally and the government has done little about them.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion, (Mr. Chrétien), which was agreed to on the following division.

(*Division No. 38*)

YEAS

Messrs.

Abbott	Duclos	Lee
Béchard	Dupont	Lefebvre
Bégin (Miss)	Dupras	Loiselle (Chambly)
Blais	Duquet	Lumley
Blaker	Faulkner	MacDonald (Cardigan)
Blouin	Fleming	MacEachen
Buchanan	Foster	MacFarlane
Bussières	Francis	MacGuigan
Campagnolo (Mrs.)	Gauthier (Ottawa-Vanier)	Maine
Campbell (Miss) (South Western Nova)	Gendron	Marceau
Caron	Gillespie	McRae
Chrétien	Gray	Nicholson (Miss)
Clermont	Guilbault	O'Connell
Collenette	Harquail	Ouellet
Comtois	Herbert	Parent
Corbin	Holt (Mrs.)	Penner
Corriveau	Hopkins	Pinard
Cullen	Horner	Poulin
Cyr	Joyal	Prud'homme
Danson	Kaplan	Railton
Daudlin	Lajoie	Reid
Dawson	Lalonde	Robinson
De Bané	Lamontagne	Roy (Timmins)
Demers	Laniel	Roy (Laval)
Dionne (Northumberland-Miramichi)	Lapointe	
	Leblanc (Laurier)	

[Mr. Ritchie.]

Messrs.

Sauvé (Mrs.)	Smith (Saint-Jean)	Stollery
Savard	Stewart (Cochrane)	Tessier
Schumacher		Watson
Sharp		Yanakis
		Young—86.

NAYS

Messrs.

Alkenbrack	Knowles (Norfolk-Haldimand)	Nielsen
Andre (Calgary Centre)	Lambert (Bellechasse)	Nowlan
Beatty	Lambert (Edmonton West)	Nystrom
Cadieu	MacDonald (Miss) (Kingston and the Islands)	Orlikow
Crouse	Matte	Paproski
Dinsdale	Mazankowski	Peters
Dionne (Kamouraska)	McGrath	Ritchie
Ellis	McKenzie	Rodriguez
Friesen	McKinley	Saltsman
Hnatyshyn	McKinnon	Stevens
Hogan	Munro (Esquimalt-Saanich)	Symes
Howie		Towers
Huntington		Whittaker
Johnston		Wise
Knowles (Winnipeg North Centre)		Woolliams—41.

● (2112)

Mr. Speaker: I declare the motion carried.

Bill read the third time and passed.

* * *

FARM CREDIT ACT

MEASURE TO AMEND

The House resumed, from Monday, March 20, consideration of the motion of Mr. Whelan that Bill C-29, to amend the Farm Credit Act, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, first of all, I would like to indicate our party's support for the bill before the House tonight, in a mood of friendliness and co-operativeness, in order to expedite the work of parliament, and I will be as brief as I possibly can. The bill before the House tonight does a couple of things. It increases the Farm Credit Corporation's capital from $100 million to $150 million; it also increases the amount that can be lent to individual farmers under the Farm Credit Corporation. It increases the lending limits to $200,000 for all borrowers. At present the limitations are $150,000 for persons under the age of 35 and $100,000 for the people over the age of 35.

As I have said, the bill before us is a good bill; it will help farmers a little bit better in a pinch. But I want to make it clear that it will not solve their problems.

It will be worth while to take a few minutes to put on the record some of the statistics that show the reality of the problems faced by Canadian farmers today. I know of many members, even some from New Brunswick, who are not aware of the dire financial circumstances that farmers are faced with today in Canada. The number of farms in this country is decreasing every year. According to the census, from 1951 to 1976 the number of small farms in the small farm category,

which comprises acreage ranging from 70 to 759 acres, went down by 36 per cent. The number of farms in the 760 acre and more category went up by 72 per cent. One can see, Mr. Speaker, that farms in Canada are becoming larger and larger and more and more of the smaller farmers are being forced off the land.

Farm debt should concern all of us. We are discussing a bill to lend farmers money and farm debt is going up very rapidly. It is probably even going up in Crowfoot. For example, in 1966 we find that the farm debt in this country was some $3.4 billion; in 1976 the farm debt had gone up to some $9.5 billion. Farm debt is triple what it was previously.

Then if you look at net farm income, Mr. Speaker, one would assume that if the farm debt is going up, with people borrowing money and expanding their assets, then net farm income should likewise go up. We all know that farmers are hard working people. It should be pointed out to the people of Canada that the Canadian farmer is the most productive farmer in the world. It costs only about 14 per cent of our consumer dollar to buy food in this country, whereas in the United States it costs about 15 per cent of the consumer dollar. In every other country in the world costs are much higher than that. The Saskatchewan Wheat Pool recently used as an example a typical food basket and it was found that for that food basket in Canada it took about five hours and 15 minutes worth of labour to buy it. In Washington, in the U.S., it took about seven hours of labour to buy that same basket of food. In Toyko it takes around 24 hours worth of labour, and in Buenos Aires, Brazil, it takes approximately 60 hours of labour to buy the same basket of food. Once again we can see the Canadian farmer is indeed most productive. Canadian consumers are very fortunate that our farming system is efficient and we are able to produce food at a lower price than any other country in the world.

I suspect in some areas where food prices are high that it is not the fault of the farmer, it is the fault of the middleman. Again there are examples to point that out. For instance, using the consumer price index in January we found that the price of beef had gone up some 33 per cent. For a 1,000 pound steer we found that the farmer had received an extra 19 per cent in January, 1978, or an extra $80 over what he would have received in January, 1977. The consumer had paid an extra 33 per cent for the steer, or an extra $180. This meant the middleman had received an extra $100 for the steer for that same period. We looked at the statistics for these middlemen. We looked at wage rates first of all, because in this House there are hon. members who will say that the workers are making too much money. We found that the wage agreements for the packing house workers had increased only 6 per cent during that calendar year. So it was not the workers who were receiving that money.

One would assume with all this extra investment and the efficiency of the farmer, together with the free enterprise values in this country, that the farmer would be receiving a much higher income due to his initiative, hard work and all the expansion of his capital, his assets and the like. But that is not the case at all.

I have here before me the figures on net income for Canadian farmers. In 1974 net income was some $3.9 billion. In 1975 it had gone up to some $4.3 billion. In 1976 it had gone down to some $3.7 billion, and in 1977, according to the best estimates of Statistics Canada, it will be about $3.3 billion.

● (2122)

This means the farmers of this country had a drop in wages and salaries of some 23 per cent. Which other group in society would allow their wages to go down by that amount? That is what happened to the farmers of this country. It is net income they are losing, not their cash receipts.

At the same time as income went down, what happened to their costs? In 1975, farm costs in this country were $6.6 billion. In 1976 they were $7.3 billion and in 1977 it looks as though they will be $7.8 billion. Therefore, while the cost to the farmer increased by some 18 per cent, his net income dropped by 23 per cent. The Canadian farmer is expected to meet his 1978 costs with his 1974 income. That is not fair. Farm incomes must be higher. The farmer must receive a guaranteed price for his commodity. He must get a better break from the marketplace. The farmer is not receiving a break from this government.

The Minister of Agriculture (Mr. Whelan) has gotten up time and again in the House to say that we have the greatest farm programs and the wealthiest farmers in the world. I wish he would look at some of his own statistics which show that farm income has decreased drastically. Debts are piling up and farmers are being forced to leave the land.

Let us look at more statistics which point out what is happening in rural Canada, particularly in my province. Yesterday I was astounded to find in some research we were doing that cash receipts in Saskatchewan for January 1978 had fallen by 55 per cent over January 1975. If the people in the constituency of the hon. member for Vancouver-Kingsway (Mrs. Holt) had a drop in income of 55 per cent, she would scream blue murder in the House like I am trying to do now. That is the drop in cash receipts for Saskatchewan farmers between 1975 and 1978, according to the Department of Agriculture and Statistics Canada.

Let us look at the Saskatchewan operating costs and depreciation charges. In the full year 1977, compared with 1975, the operating costs in Saskatchewan increased by 23 per cent. While cash receipts are down by 55 per cent, their costs are up by 33 per cent. Is it any wonder why grain farmers in my province, Manitoba and Alberta are going out of business? Is it any wonder more and more farmers are being forced to sell their land? The older farmers are selling to the big guy. Farms are consolidating very quickly.

Look at net income in Saskatchewan. If you take away the cash receipts and leave in the farmer's pocket the money he is able to spend, you find that net income in Saskatchewan between 1975 and 1977 decreased by some 40 per cent.

Stabilization programs will not rectify that situation in any serious way.

The 1978 forecasts for Saskatchewan indicate that costs will probably be 32 per cent higher than 1975 costs. The 1978 costs will be 105 per cent higher than the 1970 to 1974 average. In every province in this country there was a similar situation. I am sure the hon. member from British Columbia who will be speaking after me will be saying some of the same things about farm income.

Let us look at Alberta, the province of the Minister of Industry, Trade and Commerce (Mr. Horner) who is worried about his re-election in Crowfoot. In 1978, cash receipts in that province were down by some 38 per cent over January 1975. In Manitoba, cash receipts in January 1978 were down by some 53 per cent over 1975. In other words, the drop in Manitoba was roughly the same as the 55 per cent drop in Saskatchewan.

I have intentionally used a lot of figures and statistics to point out to the House and the government that there has been a serious drop in farm income. Passing a bill like this, even though it is good and will help some farmers in a pinch, is not good enough. We must start determining what we are going to do to ensure that farmers survive and that their family farm remains the basic unit of production. If we do not do that, the family farms will disappear. We will have a situation similar to that in states in the United States such as Colorado, where 95 per cent of the farmland is owned by non-farmers such as doctors, lawyers, wealthy people in the cities, corporations, real estate people and the like. The rest is owned by the farmers who are doing the farming. If we go that way in this country, it will not only be a disaster socially but economically, not just for the farmers but for the country.

As the hon. member for Nickel Belt (Mr. Rodriguez) has stated, we in Canada have a real crisis in unemployment. If we do not produce and process our food in Canada, we will add to that unemployment problem. In almost any food category in which we are not self-sufficient, we are not only losing jobs but a lot of money. We are only self-sufficient in a few items of food in this country. According to all indications, if we do not start changing our policies, by the year 2000 Canada will not be feeding itself. According to the Science Council, we will only be self-sufficient in five of the 27 basic foods in Canada.

According to the figures of the Minister of Agriculture, if we take away grain and oilseeds we will be in a deficit position in production of food to the tune of about $1.8 billion. That is a downright shame. Those policies have to change. One change should be to ensure that our farmers receive a decent wage. If they get a decent wage, they will produce food.

This country has the capacity to feed ourselves for hundreds of years in the future as well as the capacity to feed a lot of others in the world. We should be making a commitment to self-sufficiency. That would not only be good for rural Canada but for the urban consumer as well.

I want to use one example, that of broilers. There is now a move in Canada that is almost completed which I support totally. That is the bringing in of a national marketing board to handle broilers and chickens across this country. We will have that marketing board as soon as the province of Alberta gives us the green light. The other provinces are pretty well in agreement.

In anticipation of a national marketing board, a number of large chicken importers in Canada have been importing an unduly large number of imports from the United States. They do that because, when a supply management board is brought in, import quotas will be based on the previous five year average. Therefore, they are importing five, ten, 15 or 20 times as many broilers as in the past in order to up their average of imports. In that way they will not be as controlled by the farmers' agency as they might otherwise be, as it is in terms of industrial milk, eggs and other products marketed through the marketing board in this country or through the provinces.

Studies have pointed out that in the last year in the area of chickens alone, literally tens of millions of dollars have been lost in productivity as well as jobs we would have had if we had not imported so many chickens from abroad. We should have been producing Canadian chickens, making sure that Canadian chicken farmers had better incomes and that Canadian workers eviscerated, processed and cleaned those chickens instead of letting that be done in the United States. We should have been making sure that Canadians in the transportation and refrigeration industries were given jobs transporting those chickens.

● (2132)

We have lost literally tens of thousands of dollars in that industry alone, but I could go through the whole food industry. I admit that I do not know very much about particular industries in Ontario, but I know that fruit and vegetable growers at about the time of the second world war supplied about 70 per cent of the Canadian market. I believe we now supply about only 30 per cent of our market. We have the capacity to be almost self-sufficient in fruits and vegetables, yet we are not. Because we are not, we are losing hundreds of millions of dollars which could be generated in Canada.

Our target must be to be self-sufficient in food. One way of doing that would be to make sure that farmers are guaranteed decent prices for their products. If they are guaranteed decent prices, they will produce food. Farmers are about the only people in our country who do not have guaranteed prices for their labour or their commodities, and they have to have guaranteed prices if they are to produce food. We have to produce food if we are to keep farmers on the farm and if we are to keep the rural fabric of our country going as strongly as it should.

I want to remind hon. members of these things because I feel that most Canadians think we can produce an infinite amount of food and that we are the bread basket of the world. People do not realize that with our existing policies, according to the government, the Science Council of Canada and almost every organization which has looked into this, by the year 2000 we will be a net importer of food. We will not be able to feed

ourselves, and that will be mainly because of policies which do not assist farmers to produce the food that they can be producing.

With regard to self-sufficiency, according to the federal government there are several hundred acres of good quality farmland being taken out of production each and every day. Because of our climate we cannot produce food in most of the country. We have lakes, water, muskegs, forests and places where food just cannot be produced. Only about 4 per cent of our country can produce food in great quantities, yet several hundred acres of farmland are being paved under each and every day or sold to developers for urban development and turned into such a state where the land cannot be recaptured for the production of food. I think that is a crime, and it should not go on. We should be concerned about producing as much food as we can in order to feed the people of this country, to stimulate our economy and to make our contribution abroad in terms of foreign aid.

I call upon this House to pass this bill as quickly as possible so that farmers who need more credit from the Farm Credit Corporation can get it. However, I ask hon. members on both sides of the House to realize that farming is important, that without the support of this government and governments right across the country there will be fewer and fewer farmers, and that the day will come when there will be a food shortage and we will be a net importer of food.

That might not sound very serious to many people, but there was a time when we did not worry about the shortage of oil. We said we could get all the oil we needed from the Arabs or Venezuelans at very low prices. That is the kind of policy we pursued for years, and now we have an energy crisis and a price crisis. If we do not have foresight, the same thing will happen with regard to food about 25 or 30 years from now. I ask hon. members, please, to do something about this now instead of burdening our children and our grandchildren.

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I speak this evening on behalf of the Minister of Agriculture (Mr. Whelan).

The Farm Credit Corporation has been administering the Farm Credit Act for close to 20 years. In that time, it has approved over 192,000 loans totalling more than $3.1 billion. A further indication of the importance of this agency is that it extends approximately 60 per cent to 70 per cent of all the long-term farm credit in Canada. In recent years, private lenders, the chartered banks in particular, have become more active in the general field of farm credit, and, more particularly, in the area of long-term credit. I sincerely welcome this increased participation. The Farm Credit Corporation is a long way from meeting the total demand, and unless steps are taken to meet it, the gap will continue to widen. Projections are that it will soon take close to $1 billion per year to meet the long-term credit needs of Canadian farmers.

This bill brings forth a number of amendments designed to update the Farm Credit Act so that Canadian farmers can maintain their position of leadership in the world and increase their productivity level through the wise use of credit.

The major amendments are as follows: the FCC's capital will be increased from $100 million to $150 million, thus increasing the corporation's borrowing capacity to $3.75 billion from $2.5 billion. There is real urgency for this amendment because the corporation's capital will be used up by May, 1978.

Most age restrictions on lending will be removed except for loans to persons phasing into farming. This special advantage would continue to be offered to persons under 35 years of age.

The maximum loan for a single farming enterprise will be increased to $200,000 for one qualifying applicant and $400,000 for two or more qualifying applicants.

Before going on to the lesser amendments, let me give the reasons for these three proposals. The present authorized capital of $100 million and the corporation's borrowing capacity of 25 times that, or $2.5 billion, will be exhausted early in 1978-79.

The corporation's capital was last increased in 1975 by about 50 per cent, from $66 million. Between 1971 and 1976 the total value of farm capital in Canada increased from $23.7 billion to $57 billion, representing an increase of close to 140 per cent. The number of farms with annual sales of $5,000 or more has increased by 18 per cent. The number whose sales exceed $10,000 increased by more than 63 per cent. The corporation therefore needs a significant increase in borrowing power to be able to keep pace with the increase in total farm capital.

In order to meet future demands we are also proposing that henceforth requests for additional capital could also be authorized under an appropriation act. Any provision of an appropriation act authorizing an increase in the aggregate amount would stand permanently referred to any committee of the House of Commons established for the purpose of reviewing matters relating to agriculture.

It should be noted that the FCC will continue to be restrictive in its lending guidelines in order to stay in line with the government's restraint program. This means that applications will continue to be assessed according to the applicant's need for funds from the Farm Credit Corporation.

The second amendment removes age as a qualifying factor for lending limits. Hon. members will recall that when the Minister of Agriculture proposed the 1975 amendments to the Farm Credit Act, the main thrust of that bill was to help young people get started in farming. Since then the FCC's total lending to young farmers has steadily increased. This year almost three quarters of all loans went to persons under 35 years of age. This represents some $410 million.

A great number of farmers, farm organizations and the FCC advisory committee as well as members of parliament have written to the Minister of Agriculture and made recommendations in the past few years. One of the points that constantly comes up is that need does not magically stop at 35.

The present amendments extend these advantages to all farmers. Nothing is taken away from young farmers by these amendments. They simply acknowledge that basic credit requirements do not change on a specific birth date. Experience indicates that the imposition of the 35-year age limit encourages borrowers to rearrange business structures to qualify a spouse or child. This amendment will give more flexibility in meeting real credit needs. The 35-year age limit would remain on what we now call Part IV, or beginning farmer loans, which allow the borrower to retain an off-farm job for up to five years before becoming principally engaged in farming.

● (2142)

We must recognize that capitalization under all its forms is increasing in agriculture. With the farm labour problems of the past and the future, increased mechanization will continue. Many of the costs of technological change cannot be paid for immediately out of current incomes. Time is required. I wish to remind the House that in recent years the farmer has very often been faced with the cost-price squeeze. This cost-price squeeze has forced him to pay for most capital requirements over a substantial period of time.

The third amendment, therefore, deals with increases in lending limits. Under its present legislation, the Farm Credit Corporation can lend up to $100,000 for standard farm loans and up to $150,000 for loans for young farmers. The $150,000 limit for young farmers was set in 1975 and the $100,000 limit for the standard loans was set in 1972. According to Statistics Canada, land values have increased 25 per cent since 1975 and 130 per cent since 1972. Furthermore, a farm today is nearly 10 per cent larger than it was in 1975.

The present loan limit applies to farm units as well as to applicants. Thus, the maximum loan for a farm operated by father and child or by partners is presently $100,000 or $150,000, depending on age. If this bill is approved, the Farm Credit Act would provide a new loan limit of $200,000 per qualifying operator up to a maximum of $400,000 for a farm unit where there are two or more qualifying operators. We feel this will facilitate joint operations, encourage greater efficiency and a smoother phasing in of the young operator into the family farm business.

This increase in lending limits is presently necessary so that the Farm Credit Corporation can meet the credit needs of Canadian farmers. There are a number of sectors which have become increasingly difficult to finance. For example, a grain-livestock operation of some 1,100 acres in Alberta presently costs about $400,000. In Saskatchewan, let us say on the Regina plains, if one wishes to purchase two sections of wheat land it would likely cost over $500,000. In Ontario, a 75-cow dairy farm would cost more than $300,000. Cash cropping land of about 200 acres in size in southwestern Ontario would probably cost nearly $300,000 today. These are but a few examples of some typical capitalization requirements on family farms in Canada.

[Mr. MacDonald (Cardigan).]

In looking at these proposed amendments, some critics will say that raising loan limits, removing the age limits and adding capital for the corporation will have an inflationary effect on land values. There may be a small element of truth to this statement since the provision of more adequate credit will at all times favour the buying and selling of land. However, farm land gets its value because of its capacity to produce income. It is really economic conditions—that is, the level of income produced—which are the main determinant of land prices, not credit. An increase in the lending limits and removal of age limits only mean that the farmer with the greatest need can more easily compete for the land available.

A small number of other amendments are included in this bill which are designed to streamline the administrative operations of the act. These are, first, the use of market value to assess all loans. The Farm Credit Corporation at present uses two values in assessing the security it takes: market value and appraised value. Generally, market values are used for young borrowers and the appraised value for older borrowers. Market value is based on recent sales of similar properties while appraised or productive value is mainly based on the capitalized value of net income. Appraised value is calculated, and therefore a theoretical value which is bound to confuse most people, other than economists. The use of these different values has been confusing to borrowers and to other agencies, as well as to FCC staff. In recommending the use of market value and repayment ability, it is understood that loan limits would be based on the lower of the two. This point should be stressed. No matter how high or low the market value, all loans are determined on the repayment ability of the proposed operation.

A second amendment regards the removal of the supervision fee. Under the original act passed in 1969, a supervision fee of $25 was set for supervised loans; that is, those that exceed 75 per cent of the appraised value. The fee is now more of a nuisance than anything else, and sometimes gets in the way of establishing good relationships between the borrower and staff. Under the proposed legislation, advisory services would be provided only where needed and wanted.

Third, there is the provision for losses on loans. The present act has established a reserve where actual losses have been charged. This amendment would allow the corporation to make provisions for these losses according to accepted accounting principles.

The last amendment proposes that penalty interest be dropped. It is believed that removal of penalty interest would make the Farm Credit Act more compatible with the spirit of the Interest Act, which prohibits penalty interest except in those acts which specifically provide for it. Even a higher penalty interest would probably not have the desired deterrent effect because farmers traditionally pay off loans as fast as they can, even when the interest rate is well below the market rate.

In 1978, farmers will face further increases in costs of farm inputs and the present outlook is for slightly decreased realized net income. When hon. members consider that these farmers

represent a mere 6 per cent of our population, yet they produce most of the food that all 24 million Canadians consume, as well as earn about $4 billion in foreign exchange from exports, they can understand the importance of these amendments. One of the tools of our modern economy, credit, must be available to the Canadian provider of food.

I also want to mention that loans under the Farm Credit Act are not a grant or a gift. Borrowers enjoy a slightly lower than market rate. The FCC interest rate is presently 9¼ per cent. On a $200,000 loan amortized over 29 years, this represents an average of $13,000 in interest payments alone per year. The Farm Credit Act is a tool which gives operators of family farms a chance to make a success of their operations. One need only look at FCC's statistics to realize that this opportunity is not taken lightly. Farmers have by far the best repayment record in our Canadian society.

I have faith in the ability of Canadian farmers to continue to produce high quality food in an efficient manner. I urge hon. members to show their support for these efforts by giving farmers this needed legislation.

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I welcome the opportunity to speak on the Farm Credit Act. We in this party were prepared to have this bill go through this evening. We agree the main thrust of this bill is the increase in money for loans. We were prepared to pass this piece of legislation quickly tonight. We wanted to see it go into committee, go through committee, and come back before the House dissolves, which I believe will not be too long.

• (2152)

Because the Minister of Veterans Affairs (Mr. MacDonald) rose this evening and read a lot of statistics into the record, which everyone in Canada is aware of, and because he used up 20 minutes of the time of the House doing the job of the Minister of Agriculture (Mr. Whelan)—

Mr. MacDonald (Cardigan): Mr. Speaker, I should like to inform the House, which I failed to do in the first instance, of the fact that the Minister of Agriculture was performing another duty, and I was asked as Acting Minister of Agriculture to make a speech this evening. If the hon. member is going to say something which has never been heard in Canada before, we would be glad to hear it.

Mr. Hnatyshyn: Mr. Speaker, I am not rising on a point of order, but I think the minister—

Miss Bégin: Then sit down.

Mr. Hnatyshyn: Clearly the Minister of Veterans Affairs is misleading the House. The Minister of Agriculture has already spoken on second reading. He started off the debate. I was present in the Chamber at that time. The hon. member for Lisgar followed him. I do not understand why the minister—

Mr. Deputy Speaker: Order. All of these remarks are argumentative, and I think the hon. member for Okanagan Boundary should pursue his own intervention.

Mr. Whittaker: Mr. Speaker, I was present in the Chamber, and I heard the speech by the Minister of Agriculture.

[*Translation*]

Mr. Deputy Speaker: Order. The parliamentary secretary on a point of order.

Mr. Caron: Mr. Speaker, I would still like to rise on a point of order with regard to what the hon. member for Lisgar (Mr. Murta) has just said. The Minister of Agriculture (Mr. Whelan) has not spoken yet to the bill, and the explanation was given by the Minister of Veterans Affairs (Mr. MacDonald).

[*English*]

Mr. Whittaker: Mr. Speaker, the government is filibustering its own bill. Farm credit needs money. Members of the Conservative party do not disagree with that.

An hon. Member: Sit down.

Mr. Whittaker: We do not disagree with that. The Minister of Agriculture opened this debate.

An hon. Member: No, the Minister of Agriculture did not speak.

Mr. Whittaker: I heard him.

Some hon. Members: He did not speak.

Mr. Whittaker: Mr. Speaker, I was present in the Chamber and I heard the Minister of Agriculture speak on this bill. Clearly hon. members opposite are filibustering the bill. The minister has known for six months, or for at least four months, that the Farm Credit Corporation needs more money. He could have brought the bill in four months ago. He is not providing the House with an opportunity to say anything regarding this piece of legislation. In fact, hon. members of the Liberal party are trying their best not to let the opposition say anything on this bill.

Some hon. Members: Oh, oh!

Mr. Whittaker: Opposition members do not get very many opportunities to speak on agriculture in the House. Very seldom do we have an opportunity to speak on farm credit. The minister is dragging his feet. Hon. members opposite are filibustering in an attempt to stop opposition members from speaking. The Minister of Agriculture had his opportunity.

An hon. Member: When did he speak?

Mr. Whittaker: I know when the minister spoke. I sat in the House and listened. I do not have to listen to the baloney which is coming from hon. members opposite.

Some hon. Members: Hear, hear!

Mr. Whittaker: I do not have to agree with the baloney from the government side.

Mrs. Holt: Watch your farm language.

Mr. Whittaker: I know more farm language than that. You city slickers ought to sit and listen for a change. It is just about time.

Some hon. Members: Oh, oh!

Mr. Whittaker: I have a lot to say about farm credit. Hon. members opposite should not bother reading figures into the record and wasting the time of the House. The minister read a lot of statistics into the record. That can be done every day. It is not difficult.

There are many things going on in the field of farm credit which should be brought to the attention of the House. I brought forth one such matter before committee the other day. The last time the House dealt with farm credit, time was spent on dealing with people under 35 being able to hold a job for five years while they established their farms. The other day I noticed in the lending policy of the Farm Credit Act that there is an eligibility clause. I should like to refer to part IV, which reads as follows:

> It is not intended that part IV loans should be made to persons or the spouses of persons who are established in stable employment that provides what is considered in the community to be an adequate level of living, even if such persons have capabilities as farmers or are presently involved in farming.

Some hon. Members: Oh, oh!

Mr. Whittaker: Even though hon. members opposite are making a lot of noise, I should like to indicate that this policy makes a farce out of the Farm Credit Act.

Mr. Dionne (Northumberland-Miramichi): No way.

Mr. Whittaker: Hon. members opposite do not want to hear any reason. That is a complete and utter farce. It is completely against what the act indicates.

Mr. MacDonald (Cardigan): Mr. Speaker, I just wanted to inform the hon. member that I do not think he should be reading.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Whittaker: Mr. Speaker, the hon. minister is attempting to use up part of my time. He mentions my reading into the record, but at least I read some pertinent information. He read his speech. He read every word of the entire speech he made.

Some hon. Members: Order.

Mr. Whittaker: What kind of a place do we have here? The people in the Farm Credit Corporation who are working out in the field can give various examples of what is happening because of policies such as the one I have referred to. These things make a farce out of what we do in the House when dealing with a piece of legislation.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but it is now ten o'clock. The hon. member for Red Deer.

Mr. Towers: Mr. Speaker, just as a matter of clarification for the Parliamentary Secretary to the Minister of Agriculture, I should like to point out that *Hansard*, at pages 3957, 3958 and 3959, reflects the speech of the Minister of Agriculture on this bill.

Mr. Deputy Speaker: Order. This is one fact which is clear now.

* * *

BUSINESS OF THE HOUSE

Mr. Hnatyshyn: Mr. Speaker, I wonder if the Acting House leader might apprise us as to the business for tomorrow. What order of business can we expect, as far as the government is concerned, for tomorrow?

[*Translation*]

Mr. Pinard: Mr. Speaker, tomorrow morning we should be in a position to advise the hon. member about the business to be dealt with tomorrow.

• (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PENSIONS—REQUESTED AMENDMENT TO LEGISLATION TO PROVIDE PENSIONS AT AGE 60 DESPITE MARITAL STATUS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Tuesday, January 31, as recorded in *Hansard* at page 2387, I put this question to the Minister of National Health and Welfare:

> Mr. Speaker, may I direct a question to the Minister of National Health and Welfare? Now that she has been the head of her very important department long enough to know that a great many Canadian women between 60 and 65 feel very unhappy and upset over the fact that there is no pension for them unless they have the status of being married to and living with someone who is 65 or over, is the minister giving consideration to the necessary amendments to the Old Age Security Act so that persons between the ages of 60 and 65, particularly women, who are in need will get a pension without regard to their marital status?

The reply of the minister was in these words:

> Mr. Speaker, I answered the same question very recently put to me by other members of this House. We are reviewing the situation, and I have nothing new to add today. As soon as I am ready to give a further explanation, I will do so.

In today's atmosphere I feel like saying: "This is where I came in". My reference to today's atmosphere, is, of course, to the fact that everyone is thinking about the next election. I am

reminded of the fact that during the 1974 election I happened to be in my room late at night when the first news came over the television to the effect that the Prime Minister (Mr. Trudeau) had indicated that day that if the Liberals were re-elected they would bring in a bill providing for what was to be known as the "spouse's allowance".

I remember that the Prime Minister in the announcement had said they were going through with this program because it would provide help to certain people, even though it would create certain problems. I said to myself: "How right the Prime Minister is". Once you start paying a pension to persons in any age bracket based on marital status you are creating as many problems as you solve. I know that the spouse's allowance is regarded by the government as one of those examples of equality because it is available to the younger spouse where the older spouse is 65 or over and is receiving the old age pension, regardless of whether the younger spouse is a husband or a wife.

The fact is that in most cases the spouse's allowance is granted to women. The government refuses to give us the exact statistics. It tells us it does not keep statistics on the basis of sex. In my experience I have had scores of letters from women complaining about the situation, particularly from women whose husbands have died, and I have not had one letter in the years this has been on the statute books from a man between 60 and 65 complaining that he does not get the benefit of this legislation. For all practical purposes the spouse's allowance is a piece of legislation for women.

● (2207)

In addition to the age requirement and the means test there is this marital test: you get this allowance as a woman only if you have a man. That is no test, Mr. Speaker, to be in any legislation today, particularly in days when we believe in equal rights. My plea to the government is that it correct the mistake soon that was made in that legislation and remove from it the marital test.

I do not like means or income tests, but I will accept a means test, an income test, or a work test and so on between 60 and 65 rather than a marital test.

The Minister of National Health and Welfare (Miss Bégin), in some of her responses to me on this matter, has said that she is concerned not only for those between 60 and 65 but for those between 55 and 65 and for other categories as well. I commend her for that. She knows how warmly I commended her just the other day for that tremendous speech she made in Sherbrooke on March 13. It is one of the best speeches I have read for a long time.

However, Mr. Speaker, the whole thrust of what she is trying to do is defeated by a piece of legislation that says to women: "You get what you need, or what you should have, only on the basis of your attachment to a man". This marital test ought to be removed. Just as soon as possible there should be a pension available between 60 and 65, or between 55 and 65 if the government wants it that way, based on other tests if you will, but not on a marital test. I do hope that the problem that the Prime Minister realized four years ago would arise will be resolved by establishing a pension or an allowance in this younger age bracket based on need, if the government wants it that way, but based on the rights of people as individuals and not because of marital status.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) has raised again his usual question about the spouse's allowance program, and he has waxed very eloquent, as he usually does. I thank him also for the comments he has made about the minister and her concerns regarding senior citizens in particular, which is the topic we are discussing this evening.

The program with regard to the spouse's allowance was introduced to cover a specific situation—that faced by many married couples with little or no other income who are trying to get by on a single old age security pension. It is considered appropriate to use spouse's allowance for cases like this because the married couple already has a connection with the old age security program through the one spouse who has reached retirement age. Because it was designed for this specific requirement, the spouse's allowance was not made applicable in the case of widows, divorced persons, and other single people in the 60 to 64 year range.

It is recognized that many people in this age group also have need for income-assistance, but it should be remembered that these needs can be met through other programs such as provincial assistance programs which the government of Canada shares in under the provisions of the Canada Assistance Plan.

The idea of an income tested retirement benefit akin to the spouse's allowance which would be available to anyone in the 60 to 64 age group who needed it is an attractive idea. At this period of time, however, when it is particularly important to exercise restraint in government spending, one should look very carefully at the potential costs of such a program. A rough estimate indicates that introducing the proposed program would cost an additional amount in excess of $600 million annually. This estimate does not take into account the potential effect on the behaviour of people. That is, if people were encouraged to retire earlier because of the existence of such a benefit, then clearly the additional cost would be higher.

We would also have to ask ourselves whether the creation of such a program would lead to the adoption of age 60 as the normal retirement age in Canada, and whether we could afford such a development. It is a well known fact that when federal retirement benefits became available at age 65, that age soon became generally regarded as the normal age of retirement in the country.

Notwithstanding this question, the government has considered such a program in the past and will no doubt consider it again when economic circumstances make it feasible. The government will be continuing to examine other potential improvements in programs to assist people. In this context the

government is looking at potential initiatives for supplementing income for those who work at inadequate levels of income, and there will be a continuing examination with the provinces regarding possible improvements to the income support system.

In conclusion, potential improvements to the system can and will be examined in the future. In the meantime it should be recognized that we do have programs to meet the income needs of people, and in particular the spouse's allowance is doing a good job of meeting the special need for which it was designed.

Mr. Knowles (Winnipeg North Centre): Provided a woman has a man.

● (2212)

HEALTH AND WELFARE—GRANTS TO PLANNED PARENTHOOD FEDERATION

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, last Monday I rose to ask the Minister of National Health and Welfare (Miss Bégin) the following question:

The chairperson of the allocations committee of the Planned Parenthood Federation said in her report of June 17, 1977:

> It is important for associations to remember that their primary role is to be agents for change rather than service agencies.

Since the federation receives about $670,000 annually from the federal government, most of it from the minister's department, I ask the minister whether she, as the principal financial supporter of that organization, endorses that statement?

I should like to put on the record the last part of the minister's reply, in which she said:

I can see the implications he—

Meaning me, the hon. member for Surrey-White Rock.

—is suggesting, and I do not think that is an honest, intellectual way to work. First of all, I should like to read the report; secondly, if the hon. member has clear allegations I would prefer that he had the guts to announce them.

I think that last part of her response does not deserve comment, Mr. Speaker, and so I shall refrain. Up to this point I have had considerable regard for the minister. But I am concerned about the first part of her answer where she said:

I do not see what is wrong with the statement, taken out of context, that the hon. member read to me.

That answer, Mr. Speaker, disturbs me a great deal. I am really not talking about whether the Planned Parenthood Association ought to exist or even whether the federal government ought to be supporting it financially. What I am talking about is to what extent the government and ministers of the government will permit our people to be free and independent determinants of their future, their lifestyle and what kind of people they choose to be. That really is the critical question. When any group says it is here to be an agent for change and is supported by taxpayers' dollars, I am concerned.

The minister is right. This statement made by the group does raise serious implications. Let us admit it, Mr. Speaker, we are living in a very pluralistic society. There are many different views of man and of life. The planned parenthood group apparently sees life from a very rationalistic and materialistic point of view. Other groups such as the pro-life group see man as being a sacred person. There are other religions who see all life as being sacred, whether it is man, animal or insect. We live in a pluralistic society.

If the minister says she agrees that this agency ought to be an agent for change, my question is: How far is she willing to go to apply pressure to bring about a change of attitude? How much are the people going to have to change their convictions to conform to those agents of change? What if they do not want change? What if they want to maintain the convictions and lifestyle they have chosen for themselves? How far is the minister willing to go and to what extent is she willing to use taxpayers' money to bring about that change and try and convince people that they ought to change?

Within a rationalistic and materialistic view of life there are many different views, a whole range. Should there be such things as abortion on demand? What about abortion for those whom some invisible agency deems are not fit to raise a family, are not capable of raising a family? Should there be compulsory abortion? What about euthanasia and to whom should euthanasia apply? Should it only be for the elderly? At what point should we apply euthanasia for the elderly? What about euthanasia for the disabled who are "a burden" on society? At what point do we apply euthanasia if we are going to take a rationalistic view of life?

I come back to the question, Mr. Speaker: How far should any group in society be supported by the taxpayers' money to try to change people? That is the most sacred question. The most sacred faculty we have is the faculty of choice. If this is taken away from us by any means at all, we become dehumanized. We become animals. We do not have to go back very far in history to see examples of that.

● (2217)

The goal stated by this group raises ominous implications for this very sacred faculty which is ours by right. Furthermore, the government is elected to represent all Canadians. What about the other groups who disagree with that point of view? Are they not entitled to support? If the government is going to support planned parenthood, a group that thinks they are agents for change, what about the other groups in society who want to change society in a different way? Are they not entitled to taxpayers' dollars? Is the government going to represent only one small segment of society and the one very narrow view that it has chosen as being the right view for all people? How far is the government willing to make this choice for all Canadians?

I say again, Mr. Speaker, that the minister has chosen a very serious approach if she agrees, as she says she does, with the view that the planned parenthood group has espoused for itself. They ought to remember they are not simply there to be social servants, but they are to be agents of change.

I would like the parliamentary secretary to give me a clear indication of just how far the minister is willing to go to change society according to the norms that she has chosen for all of us, or that this group has chosen for us. How much

money are they willing to continue to spend? Will they be free and democratic enough to support other groups who might not agree with this particular group?

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I have now had the opportunity to read the report of the allocations committee of the Planned Parenthood Federation of Canada for 1976-77. It was from the document I understand the hon. member for Surrey-White Rock (Mr. Friesen) quoted from when he asked his question on April 3. In it, the chairperson of the allocations committee reports on a meeting held June 17 at which several topics of relevance to the financial health of this national voluntary association were discussed. The report in its financial affairs section indicated, as did the hon. member on Monday, and I quote from the report:

"It is important for associations to remember that their primary role is to be agents for change rather than service agencies".

What is implied here is the primary role of the Family Planning Federation of Canada, which can be conceived as education and promotion of responsible parenthood for all Canadians.

This sentence further implies that voluntary agencies in the social and educational sectors are not to be primarily responsible for the delivery of health, welfare and education services. I am sure the hon. member would agree provision of services is the primary responsibility of provincial and municipal governments in this country. Let me take this opportunity to commend the two national voluntary associations active in family planning, SERENA Canada and the Planned Parenthood Federation, for their educational and promotional efforts toward ensuring that Canadians have the number of children they want and when they want them.

At the same time let me sketch the policy of the department on sustaining grants to national voluntary associations such as SERENA Canada and the Planned Parenthood Federation of Canada. These grants are made on a year-to-year basis, after annual review. The sustaining grants to the two associations, namely $175,000 to SERENA and $600,000 to the Planned Parenthood Federation of Canada, are calculated on the basis of their relative scope of activity in the country.

The sustaining grants have not increased over the last four years. Notice has been given that the department is attempting to reduce the dependence of the two organizations on federal funds. In other words, we have been working toward a pattern of financing in which the affiliates of the two associations will cease to be dependent upon the national organizations. We visualize the national offices being in receipt of revenue from their affiliates. This model is the typical pattern of funding for the voluntary sector in Canada. In the family planning field we do realize, however, that a number of years may pass before it can be fully implemented without loss of valuable educational and promotional effort.

It is my firm belief that the voluntary sector's advocacy for social change has been influential in the development of the broad range of social services across Canada.

• (2222)

ENERGY—RATIONING OF SUPPLIES—GOVERNMENT POSITION

Mr. Paul E. McRae (Fort William): Mr. Speaker, on Monday of this week I asked the Minister of Energy, Mines and Resources (Mr. Gillespie) about a report from the London Conference over the weekend to Mr. R. Toombs, the senior energy adviser for the department. Mr. Toombs indicated some very real concerns about oil shortages in the next seven or eight years and called for a super conservation program. The minister indicated in his answer that this program, which included the possibility of rationing, would only be implemented in the case of an emergency.

According to the figures of the National Energy Board, this emergency is inevitable. A chart produced by the National Energy Board and a report on oil supply and demand made a year ago do not vary more than 50,000 barrels a day today, according to the department and the board. That report shows that in 1976 Canadians were producing two million barrels a day. By 1986, production will drop to one million barrels a day. This includes a growing amount that will come from the oil sands or tar sands.

In 1977 we had a deficiency of 17 per cent in our production. This will grow to 52 per cent by 1986. We were told in testimony recently that by that time oil will be $25 a barrel in today's dollars. Therefore, we will have a deficit of $10 billion.

The department's figures indicate additional supplies of gas and electricity will be coming on stream. However, by 1986, we can expect a 30 per cent deficit in our total energy needs. With a good conservation program, that can be reduced to 20 per cent. One problem is, there is no discernible program for crossing over. We are told that more supplies of gas are coming in, but the cross-over just is not there. We will run out of an extremely vital resource necessary to propel our automobiles and so on. There will not be the technology to use some of these other materials at an early date.

I say to the minister through the parliamentary secretary that a crisis situation is developing. A white paper should be produced at the earliest opportunity, if possible before this parliament dissolves, clearly setting the conservation alternatives before the public. It should set out the alternatives in terms of available technology to make the cross-over, the changes required in our automobiles, and much more drastic changes than have already been announced.

• (2227)

Changes in the price structure may bring about conservation. There may be a possible need for rationing almost immediately, well before we run out of oil. I believe that there is a global oil crisis. There will be shortages everywhere, not just in Canada, and we must anticipate these shortages. I believe it is essential that a white paper be produced so that Canadians can better understand prices and take part in the

discussions which will decide how we must approach the super conservation program which is required.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, in response to the question of the oil supply situation in Canada as foreseen for the next ten years, it can be noted that the country's production of conventional crude oil is forecast to decline from 1.4 million barrels a day in 1977 to the level of 900,000 barrels a day in the mid-1980's.

In order to minimize reliance on uncertain supplies of oil imports, this production would not only have to be supplemented by production of close to 200,000 barrels a day from the two oil sands projects now developed in the Athabasca oil sands, but also by a further production of 200,000 barrels a day from as yet undeveloped sources in the heavy oil areas and the oil sands, to provide for a total production of 1.3 billion barrels a day. Expected oil demands in 1985 will be over 2 million barrels a day, which indicates that between 700,000 and 800,000 barrels a day would have to be imported. This would be a minimum level of imports, in view of uncertainties regarding the timing of projects to bring on new heavy oil and oil sands sources.

The situation of extensive dependence on oil imports, to the extent of 800,000 barrels a day, raises two major concerns. Such a large reliance on oil imports would impact seriously on Canada's balance of payments position. Imports of 800,000 barrels a day would represent a drain on the country's balance of payments by some $6 billion in 1985, or possibly even more should the international price of oil escalate faster in the 1980's than now anticipated.

The second problem, one of even more significance, is the question of import dependence from a security of supply point of view. In the event of international oil supply restrictions or serious supply disruptions, the eastern part of Canada would be in a major deficit position after existing storage supplies were exhausted. In preparation for such an eventuality the government is considering several possibilities of developing underground oil storage facilities to lengthen the period in which Canada could sustain itself in the event of an overseas supply curtailment. However, there are limits to storage development and, in any event, supply interruption would also be dealt with through some form of energy use curtailment.

To this end the government has developed an emergency preparedness plan which, in the event of a prolonged emergency, could be carried through to a rationing phase. The government has recognized that an emergency could occur at any time and, consequently, has actively been developing a preparedness plan since the occurrence of the 1973-74 Middle East crisis. This is a contingency plan to meet emergency circumstances. Other steps are being taken to reduce the dependence on overseas supplies in addition to the acceleration of oil resource development.

To reduce the gap between supply and demand as now projected for the mid-1980's, increasing emphasis is being placed on conservation measures. This includes measures to reduce energy use in the home, such as the Canadian home insulation program, measures to reduce gasoline and diesel oil consumption in transportation, and a number of programs to improve the efficiency of energy use in industry.

In summary, the government has prepared for the possible eventuality of international oil supply curtailment through the design of an emergency preparedness program. It is also taking steps to minimize the projected energy supply gap in the next decade through incentive policies designed to accelerate oil resource development and through conservation programs directed to the residential, transportation and industrial sectors. All these programs, whether for emergency conditions or to meet the normal problems of supply and demand, are part of the government's energy policy. The country's energy policy in this and other respects has been developed to respond to the circumstances of a dynamic and ever-changing international energy economy.

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

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, April 7, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

AIR CANADA

RELOCATION OF AIRCRAFT PAINTING FACILITIES—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity. As Air Canada is planning to move its aircraft painting facilities from Dorval to the virtually unused $5 million hangar in Winnipeg, which is large enough to hold wide-bodied jets such as 747s and L10-11s that now have to be painted in the United States, and also since Air Canada could bid to do painting for other Canadian and American airlines with 747s and L10-11s, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That this House direct the Minister of Transport to stop blocking the move of personnel and the paint shop to Winnipeg, which will establish a new Canadian industry, creating employment and stopping a flow of Canadian dollars to the U.S., and the planned move be left entirely with Air Canada officials, with no political interference.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL PARKS

ESTABLISHMENT OF WILDLIFE PARK IN YUKON—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the request by United States authorities going back to the early 1960s to have Canada establish a wildlife park in the Yukon in conjunction with Alaska, and that the State of Alaska has now designated some 74 million acres as a wilderness area which could be used in conjunction with such a park, and that the recommendation of the Berger commission was to establish such a park, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That legislation be introduced in this House in line with Mr. Justice Berger's recommendation for the establishment of the wildlife park in the Yukon as recommended.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

GOVERNMENT ACTION TO RESTORE PEACE IN ANGOLA—MOTION UNDER S.O. 43

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Given the accelerated military activity in Angola, where a Marxist regime is employing Cuban mercenaries to brutally crush indigenous opposition to it, and given the disturbing news of the assassination in southwest Africa of the paramount chief of the Herero people, I move, seconded by the hon. member for Meadow Lake (Mr. Cadieu):

That this House request the government, through its representative on the United Nations Security Council, to urge the strongest possible action by the United Nations to restore peace in Angola, where the death toll seems to have surpassed that in Lebanon already, and that at the same time the government of Canada withdraw its representative from the five-nation committee endeavouring through negotiations with South Africa to reduce southwest Africa to the same state of oppression existing in Angola.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

REQUEST GOVERNMENT TAKE CONTROL OF INCO—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unani-

mous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that Inco has announced a two-week extension of summer lay-offs, and that no level of government was made aware of this until hours before the announcement was made public, making a complete mockery of national economic planning, I move, seconded by the hon. member for New Westminster (Mr. Leggatt):

● (1112)

That this House instruct the government to take over the operation of Inco, rescind the lay-offs and take control of Inco until such time as future plans which affect the Canadian economy have been made clear and the jobs of Canadian workers have been protected.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

CONDEMNATION OF COMMUNIST ATROCITIES IN KAMPUCHEA—MOTION UNDER S.O. 43

Mr. Pierre De Bané (Matane): Mr. Speaker, I should like to present, jointly with the House leader of the official opposition, the hon. member for Grenville-Carleton (Mr. Baker), a motion of the greatest importance which calls for the unanimous consent and support of all hon. members.

Since the Khmer Rouge has taken absolute control of Cambodia, called today the Democratic Republic of Kampuchea—

[*Translation*]

—the entire world was horrified on learning from many concordant sources about the terrible genocide of two million babies, children, women and men; the deportation of any living soul from the capital of Phnom-Penh and from every city, with no exception made for dying persons confined to hospital; the fact that the government called the communist party of Kampuchea have used children to shoot all those who were executed.

For those reasons, all members of the Canadian parliament express their horror of that genocide, which is one of the worst crimes in the history of mankind, and urge the government of democratic Kampuchea to stop that inconceivable blood bath and Prime Minister Pol Pot to accede immediately to the resolution voted with the support of Canada on March 8, 1977 at the 30th session of the United Nations Human Rights Commission sitting in Geneva and, finally, ask all parliamentarians and governments which maintain relations with our country to protest against that slaughter which has astounded the entire world.

[Mr. Rodriguez.]

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

Some hon. Members: Agreed.

[*English*]

The House has heard the terms of the motion moved by the hon. member for Matane (Mr. De Bané), seconded by the hon. member for Grenville-Carleton (Mr. Baker). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Rodriguez: On a point of order, Mr. Speaker.

Mr. Speaker: Motions pursuant to Standing Order 43. The hon. member for Vaudreuil (Mr. Herbert).

Mr. Rodriguez: On a point of order, Mr. Speaker. I stood up to debate the motion put before the House.

Mr. Speaker: Order. I heard no negative voice; I am sorry.

Mr. Rodriguez: I stood up right in my place, Mr. Speaker, after you put the question.

Mr. Speaker: Order, please. Then the motion ought to be read entirely.

Mr. Rodriguez: Mr. Speaker, I agreed with the motion, but I wanted to debate it.

Mr. Speaker: Order, please. I understand that.

Mr. MacEachen: Mr. Speaker, on the point of order, I understand the motion was put and carried.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Nickel Belt (Mr. Rodriguez) has indicated now that he had given his consent to the putting of the question, but I gather he wanted to enter the debate on the motion.

Mr. Rodriguez: That is right.

Mr. Speaker: In the circumstances, having carried the motion, I may have acted precipitously. I was not aware that there was any intention to debate it. In any case, we would have been required to interrupt the debate at this time in order to commence the question period. Therefore, I think the safest course is to allow the motion to have been carried as indicated.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

REASON FOR RAISING BANK RATE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Perhaps he could be given an opportunity to return from his "floating" in the House of Commons here.

My question concerns the rising interest rate structure in this country. We know that within the last month the bank rate, and consequently the prime lending rate, in Canada has gone up one full percentage point. Knowing the domestic consequences of high interest rates in this country, would the minister indicate to the House why he has chosen this time to raise interest rates by that amount, bearing in mind there were 229,000 more people out of work in February, even seasonally adjusted, than there were in December of 1976, when the interest rate was last at the 8.5 per cent level, at which time the government thought it wise to lower the rate to stimulate the economy?

● (1117)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, each time the government has raised the interest rate we have given an explanation, and it was clearly indicated in the statement made by the governor of the Bank of Canada. I would like to point out to the hon. member that there is an increase of 250,000 people in the work force over this time last year.

Mr. Stevens: Mr. Speaker, again to the Minister to Finance, who obviously has little regard for the 229,000 people out of work as compared to December 1976, when the government chose to lower the interest rate in the hope of getting the unemployment figure down.

My second question to the Minister of Finance is: Has the government analysed the impact the higher interest rate structure will have on the sale of unsold homes or homes about to be completed in Canada, bearing in mind that raising the interest rate by 1 per cent will disqualify 25,000 would-be home purchasers in this country or, to put it another way, a total of possibly $1.25 billion in house construction? If the government have considered the impact on the housing industry, would the minister indicate to the House what he feels the consequences will be?

Mr. Chrétien: Mr. Speaker, I would like to state to the hon. member, without having all of the figures in front of me, the interest rate was higher a year and a half ago than it is today in Canada. The past year was a good year for housing. Of course, the higher interest rate will have a negative effect on the buyers of houses, but the monetary policies of the government are such that we have no other choice.

Mr. Stevens: Mr. Speaker, the Minister of Finance, obviously, is acknowledging to the House that it is the international bankers who are calling the domestic tune in Canada as far as our monetary position is concerned.

My final question to the minister is: If he accepts that the higher interest rate is necessary to the country, has the Minister of Finance taken up with the chartered banks and the other lending institutions of this country what one of his predecessors did, that is, to ask those institutions to give preferential treatment to the small businesses and farmers of this country by way of a one-quarter to one-half point lower rate, rather than letting them take the full brunt of the one percentage point increase?

Mr. Chrétien: Mr. Speaker, the interest rate on mortgages, for example, has not risen a full point like the rate of the Bank of Canada, and because there is a competitive situation in that market at this time, a lot of funds are available. The competitive factor has kept the situation better under control than we could have expected normally with an increase in interest rates.

BALANCE OF PAYMENTS ACCOUNT

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance. Since the minister has said that the government's policy of raising interest rates was to deal with the foreign exchange problem, I wonder if the minister could tell us why, as given in the March issue of the Bank of Canada Review, the balancing items in the balance of payments account are substantially higher than ever before?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I take note of the question, for I did not hear the preamble.

[*English*]

Mr. Gillies: I will put the question another way. In the balance of payments account there is a balancing item which in the past two years has been over $3 billion, almost $4 billion. I am astonished that the minister is not up to date on this matter, because it is so important in making policies. It is incredible to me that the minister does not understand this. I want to know if the department has completed any studies to determine if there is a lot of hot money, to use the vernacular, moving out that the government cannot trace, thus causing the balancing items in the balance of payments account to be so large. You can call it what you will, suitcase money, money of this sort. I am wondering if the minister has discovered that this is, in fact, what is happening and whether it is affecting the balance of payments to the extent that is indicated.

[*Translation*]

Mr. Chrétien: Mr. Speaker, when we establish the budgetary or monetary policy of the government, we take all factors into account during the debate.

[*English*]

Mr. Gillies: Mr. Speaker, I appreciate that answer from the Minister of Finance, but how can he say that all factors have been considered when there is an unexplained amount of almost $4 billion? What is that $4 billion? Where is it going? What sort of capital is that? Where is it flowing? Where is it?

● (1122)

[*Translation*]

Mr. Chrétien: Mr. Speaker, I take note of the question and I will give the hon. member a detailed answer during the next question period.

[*English*]

INTEREST CHARGES INCURRED IN MAINTAINING A FLOATING DOLLAR

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is to the Minister of Finance. In addition to driving up the cost of living in Canada and creating higher levels of unemployment, will the minister confirm to the House that the government's policy of maintaining a rational float, or dirty float or no float of the dollar is actually costing the taxpayers of Canada, in interest charges for the more than $3 billion that the government is borrowing or is planning to borrow, $750,000 a day? Would the minister confirm that?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I know that in order to establish those credit margins we have to pay a certain amount of money; nevertheless, it would be extremely regrettable not to have any credit at all at the present time, given the monetary situation we are in, in order to protect the dollar against any drastic fluctuation of the market. Obviously, given the circumstances, we would have to pay even higher rates than those we can offer at the present time. The hon. member should recognize that the fact that we can so easily obtain credit margins to implement our monetary policy is a tribute to Canadian credit.

[*English*]

Mr. Broadbent: Mr. Speaker, that is witness to the irreverent and harmful gnomes of Zurich. I should like to ask the Minister of Finance to take a very brief period to reply, because he did not a few days ago when I asked him. He referred to the governor of the Bank of Canada.

Since the floating dollar is also actively being pushed by the President of the United States because he recognizes it is creating more jobs than any other particular measure that could be taken in the United States economy, why does the Minister of Finance not also follow the straightforward policy to which the government was committed some months ago and allow the dollar to float, instead of pouring $750,000 per day down the drain to prop it up, because we get more jobs with a floating dollar?

[Mr. Chrétien.]

Mr. Chrétien: Mr. Speaker, I think the hon. member should recognize that the United States system and the Canadian system are not exactly the same. As I have said so many times, the policy of this government is a floating dollar. The intervention we make in the marketplace is to make sure that the dollar floats in a normal way. This is exactly what the other governments do. Just look at the United States situation: not long ago they negotiated some borrowing from the Germans in order to make sure that their dollar could react normally to the international situation.

Mr. Broadbent: A final supplementary question, Mr. Speaker. I am sure it was inadvertent, but the minister simply and completely distorted reality. Would he confirm that, contrary to what he just said, it has been the Germans and Japanese in recent weeks and months who have been taking action to prop up the United States dollar because of the concern about their exports. They realize that by floating the dollar the United States will make inroads in terms of competition with them.

I repeat to the Minister of Finance, why does the government not stick to the floating dollar, instead of pouring money down the drain to prop it up, because we get more jobs by allowing it to float?

Mr. Chrétien: Mr. Speaker, I am very glad the hon. member confirms it is good policy that we float the Canadian dollar. Not long ago he was telling me what I had to do to maintain the dollar; today he tells me he likes a dollar that floats and does not mind it. He even implies in his question that he would like a dollar lower than it is now.

* * *

[*Translation*]

INDUSTRY

TEXTILES—INQUIRY WHETHER IMPORTS WILL BE REDUCED IF TARIFFS CHANGED

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I wish to direct a question to the Minister of Industry, Trade and Commerce.

Following agreements which have been negotiated recently with some countries on textiles and clothing, would the minister tell the House whether tariffs were raised or reduced and if there was also agreement to lower imports so as to provide better protection for our textile and clothing industries in Canada?

● (1127)

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Some years ago Canadians were importing something like 12 units of clothing per person. We have cut that back to less than eight units per person. The textile industry has responded with renewed investment in Canada, and I am very pleased to say there is more confidence now in the

Canadian textile industry than was the case a couple of years ago before we put on quotas. I think we will see more Canadian-manufactured textile goods available to Canadians in the years ahead.

[*Translation*]

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

Following those negotiations, would the minister tell the House whether he has received comments from industry owners and if those comments were favourable, because we are interested to know what their reaction is when things go bad. We also like to know how they feel when the outlook is more promising. Did he receive communications from manufacturers expressing their satisfaction?

[*English*]

Mr. Horner: Mr. Speaker, there have been communications between the department and the business community with regard to the Canadian textile industry, as well as the manufacturers. If one looks at the last quarter of 1977, textiles was one industry in which there was an increase in investment. Canadian manufacturers are investing and enlarging their plants, and as a result will be able to serve the Canadian market better in the years ahead.

* * *

NATIONAL SECURITY

DISTRIBUTION OF SECRET DOCUMENTS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in the absence of the Solicitor General and the Minister of Justice, I will direct my question to the all-knowing Deputy Prime Minister. This morning, over CBC radio, Hal Anthony made certain revelations that require to be cleared up. He pointed out that 58 copies of top secret material were made available to sources, some of whom he named. In this connection a prosecution is beginning today in Toronto.

The document in question was so secret that the hon. member for Leeds was approached by General Dare and also by the Solicitor General to produce it. I now ask the minister this question. For what purpose, for what incredible reason, were these various copies sent out to, among others, the chairman of the Public Service Commission, the assistant deputy minister of finance—as if he did not have enough trouble the way it is—a representative of the Department of Industry, Trade and Commerce and the deputy minister of supply and services? This very secret document was sent to those four people, as well as others. I ask the Deputy Prime Minister on what basis this distribution was made.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I appreciate the right hon. gentleman's comments about my all-knowing capacity, but I am sure I shall disappoint his confidence immediately by my answer. My information is that the document in question was circulated in the normal way—

Some hon. Members: Oh, oh!

An hon. Member: Beautiful.

Mr. MacEachen: —and the recipients were those who normally receive documents of this kind. I am not in a position to confirm the names of the recipients of any of the documents, but the distribution was a normal one.

Mr. Diefenbaker: Mr. Speaker, if that was a normal distribution, God help security in Canada.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, I therefore ask the minister—I know how frank he is at all times, and I pay him that tribute too—whether on Monday he will have the Solicitor General, if he is back in the House, table the list of the 58 who received this secret document in the normal way. That would be most helpful, because today a prosecution is taking place.

The contents of some of these documents have been out in the press. Have the 58 been retrieved with the exception of one or two? How many have been returned to the department at the request of the Solicitor General or the government? How many are still outstanding? These are questions that, when answered, will reveal the bona fides of the persecution of the hon. member for Leeds.

● (1132)

Mr. MacEachen: Mr. Speaker, no one would agree with the right hon. member that the hon. member for Leeds has been persecuted in any way. I believe the matter was dealt with by the Minister of Justice and the situation has returned to normal in that area of activity.

I would tell the right hon. gentleman that it is not the intention of the government to make public a list of recipients of security documents. It should appear immediately to the right hon. gentleman that this kind of information would be of interest to intelligence services not friendly to Canada. Who receives security documents in a normal manner is something that should not, and will not, be disclosed because, as I have said, it is information of a sensitive nature.

Mr. Diefenbaker: Mr. Speaker, that is a very interesting alibi. However, I would like the minister to explain what interest that security document would have for the chairman of the Public Service Commission, the assistant deputy minister of finance, the representative of Industry, Trade and Commerce, and, above all, Supply and Services. Why would documents like that be sent to those people if they are top secret? I am amazed that the minister says he cannot reveal this information. They apparently threw them up in the air, and 58 picked them up.

Some hon. Members: Hear, hear!

[*Translation*]

AIRPORTS

EXTENSION OF LANDING STRIP AT QUEBEC AIRPORT—REQUEST FOR PROGRESS REPORT

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, my question is directed to the Minister of Transport or, in his absence, to his parliamentary secretary, the hon. member for Charlevoix.

Mr. Speaker, following the numerous meetings which took place between hon. members of the Quebec City area and those held with intermediate representatives of the area, and more particularly with the Chamber of Commerce and industry of metropolitan Quebec, I would like to know whether there are any new developments concerning the plans for the extension of the Quebec airport landing strip so that the capital of the province will have an airport which can accommodate aircraft of all sizes. This would certainly help the old capital, the cradle of the French language in North America and it would represent a unique tourist attraction in Canada?

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the minister and myself met several times with hon. members of the area on this subject, as well as with municipal authorities and members of the Chamber of Commerce of Quebec. It is true that with the hotel accommodation and convention facilities available in Quebec city it becomes more and more urgent to extend the present runway. This is why the minister intends to ask very soon for the necessary funds to extend the runway to 9,000 feet. We hope that the amounts will be invested in the area at the very beginning of summer.

* * *

[*English*]

NATIONAL SECURITY

DISTRIBUTION OF SECRET DOCUMENTS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is supplementary to the very excellent and penetrating questions put by the right hon. member for Prince Albert. I ask the Deputy Prime Minister, is this not an outstanding example of the screw-ups that this government has participated in over the past few months and a very good example of how this government is falling apart before our very eyes?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I think hon. members may recognize a hint of argumentation in that question.

[Mr. Diefenbaker.]

FISHERIES

REQUEST FOR FUNDS TO PROVIDE WHARVES AND BREAKWATERS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the relaxed, albeit rejected, Minister of Fisheries who would like to be minister of fisheries and oceans. Since it now appears obvious that, like an earlier Romeo, he is not to have his way and we will not get legislation setting up a department of fisheries and oceans, I ask him—in this prebudget sitting—if he is prepared to impress upon the Minister of Finance and his colleagues in cabinet the need for additional funds to make up for the years of austerity in small craft harbours which has resulted in neglected wharves and breakwaters across this country.

I ask this question in light of the fact that more people are returning to fishing in the Atlantic provinces and this is a very important matter on the eve of a new fishing season.

Mr. Dionne (Northumberland-Miramichi): Why are they going back?

Mr. McGrath: Because there is nothing else to do.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, it is obvious that many citizens, including some of the hon. member's constituents, recognize that the future of the fishery is as bright as I have been predicting it would be. It is very much in recognition of this fact and preparing for it that my predecessor, Mr. Davis, went from a budget of $8 million to $11 million, on average, for small craft harbours to well over $30 million in the past five or six years. This year, by intelligent use of programs and with the co-operation of members of parliament—in particular, my colleague the Minister of Employment and Immigration—we will be putting in $50 million worth of facilities along the coastline of Canada.

Some hon. Members: Hear, hear!

Mr. McGrath: In view of the critically high rate of unemployment prevailing in the Atlantic provinces and eastern Quebec, and in view of the intensive labour content in these kinds of works—wharves and breakwaters—is the minister prepared to recommend to his colleagues that we embark upon an accelerated program of building wharves, breakwaters and other onshore facilities to accommodate the many thousand people, especially young people, who want to go fishing and see in the industry the promise that has long been denied them?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, my mind is really boggled when I remember the hon. member's speech in which he denounced my department for doing exactly what he is now suggesting, that is, utilizing programs of other departments of government where they can help the fishermen. That we have done, and will be doing this year, to the tune of some $12 million, thanks to the co-operation of my colleague, the Minister of Employment and Immigration. Obviously, we will continue to do this. We think it is very useful to have

fishermen involved in the construction of their own facilities, of which they are justly proud.

Mr. McGrath: Mr. Speaker, it is obvious that I am having as much trouble communicating with the minister as he is having communicating with his colleagues in government, especially the government House leader.

In view of the undertaking by the Prime Minister that there would be a separate department of fisheries before the end of this parliament—an undertaking made by the government House leader—will the minister tell the House if legislation setting up a separate department of fisheries is to be placed before the House before dissolution? I can assure him he would get the co-operation of my colleagues in the opposition to expedite this legislation. We know how important it is to the fishermen of Canada especially and to the hardworking public servants in his department.

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I certainly thank the hon. member for his offer of co-operation. The Prime Minister has designated the deputy minister for the new department. The administrative separation is a *de facto* situation. We administer the department as two separate entities although in law I cannot at the moment proceed along certain lines. This would have to be confirmed by parliament.

In fact, it is a bureaucratic and administrative matter which should be given the approbation by parliament which the hon. member promises. I have been told by the officers drafting the bill that they hope to have it before the cabinet committee dealing with such matters in a matter of days. It may well be that we will be able to proceed before the House recesses.

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AGRICULTURE

REDUCTION IN INCOME OF BRITISH COLUMBIA DAIRYMEN—GOVERNMENT ACTION TO CORRECT

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question was for the Minister of Agriculture, but in his absence I will ask it of the acting minister. Is the Department of Agriculture investigating the situation in British Columbia, where the Anti-Inflation Board has disclaimed responsibility for a rollback order that has cut the income of B.C. dairymen?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I will take the question as notice.

Mr. Johnston: Mr. Speaker, while the Minister of Veterans Affairs is taking that question as notice, will he also inquire whether the rollback is an attempt by the federal government to homogenize the returns of all fluid milk producers with those of industrial milk producers in lower cost areas of the country?

Mr. MacDonald (Cardigan): I will also take that question as notice, Mr. Speaker.

INDUSTRY

RECOMMENDED STOCKPILING OF NICKEL

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Yesterday afternoon, Inco announced the extension of its summer lay-off by two weeks. In view of the fact that this extension of the summer lay-off could have been prevented by stockpiling nickel, as the government has done in the past in the uranium industry, will the minister now recommend to his government the temporary stockpiling of nickel as a method of protecting nickel-producing communities and jobs?

• (1142)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I answered the hon. member yesterday on this question. I might make the further observation that it seems to me to be the absolute height of irresponsibility, indeed, even contemptibility, to suggest that the international problems which have created the difficulties in Sudbury—problems of the market and the heavy inventory—could be solved by the nationalization of Inco.

Mr. Rodriguez: Mr. Speaker, my supplementary question is directed to the Minister of Energy, Mines and Resources. I have never seen a more callous and cruel minister. However, I want to direct a question to him. In view of the fact that I never suggested the nationalization of Inco in my question to the minister, that irresponsibility and contemptibility for Canadians was displayed by Inco by not consulting the government first of all with respect to the announcement of the two-week extension, and that there was no consultation whatsoever with respect to the workers' representatives of trade unions, will the government follow at least the advice of the CLC and order Inco to rescind the announced extension of the summer lay-offs until such time as the government has had an opportunity to sit down with the company and with the trade union movement to find out how to ameliorate any necessary extension of a lay-off in the summer?

Mr. Gillespie: Mr. Speaker, the extent of lay-offs is a most regrettable outcome of the world situation with respect to nickel markets: I have made that clear on a number of occasions. If the hon. member is interested in trying to help those affected by the situation, he would have recognized that the extended lay-off has been moderated very substantially by a special vacation-on-pay arrangement extended by the company to workers at Inco. If the hon. member cannot remember his own Standing Order 43 motion, then someone else will have to remind him of it.

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FINANCE

INCO—REQUESTED CANCELLATION OF TAX CONCESSIONS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, now I will turn to the Minister of Finance. In view of the fact that Inco is

not using the large and generous tax concessions granted to it by the federal government, as we were told, to create jobs for Canadians, is the minister prepared to consider cancelling those advantages or tax concessions and calling in the over $300 million in deferred taxes, because obviously they have not served the Canadian people for whom they were intended?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think we can have a tax system which operates on an ad hoc basis like that.

* * *

NATIONAL DEFENCE

NATO—CREATION OF GENERAL SERVICE MEDAL

Mr. Bob Kaplan (York Centre): Mr. Speaker, my question is directed to the Minister of National Defence. A few weeks ago I reminded him of the commitment of the government, pursuant to a resolution which I had introduced, to introduce a medal as a military decoration recognizing NATO service. Following his answer of a few weeks ago, is the government now ready to proceed on this matter?

Hon. Barney Danson (Minister of National Defence): Yes, Mr. Speaker; as a result of the hon. member's representations, considerable work has been done in the department.

Some hon. Members: Oh, oh!

Mr. Danson: Recommendations have come forth. I will not be recommending specifically a NATO medal, but a general service medal which can also be identified for special service, with bars and rosettes for NATO, NORAD or other types of unusual service. I would rather avoid a proliferation of medals which show that service is recognized. I appreciate the hon. member's interest in this matter.

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VETERANS AFFAIRS

INDEXING OF VETERANS' DISABILITY PENSIONS

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is directed to the Minister of Veterans Affairs. In view of the repeated requests and encouragement given the minister, can he tell the House if he plans to initiate any improvement in the indexing feature of veterans' disability pensions in the next two weeks?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I have no information on that matter at this time.

Mr. Hees: That is the long way of saying no.

[Mr. Rodriguez.]

FISHERIES

CANADA-UNITED STATES NEGOTIATIONS RESPECTING GEORGES BANK

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the hon. Minister of Fisheries and the Environment. Was an interim fisheries agreement for 1978 on the Canada-United States boundary dispute concerning the ownership of Georges Bank recommended to the minister by his advisers, or did they recommend that Canada should take a firm stand and declare the location of the line on Georges Bank? If so, where did the hon. minister propose that the line on Georges Bank should be drawn?

I am sure the minister knows that this question is of vital importance to fishermen on the east coast of Atlantic Canada, since the ownership of the prolific and profitable Georges Bank scallop fish is obviously an issue. Has this discussion bogged down on the problem relating to minerals, or has it bogged down on the problem relating to the fishery resources on the bank?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the special negotiators who tried to narrow down the differences over many weeks felt they were close to agreement. Because they could not arrive at a final agreement, they felt they should not register failure but, in fact, they should recess and give each side time to review its position, see where movement might be possible, and meanwhile come up with an interim agreement.

Basically, the problem was one involving the fishery resource. The discussions will continue at a lower level than the special negotiators. Both sides are reassessing their positions. Frankly, I think the negotiators had made so much progress that it would be too bad if their efforts were not sustained over a period of time. I think there is hope for an agreement.

Mr. Crouse: Mr. Speaker, the minister rather skirted the main point of my question, which I will put again.

An hon. Member: He is good at that.

Mr. Crouse: What recommendations were made to the minister by his Canadian advisers concerning this problem? Did they, or did they not, recommend that the minister and the Canadian government should define where the line should be drawn, and take that stand? What were the recommendations to the minister by his appointed advisers on this matter?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, if we had backed away from our basic position, there would have been an agreement, but obviously that type of agreement is not satisfactory to us. We were attempting to find a way around the difficulty regarding where the line should be drawn, what stocks of fish move in and out of the Canadian and American zones, who should take them, and at what time. The talks did not end successfully on these issues. The fact is that they were recessed; they were not given up. There is still considerable

hope that both sides will arrive at an advantageous agreement over the long term.

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CONSUMER AFFAIRS

PRICE OF GASOLINE FOR FARM MACHINERY USE

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Some weeks ago, while speaking privately to the minister, I indicated to him the concern of many farmers, particularly in Ontario, over the fact that when they purchase gasoline for use on their farms and to store in bulk tanks, they are being forced to pay a price of up to more than ten cents a gallon than if they were to buy their gasoline at local gas company retail outlets.

Has the minister had an opportunity to investigate this problem? If so, can he make any suggestions which might bring some relief to farmers?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I followed up that question after the hon. member raised it with me in the House. Farmers in Ontario are entitled to federal and provincial rebates totalling 29 cents per gallon on gasoline for unlicensed vehicles. Consequently, in net terms, we are aware of no situation where farmers pay as much or more than consumers. But it is true there are variations from city to city and from town to town. I cannot say much more at this time.

Mr. Beatty: Mr. Speaker, is the minister aware of the fact that the price being charged farmers by companies supplying their bulk tanks is ten cents a gallon more than would be charged if the farmers had their tanks filled at local gas stations and also would receive a rebate from the government if the assistance were made available to them?

• (1152)

Mr. Allmand: Mr. Speaker, we have been told that that has been happening in some cases and it has been due to the price war between the different oil distributors. This varies from one part of Ontario to another. I do not know what we can do about that: it is part of the free market system where there is competition between them.

ACTION TAKEN BY DEPARTMENT AGAINST MISLEADING ADVERTISERS

Mr. Paul Dick (Lanark-Renfrew-Carleton): My question is for the Minister of Consumer and Corporate Affairs. Is it a fact that the marketing practices branch of the minister's department has not acted on complaints received in the past year on Post Office advertising of expected dates of mail delivery on its red, white and blue mail boxes for local, regional and national delivery, nor has it acted on the recent complaint lodged by the CLC against Employment and Immigration Canada's advertising of UIC regulations, because it is the view of the minister's department that it cannot sue another federal government department or federal agency because it is another branch of the Crown?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): This is the first time those complaints have been brought to my personal attention, so I cannot comment on them. But I am advised that Crown agencies and the Crown are exempted from the misleading advertising sections of the combines act.

Mr. Dick: Since the minister has never reprimanded or prosecuted any federal department or agency, is there now any mechanism in effect that has allowed the Department of Consumer and Corporate Affairs to publicly reprimand another federal department or agency should it indulge in inaccurate or misleading advertising?

Mr. Allmand: A few days ago I answered a question in the House indicating that we are developing, with the provinces, a code of ethics for lottery advertising, for example. Lotteries are run by Crown agencies. We are re-examining our whole policy in this area on advertising by Crown agencies, and we will take into consideration the complaints put forward by the hon. member.

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LABOUR CONDITIONS

EXTENSION OF EXEMPTION FOR AVERAGING PROVISIONS OF GRAIN ELEVATOR AGENTS

Mr. John A. Fraser (Vancouver South): My question is for the Minister of Labour. During the committee stage of Bill C-8 there was considerable discussion with respect to the exemption for averaging provisions of local grain elevator agents. Does the minister have anything to tell us at this time with respect to any action he has been able to take in this regard, or any action he proposes to take?

Hon. John C. Munro (Minister of Labour): Yes, Mr. Speaker. In view of the representations made by the hon. member for Vancouver South, members of my party and of the official opposition, I have indicated that I am prepared to grant a further extension of the exemption for a period of six months to allow the unions and the grain country elevator operators to try to come to some solution which they themselves can work out.

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ENERGY

CONSORTIUM TO DEVELOP THIRD ATHABASCA OIL SANDS PLANT

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is for the Minister of Energy, Mines and

Resources. Some weeks ago Shell Oil of Canada announced its intention to form a consortium to develop a third oil sands plant in Athabasca, but made it very clear that their attempts to form this consortium would depend on the commercial arrangement made with the government. Have any negotiations started yet between Shell Oil and its consortium with any members of the government?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I believe there have been a number of discussions among Shell, some members of the consortium and my officials. I have had discussions myself with the president of Shell. I believe the major negotiations that are taking place at present are within the consortium itself.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Would the minister pay me the honour of looking into a proposal that I made to the then minister of finance, the Hon. John Turner, with regard to Syncrude and how this type of proposal could be financed at much less cost to the final consumer than at present. Have any of his officials made this proposal known to him?

Mr. Gillespie: I have not seen the proposal in the form that the hon. member has described. I would be very pleased if he would send me a copy, and I will take a look at it.

TAX STRUCTURE, MARKETING AND EXPORT OF OIL SANDS PRODUCT

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I should like to ask the minister whether he has made any commitment to Shell Oil with regard to the tax structure, marketing and export of their product should they go ahead with the plan. I understand that some of these matters have been responsible for delaying a decision on whether or not it should go ahead, and when it should begin. Perhaps the minister should clarify the status of the matter at this time.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, a range of options has been discussed with senior officers of the Shell corporation, but no commitments have been made.

Mr. Yewchuk: Mr. Speaker, would the minister indicate when he feels he will have made up his mind as to the kind of commitments he can make to these people, in order that the kind of stable environment that is required may be established so we could proceed with developments such as this which are of great importance to the country in the long run?

Mr. Gillespie: Discussions are going on. I hope we will be able to conclude them in the relatively near future.

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

INDUSTRY

TEXTILES—NEW IMPORT REGIME DISCUSSED AT GATT

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce: it has to do with the GATT negotiations, particularly with regard to clothing. I shall read one sentence from the *Financial Post* dated tomorrow. It reads:

> The new import regime, whose details have been revealed privately to textile and clothing industry executives by Canadian negotiators, appears to have one manufacturer's approval, particularly in the primary textile sector.

I ask the minister if these comments are true and, if they are true, which companies have received this privileged information? If there are companies that have received it, on what grounds have they received it, when others have not and MPs have not?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): That sentence is referring to negotiations which are taking place with seven of the major exporters of textiles to Canada. They export to Canada about 80 per cent of our imports. Negotiations have been going on with these seven countries; that is what the sentence in the article is referring to.

Mr. Ellis: Are our Canadian negotiators telling the producers of other countries what our plans are at GATT, and not giving this information to Canadian producers?

Mr. Horner: I have the article before me. The hon. member is referring to GATT negotiations. The first part of the article reads:

> Last week Ottawa concluded a three-year agreement with South Korea which, like similar deals already reached with Hong Kong (unofficially), Taiwan—

It goes on to name the Philippines, China, Poland, Romania. Those are the negotiations which have taken place and to which the latter part of the article refers in the sentence which the hon. member read. It does not refer to the GATT negotiations.

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NATIONAL PARKS

ESTABLISHMENT OF WILDLIFE PARK IN YUKON

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development: it concerns the establishment of a wilderness park which has been proposed from time to time going back to the 1960s when the United States proposed one in conjunction with Canada. Alaska has now dedicated 74 million acres as their part of that park.

Can the minister now explain why this government has yet to move on the establishment of this park, in spite of the recommendations of the Berger commission and in spite of the pressure from the U.S. since the 1960s?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, the hon. member is misinformed. Several months ago I announced in Yellowknife that consultations would be undertaken in the north around six new wilderness areas: one was in the north of the Yukon. Since that time, there have been meetings with the people of Old Crow and other people interested in the north Yukon wilderness area. I hope to be able to proceed with it, after the process of public consultation, as quickly as possible.

I think I should add that when I was in Alberta, I had lunch with Governor Hammond and talked about the possibility of an international park. He seemed quite sympathetic to that, and I am sympathetic to it. It seems to be the only rational way to deal with the migration of Porcupine caribou herds.

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● (1202)

ENERGY

ELDORADO NUCLEAR—CONSTRUCTION OF URANIUM REFINERY IN SASKATCHEWAN

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources, who is consulting the Postmaster General. My question relates to a place called Saskatoon, Saskatchewan, which is not in Alberta: possibly the Postmaster General was consulting him on that.

In respect of Eldorado Nuclear Limited, has a decision been made regarding the construction of a uranium refinery outside Saskatoon, and will this refinery have provision for the production of enriched uranium for export purposes?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, no decision has been made on that matter.

Mr. Hnatyshyn: Mr. Speaker, will the minister let the House and the people of Saskatchewan know when a decision is to be made in this regard?

Mr. Gillespie: Mr. Speaker, I do not think there is any likelihood of an early decision on this matter. Of course, in respect of uranium policy generally, the Canadian government is waiting for the Bayda commission report and the response of the Saskatchewan government.

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POINTS OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—S.O. 43 MOTION CONDEMNING COMMUNIST ATROCITIES IN KAMPUCHEA

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order in respect of a matter which occurred earlier this day.

Point of Order—Mr. W. Baker

You will recall that the House of Commons passed a motion under Standing Order 43 dealing with the dreadful situation in Cambodia. I was delighted and, indeed, proud to second the motion of the hon. member for Matane (Mr. De Bané), joining with him and my colleagues in this regard.

One of the thoughts which comes to mind is that it is one thing for the House of Commons to pass a motion, but it may be another thing to carry out the intent of that motion. I know that in the mind of the hon. member for Matane he hopes something outside this chamber will occur.

My point of order is directed in part, sir, to you as the First Commoner, and in part to my colleague, the government House leader. It has to do with what will happen in respect of this matter following the passage of that motion. When I sit down I hope the Deputy Prime Minister (Mr. MacEachen), who is the Acting Prime Minister today, will assure the House—I am going to stop until I have his attention because I think it is important. I am sorry to interrupt the Minister of Energy, Mines and Resources (Mr. Gillespie), who is talking with the Deputy Prime Minister, but I think it is important in respect of this motion under Standing Order 43 that the House knows that something from the government's point of view will take place, since the motion was unanimously passed by the House.

It is my hope that the Deputy Prime Minister can assure members of the House today that he, in fact, will bring this motion to the attention of the Secretary of State for External Affairs (Mr. Jamieson) and his department, particularly having regard to the fact that the motion called on all governments which have diplomatic relations with Canada to join with the intent of the motion. I hope we can get that assurance from the Deputy Prime Minister.

Now in respect of that part directed to you, Mr. Speaker, I understand it is the intention, and certainly I share in this, and I hope it is your intention as well, if your office permits, to consult with all parliamentary bodies with which our parliament has exchanges from time to time, in order to bring to their attention the will of this House in the hope that those parliaments will know how strongly this parliament feels in respect of that situation in Cambodia.

I do not want to embarrasss you, sir, but I think this is appropriate for consideration by way of a point of order today. I know it is the intention of the hon. member for Matane, and I share that intent and feeling with all my colleagues in the House, because this is a very serious matter and its existence is a blot on the human landscape, that free parliaments everywhere should speak out against the murder of innocent people in such political situations.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I wish to assure the hon. member for Grenville-Carleton (Mr. Baker) that the Secretary of State for External Affairs (Mr. Jamieson) and the department have been made aware of the motion, and support it entirely. As we do not have diplomatic relations with democratic Kampuchea we will have to work with and express

our views through the United Nations Commission on Human Rights, which we are already doing. I would say there is evidence of increasing international pressure to improve the situation and ameliorate the violence to human rights in Cambodia.

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MR. RODRIGUEZ—RIGHT TO DEBATE

S.O. 43 MOTION CONDEMNING COMMUNIST ATROCITIES IN KAMPUCHEA

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise on a point of order regarding a matter which took place earlier this morning in respect of a Standing Order 43 motion placed before the House by the hon. member for Matane (Mr. De Bané). When the question was put I agreed with the principle contained in the motion and I said "yes", but I did not forswear my right to debate the motion. I believe the principles contained in that motion are worthy of debate.

Prior to the calling of question period I stood in my place to be recognized in order to particpate in the debate for which the Standing Orders provide. Therefore I submit, Your Honour, the motion which was agreed to be put to the House superseded the question period in respect of debate. The precedent of this House is that in the past we had a vote on a bill put to the House for first reading, and when the vote went right into the question period, the question period was delayed until the vote had been taken. I am prepared to debate the principle involved in this particular motion. I agree with that principle, and I think it is worthy of consideration by this House in the fullest context.

Mr. Speaker: Order, please. The hon. member for Nickel-Belt (Mr. Rodriguez) has called the attention of the House to a problem relating to the whole operation of Standing Order 43. May I say at the outset, for the record, that what has happened on a technical basis is, whether it has been well done or not, that the question on the motion has been before the House, it has been carried, and it has been so entered as having been carried. The matter is, therefore, finalized. Whether that was a precipitous action by the Chair in the circumstances, remains open for discussion. The fact is that this action was taken and, therefore, it is concluded.

However, the hon. member raises two other aspects of applications made pursuant to Standing Order 43. The first is, of course, that there is a popular impression that what is being sought in every circumstance is not simply unanimous consent to introduce a motion, but unanimous consent for the passage of the motion. In fact, the hon. member has highlighted that what the House is being asked to do is put the motion before the House and then, of course, to enter into debate on it if that is the desire of members of the House.

The fact that debate occurs so rarely in these circumstances does not in any way diminish the correctness of the hon. member's point. In fact what was done was that consent was given, the motion was put, and at that moment the motion was debatable. If the Chair missed the intention of the hon. member for Nickel Belt to debate the motion I must accept responsibility for that. However, again I say it is extraordinary when these matters are debated.

The hon. member for Nickel-Belt raises another point that I do think we will have to consider, and that is that once a debate is launched during the period of time set aside for motions to be put pursuant to Standing Order 43, and this is a very important point, is that debate to be interrupted by the commencement of the question period? If it is not to be interrupted by the commencement of the question period can we, under our Standing Orders, in fact have a question period at all, since it is called for on this day from 11.15 a.m. until 12 noon and on other days from 2.15 until 3 o'clock in the afternoon?

These two questions are most important. Again I suggest that the matter has been resolved; whether satisfactorily or not, it has been finalized. I do thank the hon. member for raising again the two difficulties to which I think the Committee on Procedure and Organization, early in another parliament or at another session of this parliament, will certainly have to give its attention. That is my hope.

MR. HNATYSHYN—REPETITION OF MINISTERIAL SPEECH ON SECOND READING OF BILL C-29

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a point of order in respect of a debate which took place yesterday on the Farm Credit Corporation Bill, and a rather unusual and peculiar situation that occurred. I refer to the fact that during the course of debate yesterday, commencing at page 4227 of *Hansard*, the Minister of Veterans Affairs (Mr. MacDonald) rose to address this particular bill, and at that time stated to the House in the first sentence of his speech that he was addressing the House on behalf of the Minister of Agriculture (Mr. Whelan).

• (1212)

I rose, during the course of the remarks just after that to point out to the House that the Minister of Agriculture had, in fact, addressed the House when commencing debate on second reading of this bill. The peculiar part is that when I look at the remarks made by the Minister of Agriculture, starting at page 3957 of *Hansard* on March 20, 1978, and the remarks made by the Minister of Veterans Affairs last night, the two speeches are identical. They are exactly the same speech made in connection with this one bill.

I ask you, Mr. Speaker, to indicate to us whether the time of the House can be usurped and wasted by this kind of contrivance whereby a minister repeats a speech that has already been made. I tried to bring this to the attention of the House and I was met with scorn, shouting, interjections on the part of the other side of the House, and the final indignity, which was that the Parliamentary Secretary to the Minister of Agriculture (Mr. Caron) stood in his place and categorically stated that the Minister of Agriculture had not spoken on this particular bill. I say that the parliamentary secretary and the

hon. member for Northumberland-Miramichi (Mr. Dionne) misled this House, because there is no question if you peruse the debates on March 20, 1978. The identical speech that was given last night was made by the Minister of Agriculture on a previous date.

One speech from the Minister of Agriculture, Mr. Speaker, is enough to put you to sleep. A second speech is more than the body can stand.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, there is one point that has to be made in connection with the comments made by the hon. member to explain the situation in which the Minister of Veterans Affairs (Mr. MacDonald) found himself acting as the Minister of Agriculture. When the bill was called to follow the anti-inflation bill and the vote on the anti-inflation bill had taken place, the Minister of Agriculture was not in Ottawa. He was in another place, and the Minister of Veterans Affairs was acting for him and had been advised that the second reading speech had not been given by the Minister of Agriculture. On that basis he presented the second reading speech. I think it is unfortunate that the Minister of Veterans Affairs had been misled in this way. I am sure the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) is not complaining about repetition as an obstacle to speechmaking in the House of Commons because, if repetition were an obstacle, then the House would have been adjourned several months earlier.

Mr. Speaker: Order, please. The point rarely arises in such a graphic illustration, as given by the hon. member for Saskatoon-Biggar, (Mr. Hnatyshyn) and I realize the validity of his point. It is one that would have had validity as a matter of order during the course of debate on second reading, in respect to that particular measure. The point is well taken. In fact it raises two matters that are prohibited, not simply that of being repetitious but also the fact of reading a speech has another interesting connotation.

However, the President of Privy Council (Mr. MacEachen), has raised the difficulty that the Chair faces in attempting to enforce in a uniform and consistent way those provisions in our practice here. In any case, the point is well taken but, regrettably, is behind us.

* * *

PRIVILEGE

MR. DIONNE (NORTHUMBERLAND-MIRAMICHI)—INCORRECT ATTRIBUTION OF INTERJECTIONS IN DEBATE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question of privilege arises out of what was said by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn). I want to point out that if the suggestion made by the hon. member for Saskatoon-Biggar is to apply to members on this side of the House, it ought to apply to members on the other side as well, particularly the hon. member for Winnipeg South Centre (Mr. McKenzie).

* * *

BUSINESS OF THE HOUSE

Mr. Murta: Mr. Speaker, my point of order, I hope, will facilitate work in the House of Commons over the next day or so. I understand that we will be debating Bill C-8 at the present time under a —

Mr. Baker (Grenville-Carleton): There has been no time allotted yet.

Mr. Murta: Well, I understand we are going to be debating Bill C-8, which is the labour bill. On behalf of my party we would like to obtain agreement that the farm credit legislation that has been brought in will be passed either by Friday or early Monday. We have had discussions with the chairman of the agricultural committee, to the extent that if we could get the legislation into the agricultural committee on Tuesday it could be arranged that it pass third reading Tuesday night before the budget debate starts. It is an important piece of legislation.

The Farm Credit Corporation is virtually out of money, or it will be by the middle of April. We are certainly prepared to move this bill through all stages as quickly as possible.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we would be willing to regard the debate on second reading of the Farm Credit Act as finished, endorse the bill, and send it to committee right now.

Mr. MacEachen: On the point raised by the hon. member with respect to the farm credit bill, if it is the desire of the House to send the bill to committee now without debate, I will call it first and then we can go on with the arrangements that have been made with respect to Bill C-8.

Mr. De Bané: Mr. Speaker, with respect to my Standing Order 43 motion I just want to have the assurance that the unanimous will of our parliament will be channeled to all countries with which we have either diplomatic relations or that we recognize. As for the way of doing it—

Mr. Speaker: Order, please. I thought the President of the Privy Council (Mr. MacEachen) made that abundantly clear.

Order Paper Questions

ROUTINE PROCEEDINGS

[*English*]

THE BUDGET

DESIGNATION OF ORDER OF THE DAY

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in accordance with Standing Order 60 I request that you designate the necessary order of the day to permit the budget presentation on Monday night.

* * *

● (1222)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 160, 829, 1,092, 1,116, 1,319 1,320 and 1,425.

[*Text*]

"JOIN THE COAST GUARD"

Question No. 160—**Mr. Marshall:**

1. Did the advertisement "Join the Coast Guard" appear in any Canadian newspapers and, if so, which ones?

2. Have any applications to join the Coast Guard been received from residents in Newfoundland?

Hon. Otto E. Lang (Minister of Transport): 1. The official recruitment, for the 1978 Campaign for Officer-Cadets of the Canadian Coast Guard, commenced October 3, 1977 and terminated January 31, 1978. The following Canadian magazines were employed: "Canada & the World," "Miss Chatelaine", "Today's Generation", "Campus". All of the abovementioned were printed for general distribution or sale, across Canada, and were directed toward readers at the high school level. As of November, 1977, advertisements also appeared in the following Canadian newspapers: Granby, La Voie de l'Est; Chicoutimi, Le Quotidien; Edmunston, Le Madawaska; Les Echo Abitibiens; Thetford Mines, Le Progrès de Thetford; Sept-Iles, L'Avenir & Sept-Iles Le Journal; Rouyn-Noranda, La Frontière; Rivière-du-Loup, Le Saint-Laurent; Rimouski, Le Rimouskois; Matane, La Voie Gaspésienne; Lévis, La Tribune de Lévis-Métro; Cowansville, Le Yamaska; Gagnonville/Shefferville, Le Nordic; Cap-De-La-Madeleine, Hebdo-du-Cap; Victoria, Colonist-Times; Vancouver, Province & Sun; Calgary Albertan; Calgary Herald; Edmonton Journal; Saskatoon Star Phoenix; Regina Leader-Post; Winnipeg Free Press; Montreal Star; Moncton Times Transcript; Moncton L'Evangéline; Toronto Star; Toronto Globe and Mail; Montreal Le Devoir; Montreal La Presse; Québec Le Soleil; St. John's Telegram; St John's Daily News; Halifax Chronicle-Herald & Mail Star; Saint John Telegram-Journal & Evening Times; Charlottetown Guardian-Patriot; The Montreal Star; The Guardian-Patriot, Vancouver; Canadian Mazazine; Weekend Magazine/Perspectives.

Yes. In total, 37 applications were received from Newfoundland residents, 27 of these being eligible to write the Public Service Examination required for admission to the college.

ST. LAWRENCE SEAWAY TOLLS

Question No. 829—**Mr. Mazankowski:**

1. Has the government made any studies of the effect that the proposed increases in St. Lawrence Seaway tolls will have on (a) revenue to the government from Seaway tolls (b) the number of ships using the Seaway (c) the level of pilotage fees taken in on the Seaway (d) the economy of the St. Catharines-Niagara region as a result of decreased shipping through the Welland Canal (e) the continued cost competitiveness of the Seaway over alternate modes of transporation (f) employment in Canada as a result of decreased shipping activity (g) income to grain producers and (i) if so, what were the results (ii) if not, for what reason?

2. Will the government consider holding public hearings on the proposed toll increases as did the U.S. Seaway Authority?

3. In deciding to impose toll increases on the St. Lawrence Seaway, did the government consider that all Provincial Premiers, the Canadian Chamber of Commerce, the Canadian Labour Congress and the Canadian Federation of Agriculture are opposed to the increases and, if so, for what reasons did the government ignore such opposition?

Hon. Otto E. Lang (Minister of Transport): The St. Lawrence Seaway Authority advises as follows: 1. (a) The federal government would receive in 1978 a return of $6.25 million on its investment. In 1977, parliament voted $36.5 million to cover interest on debt and the operating deficit of the Welland canal. The net change would therefore amount to $42.75 million. (b) No change anticipated in the number of vessels. (c) Pilotage fees should not be affected. (d) No decreased shipping being anticipated, the economy of the St. Catharines-Niagara region should not be affected. (e) The present cost advantages of the seaway over other modes of transportation are such that increased tolls will not affect the competitiveness of the system. (f) No decreased shipping activity being anticipated, employment in Canada should not be affected. (g) Proposed toll of 2.2c. per bushel of wheat (65c. per ton) or 0.8c. per bushel (25c. per ton) more represents the extent to which the income of the producers would be affected. (i) The Canada and U.S. governments have carried out comprehensive studies of the effect that the proposed higher Seaway tolls might have on the country's economy and are satisfied that the effect would be minimal. (ii) Not applicable. As stated in (i) studies were carried out.

2. The government considered but did not hold any public hearings because the interested parties made their views known through numerous meetings with the minister and officials of the Department of Transport and the Seaway Authority, as well as with officials of other federal departments. Many briefs were submitted expressing the concern of

the users of the seaway which led to a number of changes to the original proposal.

3. Some provinces have argued in favour of toll increases. The government recognized that any toll increase may be resisted for various reasons by interested parties. The numerous meetings and the analysis briefs referred to in part 2 of this reply were conducted for the purpose of considering such representations. As one result of this process, the Minister of Transport announced on December 16, 1977 that the toll increase would be phased in over a period of three years on the basis that only 50 per cent of the increased amounts will be applied at the start of the 1978 navigation season and 75 per cent at the start of the 1979 season. The total increase will not come into effect until the start of the 1980 navigation season.

AIR CANADA EARLY RETIREMENT INCENTIVES

Question No. 1,092—**Mr. Mazankowski:**

1. (a) What incentives have been offered to the 363 Air Canada head office staff who have been induced to take early retirement (b) what is the total cost to Air Canada of the programme?

2. What is the rationale for the early retirement programme?

3. How many retirements are targeted under the programme over the next five years?

4. Were employees, who are now signed up for the early retirement programme, given the voluntary choice of retirement or continued employment?

Hon. Otto E. Lang (Minister of Transport): The management of Air Canada advises as follows: 1. (a) Management employees eligible for early retirement under the company's pension plan were offered scaled severance payments which took into account years of service and age. (b) This financial data will be made available with the tabling of the 1977 annual report.

2. To meet a 10 per cent target in management staff reduction.

3. The voluntary programme was a one-time offer and there are no future retirements planned under such a programme.

4. Yes.

EXPENDITURES—CONSTITUENCY OF NICKEL BELT

Question No. 1,116—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Regional Economic Expansion and those agencies that report to it?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1970/71, Nil; 1971/72, Nil; 1972/73, $79,460; 1973/74, $69,649; 1974/75, $248,183; 1975/76, $24,840; 1976/77, $767,061. From April 1, 1977 to January 31, 1978, $319,642. The reply for the Atlantic Development Council and the Canadian Council on Rural Development is as follows: Nil. The reply for the Cape Breton Development Corporation is as follows: Not applicable.

OLYMPIC COINS

Question No. 1,319—**Mr. Towers:**

1. How many gold double-struck olympic coins were authorized?

2. How many such coins were produced?

3. (a) At what price were the coins sold to the public (b) what price did dealers pay for them?

4. As of January 4, 1977, how many of the coins were unsold?

5. What are the latest figures on the number of coin orders unfilled?

6. Were unsold coins disposed of and, if so, in what manner?

Hon. J.-Gilles Lamontagne (Postmaster General): 1. The Olympic Coin Program was authorized to strike up to 350,000 gold double-struck coins (i.e. 22k gold proof coins).

2. See below.

3. The direct sales price was $153.50 each including mailing costs. There were a variety of dealer discount arrangements and dealers were free to sell coins at market value. Some developed special cases or presentation cases.

4. Sales in the report to parliament issued September 30, 1977 were 337,190 coins. This figure will be subject to adjustment up or down as the program winds up.

5. All coin orders on which the Olympic Coin Program has received payment have been fulfilled.

6. Any unsold proof gold coins will be melted down.

DEPARTMENT OF TRANSPORT—EMPLOYMENT OF EX-PILOTS

Question No. 1,320—**Mr. MacKay:**

1. How many ex-Royal Canadian Air Force personnel are now employed by the Department of Transport?

2. How many are ex-pilots in key positions in the Department?

Hon. Otto E. Lang (Minister of Transport): 1. The information requested is not readily available and to provide an accurate reply would entail a lengthy manual search of all Transport Canada employees' personal files (22,000 people), which cost in manpower and time would be excessive and prohibitive.

2. There are ten ex-pilots in SX positions in Transport Canada.

IMPORTED FISH PRODUCTS

Question No. 1,425—**Mr. Marshall:**

What is the breakdown, by species and with amounts, of all fish products imported in the year (a) 1976-77 (b) 1977-78?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Statistics Canada is concerned:

Order Paper Questions

Canadian Imports of Fish Products, by Main Species, 1976-77

Quantities (Q) in metric tones, product weight; Values (V) in thousand dollars

SPECIES and PRODUCTS	1976		1976 (Jan. Sept.)		1977 (Jan. Sept.)	
	Q	V	Q	V	Q	V
COD	1,790	3,147	1,370	2,404	1,891	2,747
Fresh or frozen	1,790	3,147	1,370	2,404	1,891	2,747
HADDOCK and HAKE	2,539	3,161	1,578	1,892	2,267	2,257
Fresh or frozen	2,539	3,161	1,578	1,892	2,267	2,257
HALIBUT	965	3,137	661	1,945	316	1,260
Fresh or frozen	965	3,137	661	1,945	316	1,260
SALMON	3,495	10,305	2,250	6,253	5,299	7,166
Fresh or frozen	1,505	4,835	1,088	3,213	2,970	4,581
Canned	1,990	5,470	1,162	3,040	2,329	2,585
SPECIES and PRODUCTS	1976		1976 (Jan. Sept.)		1977 (Jan. Sept.)	
	Q	V	Q	V	Q	V
TUNA	12,903	23,712	8,212	16,163	11,943	23,432
Fresh or frozen	3,883	2,765	1,450	1,075	6,251	5,591
Canned, flake pack	3,577	7,988	2,698	5,736	1,782	5,961
Canned, not specified	5,443	12,959	4,064	9,352	3,910	11,880
TROUT	701	1,782	516	1,233	709	2,180
Fresh or frozen	701	1,782	516	1,233	709	2,180
HERRING	565	779	366	476	390	589
Pickled	289	362	221	257	108	152
Canned	276	417	145	219	282	437
ANCHOVY	233	721	183	531	333	1,303
Canned	233	721	183	531	333	1,303
SARDINE	1,277	2,668	748	1,529	1,041	2,106
Canned	1,277	2,668	748	1,529	1,041	2,106
SEAFISH, NOT SPECIFIED	—	30,167	—	22,168	—	28,587
Fresh or frozen	14,365	14,335	12,275	11,281	17,639	12,332
Fresh or frozen, steaks and blocks	5,933	7,716	4,502	5,603	7,483	10,789
Smoked	238	380	194	303	228	319
Salted or dried	1,693	3,625	937	1,874	940	2,210
Pickled	87	80	59	58	47	40
Canned	2,601	1,715	2,305	1,260	1,025	1,577
Liver and Visceral oil	—	213	—	160	—	228
Fish and marine animal oil	299	233	271	208	264	173
Meal	962	309	792	243	406	128
Foods and feeds	2,323	1,561	1,080	1,178	333	791
FRESHWATER FISH, NOT SPECIFIED	1,114	1,876	730	1,029	1,789	1,149
Fresh or frozen	1,114	1,876	730	1,029	1,789	1,149
CRAB	836	3,462	483	2,119	1,107	3,468
Fresh or frozen	811	3,389	463	2,063	917	3,369
Canned	25	73	20	56	190	99
LOBSTER	2,524	23,401	1,782	17,051	2,245	17,523
Fresh or frozen	2,524	23,401	1,782	17,051	2,245	17,523
OYSTER	1,829	4,379	1,087	2,799	1,298	4,245
Fresh or frozen	597	1,015	217	524	271	599
Canned	1,232	3,364	870	2,275	1,027	3,646
SPECIES and PRODUCTS	1976		1976 (Jan. Sept.)		1977 (Jan. Sept.)	
	Q	V	Q	V	Q	V
SHRIMP and PRAWN	11,002	60,585	8,205	41,715	7,399	46,908
Fresh or frozen	8,607	47,678	6,427	32,585	5,849	35,433
Canned	2,395	12,907	1,778	9,130	1,550	11,475
CLAM	2,387	2,947	1,538	1,821	1,254	2,274
Canned	2,387	2,947	1,538	1,821	1,254	2,274
SHELLFISH, NOT SPECIFIED	2,867	6,628	1,943	4,533	2,633	5,905
Fresh or frozen	2,094	4,128	1,467	2,830	2,052	3,602
Canned	773	2,500	476	1,703	581	2,303
TOTAL IMPORTS	—	182,857	—	125,661	—	153,099

[Mr. Loiselle (Chambly).]

SOURCE: Statistics Canada, Catalogue 65-007, imports by Commodities.

NOTE: Current statistics only available to September, 1977.

* * *

[*Translation*]

STARRED QUESTION

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you be so kind as to call starred question No. 770?

[*Text*]

*PROCESS HEAT EXCHANGERS

Question No. 770—**Mr. Rynard:**

1. What is the cost per pound for nickel alloy tubing and plate for process heat exchangers from (a) International Nickel Company of Canada (b) off shore sources?

2. In which countries are the off shore sources located?

3. Is nickel alloy tubing and plate processed in Canada and, if not, for what reason?

[*English*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the answer is as follows: 1. Prices of nickel alloy tubing and plate for heat exchangers vary widely according to product specifications. Therefore, complete specifications would be required to obtain a price from suppliers.

2. Nickel alloy tubing and plate are produced in the United States, Germany and the United Kingdom. Tubing is produced in Japan and Sweden.

3. Types of nickel alloy tubing for which there is a significant domestic market are processed in Canada. However, many nickel alloy tubing and plate products are not processed in Canada because the domestic market is too small to support a plant of minimum economic size, and major export markets are protected by significant tariffs.

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

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. BEATTY—DELAY IN ANSWERING QUESTIONS NOS. 1,233, 1,236 AND 1,237

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I wonder whether the government has any intention of responding to question No. 1,233 which was placed on the order paper on January 26. Questions Nos. 1,236 and 1,237 were also placed on the order paper on that date. I can understand that it might take some time to obtain the material requested but it has now been more than two months since these questions were put down.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I shall indeed take the request of the hon. member into consideration but I should like to take this opportunity to mention that, as at April 5, that is the day before yesterday, 855 questions had been answered in total, that is 56.3 per cent of all questions on the order paper, which is an excellent record.

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I have just read again the reply I gave the House earlier and find that I overlooked something. As I would hate to mislead the House, could I make a correction now?

[*English*]

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Translation*]

Mr. Lapointe: Mr. Speaker, at the end of my reply a while ago, I said certain amounts would be invested in the area early this summer: I meant early in the summer of 1979.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. MacEachen: On a point of order, Mr. Speaker, perhaps I might refer to consultations which have taken place with respect to Bill C-8 which I had intended to call first today until I heard the suggestion made by the hon. member for Lisgar (Mr. Murta), and which I will call in accordance with that suggestion. At the same time I should like to obtain an order of the House with respect to the agreement on Bill C-8, namely, that we would commence the bill and complete the report stage and third reading in a period not longer than four hours.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker. That represents the agreement to which we were a party, and we would be happy if such a House order were made.

Mr. Baker (Grenville-Carleton): Yes, Mr. Speaker. I should like to confirm the agreement on behalf of the official opposition.

[*Translation*]

Mr. Lambert (Bellechasse): Yes, Mr. Speaker, the consultations bore fruit: we have expressed our agreement.

[*English*]

Mr. Speaker: It is, then, the intention that an order of the House be made that upon entering into debate at this time on Bill C-8, which is now at the report stage, report stage and third reading would be concluded in a period of not longer than four hours. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

Mr. MacEachen: Now, Mr. Speaker, perhaps we could call, in accordance with the agreement earlier entered into, the second reading of Bill C-29 to amend the Farm Credit Act. I am calling it on the understanding it will be passed without debate and sent to the committee.

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FARM CREDIT ACT

MEASURE TO AMEND

The House resumed, from Monday, March 20, consideration of the Motion of Mr. Whelan that Bill C-29, to amend the Farm Credit Act, be read the second time and referred to the Standing Committee on Agriculture.

Motion agreed to, bill read the second time and referred to the Standing Committee on Agriculture.

Mr. Baker (Grenville-Carleton): Parliament lives!

* * *

CANADA LABOUR CODE

AMENDMENTS TO CERTAIN SECTIONS OF THE ACT

The House proceeded to the consideration of Bill C-8, to amend the Canada Labour Code, as reported (with amendments) from the Standing Committee on Labour, Manpower and Immigration.

Mr. John Rodriguez (Nickel Belt) moved:

Motion No. 1.

—That Bill C-8, An Act to amend the Canada Labour Code, be amended in Clause 28 by

(a) striking out line 21 at page 19

(b) striking out line 31 at page 19 and substituting the following therefor:

"to the safety or health of the employee; and

[Mr. Baker (Grenville-Carleton).]

(c) imminent danger to the health and safety of an employee includes a condition in any place where any radiation safety level set by either the federal or provincial government has been exceeded."

He said: Mr. Speaker, I want to put forward very briefly my reasons for seeking to amend this particular clause. The amendment would put in place the right of workers to refuse work in circumstances where their health or safety is in danger.

While the bill covers workers who are under federal jurisdiction, there is one group of workers who have consistently been caught in a jurisdictional jungle. I refer to the uranium workers, those who work in the refineries or processing plants as well as to those who work in the mines. They may come within the scope of regulations set by a federal agency, the Atomic Energy Control Board, or they may come under provincial jurisdiction since the provinces also set safety standards. Inspectors who attempt to enforce regulations are invariably caught in an administrative jungle. The mine owners claim on occasion that they are under provincial rather than federal jurisdiction—or they may argue the reverse depending upon which safety standards are less stringent. This whole question of jurisdiction in the field of safety will become increasingly contentious, and now is the time to eliminate some of these jurisdictional quarrels wherever possible. It seems to me the best way to do this is to say to the workers, "It does not matter who sets the safety standards; whichever safety level is the more stringent is the one you may insist upon." This is the first step to be taken in eliminating at least some of the underbrush from this regulatory jungle.

● (1232)

Hon. John C. Munro (Minister of Labour): Mr. Speaker, we have had consultations with the hon. member for Nickel Belt (Mr. Rodriguez) and we are essentially in agreement. I believe the official opposition is in agreement also, as there have been discussions with the hon. member for Vancouver South (Mr. Fraser). I wonder if this motion could stand for a few minutes in order that I may double-check the precise wording because some changes have been made. I am prepared to elaborate on them now, but as a result of our discussions we are having it put in precise form referring to the precise clauses that are to be amended. These will be put on the hon. member's desk. I am sure he will agree with them and agree that they reflect the discussion. If we could have some time for that type of verification, I would appreciate it.

Mr. Deputy Speaker: Hon. members have heard the suggestion of the minister. If hon. members agree, I suggest we suspend discussion on motion No. 1 and go to motion No. 2 in the name of the hon. member for Nickel Belt (Mr. Rodriguez). Is that agreed?

Some hon. Members: Agreed.

Mr. John Rodriguez (Nickel Belt) moved:

Motion No. 2.

That Bill C-8, An Act to amend the Canada Labour Code, be amended in Clause 29 by striking out lines 11 to 48 at page 20, lines 1 to 42 at page 21 and lines 1 to 23 at page 22 and substituting the following therefor:

"(2) At least one-half of the members of a committee shall be appointed by the bargaining agent for the employees or, where there is no bargaining agent, elected by the employees of the work, undertaking or business, and the remaining members of the committees shall be appointed by the employer.

(3) The members of the committee shall elect two of the members as co-chairmen, one of whom representing the employees and one of whom representing the employers.

(4) An employer shall post and keep posted the names and work locations of all the members of the committee established for his work, undertaking or business in a conspicuous place or places where they are likely to come to the attention of his employees.

(5) The powers and functions of the Committee are:

(*a*) the receipt, consideration and expeditious disposition of complaints relating to the health and safety of the employees represented by the committee;

(*b*) the maintaining of records pertaining to disposition of complaints relating to the health and safety of the employees represented by the committee;

(*c*) the receipt, consideration and expeditious disposition of each safety officer's report, including any recommendation for closing down based on unsafe working conditions;

(*d*) co-operating with any occupational health service established to serve the place of employment;

(*e*) the establishment and promotion of health and safety programs for the education of the employees represented by the committee;

(*f*) participation in all enquiries and investigations on matters pertaining to occupational health and safety including such consultations as may be necessary with persons who are professionally or technically qualified to advise the committee on such matters:

(*g*) developing, establishing and maintaining programs, measures and procedures for the protection or improvement of the health and safety of employees;

(*h*) monitoring programs, measures and procedures related to the health and safety of employees on a regular basis;

(*i*) ensuring that adequate records are kept on work accidents and injuries and health hazards and monitor data obtained therefrom on a regular basis;

(*j*) co-operating with government safety officers;

(*k*) requesting from an employer or any other person acting on his behalf such information as the committee considers necessary to identify existing or potential hazards with respect to materials, processes or equipment;

(*l*) full access to all government and employer reports relating to the health and safety of the employees represented by the Committee.

(6) A committee shall keep accurate records of all matters that come before it pursuant to subsection 84.1(5) and shall keep minutes of its meetings and shall make such minutes and records available to the safety officer on his request.

(7) A committee shall meet during regular working hours at least once each month and, where meetings are required on an urgent basis as a result of an emergency or other special circumstance, the committee shall meet as required whether or not during regular working hours.

(8) A member of a committee is entitled to such time from his work as is necessary to attend meetings or to carry out any other functions as a member of the committee, and any time spent by the member while carrying out any of his functions as a member of the committee shall, for the purpose of calculating wages owing to him, be deemed to have been spent at his work.

(9) No member of a committee is personally liable for anything done by him in good faith under the purported authority of this section or any regulations made under this section.

(10) A committee may establish its own rules of procedure in respect of the terms of office not exceeding two years of its members, the time, place and frequency of regular meetings of a committee, and establishing such procedures for its operation as it considers advisable."

He said, Mr. Speaker, there is a reason why we are introducing this particular amendment. First of all, in regard to the establishment of health and safety committees, when we looked at the bill we felt that representatives of workers in the work place ought to be placed right in the middle of the establishment of such health and safety committees. The minister has assured me that the particular clause in the bill covers the placement of the representatives of workers in the formation and composition of the health and safety committees. In Bill C-8, however, the kind of structure for the health and safety committee, and the manner in which it would operate, were all left to orders in council. It was our feeling that the ways in which health and safety committees were to operate ought to be placed in the bill itself rather than left to orders in council. We therefore outlined what we felt those terms of reference ought to be and the manner in which those health and safety committees were to operate. We felt that ought to be outlined and placed in the bill statutorily rather than left to regulations.

I have had some discussions with the minister and we were able to eliminate some of the subclauses of the amendment before us in order to avoid duplication. We reached an agreement that on proposed section 84.1(2) this could be dispensed with as it is covered in the bill to our satisfaction, and subsection (3) is also covered to our satisfaction as is subsection (4). We felt that subsection (5) should remain as is, and the next one which is numbered subparagraph (5) should be numbered (6), and should stay. We felt it was important for that one to remain. We thought that the one numbered (7) on the order paper should be eliminated, and that was agreed. The next one, which is numbered (8), should be numbered (7), and the one on the order paper which is numbered No. (9) could be eliminated and No. (10) reordered as No. (8).

We felt that those would firmly institutionalize the health and safety committees with their terms of reference and their modus operandi with respect to the work place and the way in which the committees would conduct business on behalf of the workers they are seeking to protect under the act.

Mr. Munro (Hamilton East): Mr. Speaker, I believe what the hon. member has said is an accurate reflection of what was agreed. I just suggest again that he double-check over the lunch hour to see that it is in proper form, but in essence there is no disagreement. If we could table this for the lunch hour and proceed with it afterwards, I am sure the hon. member would be agreeable. It would also give the labour critic for the official opposition an opportunity to examine it more fully.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we seem to be getting along pretty well so I would like to suggest that we call it one o'clock. This would give the minister and the hon. member for Nickel Belt (Mr. Rodriguez) a chance to sort out the paper work. I think we could then proceed expeditiously at two o'clock. It is obvious we are not going to need the full four hours we had planned.

Mr. Munro (Hamilton East): Mr. Speaker, I want to express my appreciation to the opposition parties for their

helpfulness at report stage. In going along with the hon. member for Winnipeg North Centre (Mr. Knowles) I should like to say that I believe the official opposition has one amendment and the government has three. Those could also be examined over the lunch hour. There is a purely technical amendment to clause 24, an amendment limiting review by the federal court which is clause 43, an amendment to expand access re remote locations, clause 71(1), and the fourth, a technical amendment to correct an error regarding first agreements made in committee in clause 62 on page 35.

If all those amendments that we intend to make and that we anticipate from the official opposition are accurate—and I have indicated what they are—as well as the amendments of the hon. member for Winnipeg North Centre (Mr. Knowles), and can be verified over the lunch hour, they can be handled with dispatch when we come back.

Mr. Fraser: Mr. Speaker, I want to say on behalf of my party that we are in agreement. I will be presenting one amendment which has been discussed with the minister, arising out of representations made to the committee by Miss Betty Garbutt whose sister was killed by a former employee who had threatened to commit violence and unfortunately was not stopped in time. The basis of this amendment has been discussed with the government, and I hope it will have the support of my colleagues in the New Democratic Party.

• (1242)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I would just like to add to my suggestion of a moment that the consultations which will take place between now and two o'clock will have to be not only among members on the floor but also with the Chair and the Table. What seems to be developing is a substitution of three or four report stage amendments in place of the one which has been proposed by my friend from Nickel Belt. I think we are in unanimous agreement, and that all that is needed is consultation concerning the necessary paper work.

Mr. Deputy Speaker: The Chair is very much aware of the point raised by the hon. member and is ready to cooperate. However, it must also comply with the standing order which can replace the 24-hour notice only by unanimous consent. I hope that hon. members can give that unanimous consent, and whatever agreement they see fit, when we come back at two o'clock.

Mr. Knowles (Winnipeg North Centre): It is Friday; we can do it.

Mr. Deputy Speaker: Is it agreed we call it one o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being one o'clock I do now leave the chair until 2 p.m.

At 12.43 p.m. the House took recess.

[Mr. Munro (Hamilton East).]

• (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: Prior to the lunch hour there was a disposition that during the short recess the minister and the members concerned would get together and suggest some motions at the report stage to replace the two motions that were in front of the House in the name of the hon. member for Nickel Belt (Mr. Rodriguez). We have made great progress, but that is not quite complete.

In order not to waste the time of the House, and because we did not get from the minister a redraft of motion No. 1, in the name of the hon. member for Nickel Belt, if the House agrees I will stand consideration of that motion for the purpose of examining it later, or withdrawing it to be replaced with the newly worded motion which is being prepared at this time.

The House may agree to proceed in the order of the clauses of the bill. As we go along, we can dispose of motion No. 2, which also was in the name of the hon. member for Nickel Belt and will not need to be adopted because it will have been replaced by one of the other motions.

I have before me seven proposed motions, some in the name of the minister and two in the name of the hon. member for Vancouver South (Mr. Fraser). These motions are achieving the purposes hon. members have accepted among themselves. Of course the Chair does face a difficulty arising from the fact that three of the motions go beyond the terms of the bill which is in front of us. At the same time, taking into account the disposition in the House to proceed all along on the basis of unanimous consent, it appears to me that the implications of these changes is not so fundamental as to prevent my accepting the motions as they are, provided we consider them by unanimous consent and, thereafter, make sure we follow the normal procedure.

• (1412)

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I believe what you have just been handling is the rework or Garbutt amendment to 81(3). We have had the lawyers working and we have just been handed that wording in place of the old draft. If it is thought satisfactory, I can move the amendments in consecutive order. I may say there is only one amendment outstanding. It is the one put forward by the hon. member for Nickel Belt (Mr. Rodriguez) relative to "imminent danger".

Mr. Deputy Speaker: Is there unanimous consent to follow the procedure suggested by the minister?

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Deputy Speaker: As we go along, the minister will be moving the motions.

Mr. Knowles (Winnipeg North Centre): We agree to this but there is the understanding, of course, that if by the time we

get to the point at which my hon. friend's motion No. 1 has not been reworded or redrafted, the minister will accept it in the form in which it appears on the order paper.

Mr. Munro (Hamilton East): Quite so. I turn, now, to page 14 of the bill, present clause 24. I move, seconded by my colleague, the Minister of Employment and Immigration (Mr. Cullen):

That Bill C-8, An Act to amend the Canada Labour Code, be amended by striking out line 9 on page 14 and substituting therefor the following:

"keep for a period of at least thirty-six"

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Motion agreed to.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I am referring to page 15 of the bill and to clause 27. I move as follows:

That Bill C-8, An Act to amend the Canada Labour Code, be amended by adding immediately after the following new subclause:

"27.1 subsection 81 of the said Act is amended by adding thereto the following new subsection:

"(3) Every person operating or carrying on a federal work, undertaking, or business who has reasonable grounds to believe that any person may commit, or has threatened to commit, an act that endangers the safety or health of the person operating or carrying on the work, undertaking or business or any of his employees shall forthwith notify the nearest police authority."

I guess that is motion No. 2.

Mr. Knowles (Winnipeg North Centre): Let's deal with that.

Mr. Deputy Speaker: Order. I might suggest to the hon. member that it would be simpler if he were to make two separate motions on account of the fact he is proposing amendments to two different clauses. I suggest he move to add the new clause 27(1) and then come forward with another amendment to move to new clause 27(2).

Mr. Fraser: I have moved the new clause 27(1), and at that point I sat down, anticipating what Your Honour has just asked. We have one motion in front of us in relation to 27(1).

Mr. Knowles (Winnipeg North Centre): Carried.

Mr. Deputy Speaker: Order, please. The Clerk has just brought a point to my attention. In what the hon. member has just proposed he suggests that section 81 of the act be amended by adding thereto a new subsection. In his previous proposal which was examined by the Chair during the lunch hour he was suggesting that 27(1)(3) be repealed and certain words substituted. The hon. member is now, in one way, suggesting an addition to a clause. In another, he is repealing a clause and revising it. I want to make sure we do things in the right way. It is my interpretation that he is suggesting the repeal of the clause and its replacement.

Mr. Munro (Hamilton East): No.

Mr. Fraser: I do not think so.

Hon. John C. Munro (Minister of Labour): What was advised during the lunch hour by the lawyers for the Department of Justice was to leave 71(1) as it is. It provides for certain rights to employees with respect to overtime and vacation pay. This is in regard to orders to pay arrears and I am sure it is not the intention of the hon. member for Vancouver South (Mr. Fraser) to negate that provision. We wish to amend the clause by making an additional provision which would be numbered (3) as moved.

● (1422)

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

Motion (Mr. Fraser) agreed to.

Clause 27.1 agreed to.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, in the motion that you now have in front of you you will see clause 27.2 which reads:

27.2 Section 82 of the said Act is repealed and the following substituted therefor:

I am sure the minister understands that Section 82 of the Code has literally been revised over the noon hour, the consequence of which is this motion. So the effect of this motion is not only to put in the second part of what we may call the Garbutt amendment but also to bring back to full force those other sections of the Code which it is not the intention to delete. So I will read the entire amendment.

I move, seconded by the hon. member for Halifax (Mr. Stanfield) that:

27.2 Section 82 of the said Act is repealed and the following substituted therefor:

"82(1) Every person employed upon or in connection with the operation of any federal work, undertaking or business shall, in the course of his employment,

(a) Take all reasonable and necessary precautions to ensure his own safety and the safety of his employees; and

(b) at all appropriate times use such devices and wear such articles of clothing or equipment as are intended for his protection and furnished to him by his employer, or required pursuant to this Part to be used or worn by him.

(2) Every person employed upon or in connection with any federal work, undertaking or business, who has reasonable grounds to believe that any person may commit, or has threatened to commit, an act that endangers the safety of his employer or any person employed upon or in connection with any work, undertaking or business, shall forthwith notify his employer.

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

Some hon. Members: Agreed.

Clause 27.2 agreed to.

Mr. Munro (Hamilton East): Mr. Speaker, we will now move on to page 19 of the bill. We intend to add to 82.1 (12) paragraph (c) dealing with imminent danger. The wording is not in front of me or my colleagues in the House at present, so

I will come back to it later. I will now move on to the next amendment, again with the understanding that if it is not here in sufficient time we will proceed with the wording of the hon. member for Nickel Belt (Mr. Rodriguez).

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Munro (Hamilton East): I then move on to page 20, section 84.1. I propose to move the deletion of paragraph (4), seconded by the Minister of Employment and Immigration (Mr. Cullen):

That paragraph (4) of section 84.1 be deleted and the following wording substituted therefor:

(4) The powers and functions of the committee are:

(a) the receipt, consideration and expeditious disposition of complaints relating to the health and safety of employees represented by the committee;

I should qualify here by saying that this wording is identical to a motion put earlier by the hon. member for Nickel Belt (Mr. Rodriguez). The amendment continues to read:

(b) the maintaining of records pertaining to the disposition of complaints relating to the health and safety of employees represented by the committee;

(c) the receipt, consideration and expeditious disposition of each safety officer's report, including any recommendation for closing down based on unsafe working conditions;

(d) co-operating with any occupational health service established to serve the place of employment;

(e) establishment and promotion of health and safety programs for the education of the employees represented by the committee;

(f) participation in all inquiries and investigations on matters pertaining to occupational health and safety, including such consultations as may be necessary with persons who are professionally or technically qualified to advise the committee on such matters;

(g) developing, establishing and maintaining programs, measures and procedures for the protection or improvement of the health and safety of employees;

(h) monitoring programs, measures and procedures related to the health and safety of employees on a regular basis;

(i) ensuring that adequate records are kept on work accidents and injuries and health hazards and monitored data obtained therefrom on a regular basis;

(j) co-operating with government safety officers;

(k) requesting from an employer or any other person acting on his behalf such information as the committee considers necessary to identify existing or potential hazards with respect to materials, processes or equipment;

(l) full access to all government and employer reports relating to the health and safety of the employees represented by the committee.

In the same motion, if it is permissible, we will move the deletion of the present paragraph (5) and substituting in lieu thereof a new paragraph (5) which reads as follows:

(5) A committee shall keep accurate records of all matters that come before it pursuant to subsection 84.1(4) and shall keep minutes of its meetings and shall make such minutes and records available to the safety officer on his request.

We will also move the substitution of paragraph (6) by the following:

(6) A committee shall meet during regular working hours at least once each month and, where meetings are required on an urgent basis as a result of an emergency or other special circumstance, the committee shall meet as required whether or not during regular working hours.

[Mr. Munro (Hamilton East).]

We will also move the deletion of the present paragraph (7) and the substitution of the following:

(7) A member of a committee is entitled to such time from his work as is necessary to attend meetings or to carry out any other functions as a member of the committee, and any time spent by the member while carrying out any of his functions as a member of the committee shall, for the purpose of calculating wages owing to him, be deemed to have been spent at his work.

● (1432)

Further I propose to move the addition of subclause 12 which reads as follows:

Subject to subsection (9), a committee may establish its own rules of procedure in respect of the terms of office not exceeding two years of its members, the time, place and frequency of regular meetings of a committee, and establishing such procedures for its operation as it considers advisable.

Mr. Deputy Speaker: This is the first time the Chair is cognizant of this amendment. If we want to follow the normal procedure, it should be split in such a way as to amend one clause of the bill at a time. If there is a disposition to have the Chair put it in this manner, it would be done only as an exceptional procedure for the purpose of saving time. I invite comments from hon. members.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I think there is less embarrassment if we put this one rather than some of the others. Most of the wording of this one is the same wording as motion No. 2 in the name of the hon. member for Nickel Belt (Mr. Rodriguez).

Mr. Munro (Hamilton East): Rightly so.

Mr. Deputy Speaker: Am I to assume that the Chair is being asked to put the motion as it is, and as an exceptional procedure in order to assist the proceedings at report stage?

It is moved by Mr. Munro (Hamilton East), seconded by Mr. Cullen—

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, there was an understanding that this was to be moved in the name of the hon. member for Nickel Belt (Mr. Rodriguez).

Mr. Munro (Hamilton East): Mr. Speaker, that is quite acceptable. I thought the hon. member for Nickel Belt (Mr. Rodriguez) indicated, if I moved it, that it would be acceptable, as long as the House is fully cognizant. It does not matter.

Mr. John Rodriguez (Nickel Belt): I move it, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): I second it.

Mr. Deputy Speaker: Therefore Mr. Rodriguez, seconded by Mr. Knowles (Winnipeg North Centre) moves that Bill C-8 be amended in the form as just read by the Minister of Labour (Mr. Munro).

Mr. Rodriguez: Mr. Speaker, I thank the Minister of Labour (Mr. Munro) for seeing the benefit of clearly establishing the terms of reference and the duties of safety and health committees in the bill, rather than leaving it to regula-

tions. In my opinion, this is the most important aspect of the bill rather than leaving it to regulations. In my opinion, this is the most important aspect of the bill. Often we are bombarded with propaganda indicating that the number of days lost to strikes has a very grievous and serious effect on the Canadian Economy: Very little is said about the very grievous and serious blow to the Canadian economy caused by the number of days lost through accidents on the job, injuries, or lingering physical conditions because of ailments resulting from employment. Indeed the province of Ontario is wracked with such incidents.

There must be legislation providing workers with the right to exercise some control over the conditions under which and in which they work. It is one of the worker's rights to exert control over the health and safety conditions of his employment. It is one right which should not be taken away. A long time ago it was taken away by what became owners' rights. The owners determine the conditions under which the worker labours. I commend the minister for bringing an amendment to the federal Labour Code before the House which returns to the worker what was his right in the first place. I am referring to the right of a worker to refuse employment in conditions and under conditions which he considers to be injurious to his health and safety.

Instead of the health and safety committees being optional, I would have preferred those committees to be mandatory. The minister is well aware of that. I made that point time and time again in committee. If we indicate that workers ought to have control over their conditions of work, then it seems to me health and safety committees ought to be mandatory. An agreement could not be reached on that. Thus, we agreed to compromise, and we obtained a great deal of benefit for workers under federal jurisdiction. Now the conditions under which the health and safety committees will be conducted in the work place are clearly set out. It provides the workers with a right to certain information. At the present time it is denied to them. I am referring to such things as dust levels, radiation levels, or whatever. Now they would have the right to obtain such information in order to arrive at some decision vis-à-vis their continuing employment. This is extremely important.

I do not want to get carried away. I am a politician who has his feet firmly fixed on the ground, but some people would never accuse me of having them firmly affixed in cement. I realize this is not the nirvana for workers' control over the work place. As I look at part IV of the federal Labour Code, I notice in Section 80, subsection (2), that notwithstanding this legislation, nothing in the federal Labour Code which refers to the health and safety of employees will apply to employment in connection with the operation of ships, trains, aircraft, and those agencies of government which come under the Financial Administration Act. I recognize that shortcoming.

Even if this legislation is passed, there is a "notwithstanding clause" which indicates that it does not apply to ships, trains, and aircraft. What else is under federal jurisdiction? Of course an umbrella has been provided. In case anything has been missed, any other agency of government which comes under the Financial Administration Act has been added. Well, every federal government operation comes under that act. The Atomic Energy Control Board comes under the Financial Administration Act. That board sets the radiation levels under which Canadian workers work at Eldorado or the mines at Elliot Lake.

Also there is a provision which indicates that changes can be made by order in council. I hope the minister will receive the cooperation of his cabinet colleagues in that regard. I am anxious about health and safety. I hope the Minister of Labour (Mr. Munro) gives us the assurance he will work with his cabinet colleagues in order to get an order in council which would indicate that if it is good enough to have it on paper, let us make it apply to some workers for a change. I hope the minister provides some assurance that we will not have another paper tiger. There are enough paper tigers in Canada. We should start to give workers some control over their working conditions. Workers are starting to refuse to work because conditions are unsafe in this country.

• (1442)

Can you imagine that we have a Prime Minister (Mr. Trudeau) who was a great defender of the asbestos workers. Oh, boy, when he was young and single, and before coming to parliament, he was a great defender of the asbestos workers. He was a great one to condemn the asbestos companies for the kind of working conditions that existed in the province of Quebec. It has been ten years since he became the Prime Minister of this country, with all the power of that office and we now find we are getting amendments to the federal Labour Code. These amendments come along every ten years, and we now have one that is to provide some protection for the workers vis-à-vis health and safety conditions.

This provision immediately becomes emasculated, because in Part IV of the federal Labour Code it is stated that this cannot apply to workers on ships, trains, and in aircraft, or indeed any other agency of the government which comes under the Financial Administration Act. One would hope that those vocal advocates of labour and of the rights of workers to work in safe health conditions would, in fact, come forward with an order in council putting these workers under the aegis of this particular bill. I hope the minister can give us the assurance that this is the direction in which we are headed with this bill.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I should like to make a brief intercession at this point. Let me congratulate the minister on a very meaningful piece of legislation in terms of promoting labour peace in Canada. The key clause of the bill we are now dealing with may make a significant contribution, although perhaps not in the immediate future, as there are too many exceptions over which the minister does not have control, because of provincial jurisdictions. We should give the minister some credit for leading the way for provincial ministers of labour, who can now have a look at this proposal and make sure provincial labour codes contain the specific provisions of clause 29 which we are about to pass.

In rising to speak on this particular clause let me suggest it is incumbent upon members of parliament to examine the strike situation in Canada from time to time, and the reasons for strikes. Strikes have become very unpopular in the public's mind. Let me remind the House and the minister, although he may be aware of this, of a strike taking place today in Newfoundland at a place called Baie Verte, where asbestos workers of the Advocate mines, some 570 of them, have now been on strike for seven weeks. I can assure hon. members of the House that strike pay in Newfoundland is pretty darn low. I expect it is about $30 per week for a man and his family attempting to survive. These workers are not on strike for more pay. They are not on strike for anything except a change in their working conditions.

Le me tell the minister about those working conditions. A study was carried out by Dr. Selikoss in respect of the conditions at the Advocate mines. He found that 31 per cent of the workers with 15 or more years' experience in these mines show abnormalities through X-ray, which lead to asbestosis; 15 per cent with 10 or more year's experience have abnormalities leading to asbestosis, and of the entire work force this works out to one of every ten workers with abnormalities caused from working in the Advocate mines. In spite of this we have a company and several governments which refuse to move in terms of improving the working conditions in these mines.

I know the public becomes frustrated from time to time when the airlines and other such companies go on strike, or when there is a strike among the building trades which delays construction, but I want to say that all members of parliament should be backing up this kind of strike, because such strikes can bring labour peace to Canada, particularly if they make members of parliament and our ministers aware of the fact that we must act to protect the workers who are dying every day all across this country as a direct result of the environmental conditions in which they are forced to work.

The asbestos mining situation is one of these cases, but the fluoride situation is another. Studies have been done in respect of the Kitimat company in British Columbia, and I am sure the minister is aware of this. Fluoride poisoning is a direct result of working in aluminum production.

It is time that every legislature in Canada adopted the provisions of this bill so that workers have the right to save their lives by removing themselves from a working place when working there is destroying their health. There are some amendments we might like to have seen incorporated in this bill to accomplish certain other things, but I repeat my original words that the minister is to be commended for a progressive move in the labour scene. I hope he will take the advice of my colleague, the hon. member for Nickel Belt (Mr. Rodriguez), about extending the jurisdiction of this measure. It may be that the minister may want to clarify this. I have not had a chance to examine the clause in detail. Perhaps I could get the minister's attention.

[Mr. Leggatt.]

Mr. Munro (Hamilton East): You have it.

Mr. Leggatt: Perhaps he can clarify for the House just what this provision means in terms of its exceptions, indicating whether in effect the atomic energy and uranium industry is exempted. I am not entirely sure about this, and perhaps the minister is in a position to clarify it. I hope he can also give the House some explanation of why workers in the transportation system, such as airlines, are not covered. It may be that they are covered under another bill, but I do not know.

I did not have an opportunity of following the bill through the committee, and I would appreciate the minister's response to those questions; what do the exemptions really mean, and what firms are covered under the Financial Administration Act, thereby being exempt from this legislation?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, the hon. member who has just spoken, and the hon. member for Nickel Belt (Mr. Rodriguez), have referred to the uranium situation. There is now a bill on the Order Paper, of which the hon. member for Nickel Belt is aware, to amend the Atomic Energy Control Act. It has reference to Part IV of the labour code applying to the industry, but it does include, as we are all aware, the phrase "unless the board otherwise directs". I would anticipate that when that bill comes before the House, particularly in view of the comments by both hon. members of the NDP, there will be controversy about those qualifying words. I anticipate hopefully dealing constructively with the objections to those words when that particular bill is before the House.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I want to join with my colleagues in congratulating the minister for this step forward taken by this amendment, and in paying tribute to him for his efforts and the efforts of his department to bring safe working conditions to the Devco mines in the Cape Breton coal fields.

I was not a member of the committee, although I attended one of its sessions, and I have difficulty understanding why these health and safety committees are not mandatory. It has been my experience that when health and safety committees are not mandatory there is a tendency on the part of the owners or the companies to take them less than seriously.

We must remember that all federal labour legislation, although it applies only to a very small minority of workers in Canada, not to the total working force, is meant to be persuasive in provincial jurisdictions, but we cannot bank on that type of thing. Even if we do bank on it, if the federal government is not prepared to make this mandatory, it takes away from what is a real forward step in the safety and health fields as far as protection of workers is concerned. Traditionally—as the minister and all members of the House know—the owners of property, whether they be joint stock companies or multinational corporations, consider that the main objective of protecting working conditions is to make sure their property, and therefore, the productivity that comes out of the ownership of that property, are safeguarded.

• (1452)

It has taken the trade union movement a long time, and it has never fully succeeded through collective bargaining alone, to establish the contrary right, which is really a human right, but which has been referred to from a legal point of view, that the worker has the property right to his job too, just as the owners of the joint stock corporation or the capitalist, publicly owned corporation or multinational, have with respect to their property. This amendment goes a step toward helping this.

Again, I would like to ask the minister why he does not make these health and safety committees mandatory. While I am on my feet, Mr. Speaker, and not in direct reference to this amendment—but since I am leaving for my constituency and I have attended one of these meetings where I brought this up and the minister was not present—why is it that there is not the minimum of union security granted to the unions in this labour code? Why, for example, is not the agency shop, as it is now called in jurisdictions in the United States where it is so plentiful, and what we familiarly know as the Rand formula in Canada, not included in this new labour code?

The Rand formula dates approximately from 1948 and arises, as the minister knows, from the traditional conflict between the individual rights of workers to join a union. The collective right of the union is to negotiate on behalf of its workers since it is an agent for all of the workers within the plant and has been certified as a bargaining unit. Such a formula would give those workers who wanted to opt out of a union the freedom to opt out. But since the union is the agent in getting improved conditions, salaries and so on—and under this amendment will have an added impetus to improve the safety and health of the conditions under which the workers will work—why is it that the union does not have this minimum protection that union dues will have to be paid by all members of the bargaining unit, even if some opt out of being members of the union?

Mr. Deputy Speaker: Order, please. The hon. minister has introduced the amendment, and it was moved by the hon. member for Nickel Belt (Mr. Rodriguez). As the minister has already answered a question, and we are not in committee of the whole, he is entitled to speak only once. If he wishes to answer this question he will have to do it by unanimous consent. Is there unanimous consent to allow the minister to answer the question?

Perhaps it may be more in order, if there are other questions, that the minister seek one unanimous consent, but I am at the disposal of the House.

Some hon. Members: Agreed.

Mr. Deputy Speaker: There is unanimous consent.

Mr. Munro (Hamilton East): Mr. Speaker, I wish to thank the members of the House. I will answer the two questions as quickly as possible because I understand the hon. member has to leave.

The reason it is not mandatory is because we wish to put it through a trial period to test the validity of the general thrust of the 14 points to which the hon. member from the New Democratic Party from Vancouver just referred. It is simple to make something mandatory in the legislation, but if the desire to accomplish things in these committees, which do have equal representation of management and labour on them, is not there, then even if you put a policeman at the door to be sure that they stay in the room — the further specifics that the hon. member for Nickel Belt has in his amendments—if the willingness to accomplish anything of a meaningful nature through the committees is not there, nothing will get accomplished whether the committees are mandatory or not. Thus, it is the old story of management and labour and trying to get a degree of co-operation.

It can be likened to the collective bargaining process: they sit down and negotiate and accomplish nothing and make a mockery of the negotiating process. This often happens, as the hon. member knows, and I think there is a real analogy here. We felt that by treating the parties with a degree of maturity, perhaps they would see the wisdom of co-operation rather than the "big stick", which, as I have already indicated, comes up with precious few results if the spirit is not there. That is the reason that it is not mandatory.

In a sense it is more effective because the whole spirit of the legislation and its amendments is indicative of the hope on the part of the government and, more important, of parliament, that these committees should be formed to accomplish the purposes set out in the legislation. It is hoped that they will do it of their own volition and in their own enlightenend self-interest and, obviously, on the part of the employees. Employers with any degree of wisdom or compassion, or even in their own self-interest in terms of a long-term economic gain, should care about the health of their workers and do this of their own volition.

Our legislation calls for the safety officers to conduct education programs in the work place, and this should indicate to the employers the necessity and benefit gained by following it as a matter of volition. If, over a period of time, there is nothing but obstinancy and refusal to follow the legislation, then the minister can require it. Indeed, I would suspect that it would be a rather inadequate minister of labour if after a reasonable testing period there is still obstinancy in forming committees of this kind, he did not, in fact, take advantage of the provision parliament gave him to require it to be done. That is the philosophy.

On the second point, the Rand formula, the government has not gotten into the act in terms of saying what fundamental rights unions have, which they have earned over a protracted period of time in Canada, any more than stipulating certain rights that companies perceive that they are entitled to when they meet with agents of unions at the bargaining table. We would open up a new set of provisions that would be the subject matter of endless debate. As far as the Rand formula is concerned, it is almost incredible to think that that is not

accepted as a fact of life among organized workers and unions in Canada.

I can think of one outstanding example which occurred two or three years ago where the employer chose to have a dispute that went into a strike situation. It was a very bitter dispute over the failure to acknowledge the reality of the Rand formula, but that was a most exceptional circumstance. Every major employer in the organized sector today has accepted the Rand formula. It would be rather redundant at this stage to build into the legislation what is accepted by employers in the organized sector so prevalently that I think it would almost weaken the legislation to include it. It is common, ordinary practice. It has not been a matter of dispute at all in Canada except in one or two extraordinary circumstances. That being the case, I wonder at the necessity of putting it in legislation. To raise it as an issue now when it is accepted in common practice seems to be counterproductive.

● (1502)

Mr. Deputy Speaker: Is the House ready for the question?

Mr. Munro (Hamilton East): I am sorry, Mr. Speaker, I think I served Your Honour notice, and I do now to my colleagues, that unfortunately in the wording of the motion of the hon. member for Nickel Belt (Mr. Rodriguez) there was a typographical error which was repeated by myself. I refer to page 2 of the amendment, clause 5, the second line, which refers to "subsection 84.1(5)". That should be (4) rather than (5). I wonder if that can be accepted as a clerical error.

Mr. Deputy Speaker: Does the House agree to make the correction proposed by the minister?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The motion was put to the House; I hope the House will not ask me to read it. It replaces subclauses (4), (5), (6), (7) and adds subclause (10). Shall I dispense?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion (Mr. Rodriguez) agreed to.

Mr. Deputy Speaker: This would require, I imagine, withdrawal of the previous motion, No. 2, that had been put to the House before lunch and which appeared in the name of the hon. member for Nickel Belt (Mr. Rodriguez). Is it agreed that motion No. 2 be withdrawn and struck from the order paper?

Some hon. Members: Agreed.

Motion No. 2 (Mr. Rodriguez) withdrawn.

[Mr. Munro (Hamilton East).]

Mr. Munro (Hamilton East): Mr. Speaker, I wonder if the hon. member for Nickel Belt (Mr. Rodriguez) would be prepared to go back so that we could take the motions in consecutive order and move the amendment with respect to the imminent danger provision which appears on page 19 of the bill, if he has had time to check the text which has been gone over by the Department of Justice officials. If so, I would invite him to make the motion now.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I move:

That Bill C-8 be amended on page 19 by striking out lines 21 to 31 and substituting the following therefor:

(*b*) where an employee having a particular occupation would normally work in a place in a particular condition or circumstance or where an employee would normally in the course of his employment work in a place in a particular condition or circumstance, that condition or circumstance in the place does not constitute an imminent danger to the safety or health of the employee and;

(*c*) imminent danger to the health and safety of an employee includes a condition in any place where any radiation safety level set by either the federal or provincial government has been exceeded."

Mr. Speaker, I was particularly interested, in the community that I represent, to learn that just about 100 miles away there are two very large uranium mining companies, Rio Algom and Denison Mines, that have been mining uranium since about 1958. I have become aware of the problems of people who work in the uranium mines vis-à-vis lung cancer. It has been quite a task, an uphill struggle for the union, the United Steelworkers of America, which represents workers in those operations, to get agencies of the provincial and federal governments to recognize the hazards of radiation exposure.

The Atomic Energy Control Board of Canada is responsible for setting the safety levels in those mines—if there can be any such thing as a safety level. Implementation of the standards, however, has been turned over to the provincial ministry of mines and ultimately to the department of labour of Ontario. They are supposed to carry out the proper inspection and ensure that the safety levels are adhered to. History has shown that those levels were never enforced. As a result, the union representing the workers has had an uphill struggle to prove that the incidence of lung cancer with those workers has a direct link to and is a direct result of their employment in the mines.

The record is strewn with refusal after refusal of the Workmen's Compensation Board of Ontario to recognize that lung ailments, particularly lung cancer, are a direct result of working in those mines under those conditions. We find that the safety and health of those workers have been lost in this kind of jurisdictional struggle between the federal government and the provincial government. The federal government is responsible for setting the level trhrough the Atomic Energy Control Board but it has turned responsibility for enforcement over to the provincial health inspectors. These inspectors are now attempting to enforce standards set by the Ontario ministry of mines.

The company, when it suits its purposes, maintains that it comes under federal jurisdiction. Whichever is the less stringent standard is the one the company stands by. When the

Atomic Energy Control Board standard is less stringent than the provincial standard, the company claims to be under federal jurisdiction. Where the provincial standard is less stringent, then the company claims to come under provincial jurisdiction.

At the moment a case is at arbitration. Workers, exercising their rights under the Ontario bill 139, walked off the job because of conditions in the uranium mines. The company is disputing that jurisdiction, claiming they were contravening the federal act, not a provincial act. The case has gone to arbitration because the workers feel strongly about getting the tightest possible control over working conditions. That is why I raised the question with the minister. There is a need to place the uranium workers—whether they work in processing plants, refineries or mines—firmly and squarely under the jurisdiction which is the most stringent. This whole jungle of federal-provincial jurisdiction must be eliminated. The minister agreed there is a problem and that this is the direction we should move in to provide safety and control over the workplace for those most affected, the workers.

I am not naive, Mr. Speaker. I say again to the minister that I recognize in Part IV this could not become effective because of the fact that the AECB comes under the Financial Administration Act. I hope the minister can convince his colleagues that we need an order in council which would put those workers under the umbrella of this particular bill. I plead with the minister to do that because that is what I intend to tell to the workers in my area. As a matter of fact, I am speaking in Blind River on Saturday afternoon at the nominating convention of the person whom I hope will be the next member of parliament for Algoma.

An hon. Member: Dreamer.

● (1512)

Mr. Rodriguez: Well, I think the New Democratic candidate will be the next member of parliament for Algoma. When I speak at this convention I will deal with this matter. I will not be so naive as to say that we have nirvana. The minister still has to convince his colleagues that this sort of change must be made. I wish the minister the best of luck with that task. He knows where I stand on this issue and he has my support. I hope he will proceed onward and upward.

Mr. Munro (Hamilton East): I understand.

The Acting Speaker (Mr. Ethier): Order, please. Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion (Mr. Rodriguez) agreed to.

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I am referring to page 28 of Bill C-8. I am moving an addition which will be a new clause. I move, seconded by my colleague the Minister of Employment and Immigration (Mr. Cullen):

That Bill C-8 be amended in Clause 43 by striking out lines 35 to 37 on page 28 and substituting the following therefor:

"44. Sections 122 and 123 of the said Act are repealed and the following substituted therefor:

"122. (1) Subject to this Part, every order or decision of the Board is final and shall not be questioned or reviewed in any court, except in accordance with subsection 28(1)(*a*) of the Federal Court Act.

(2) Except as permitted by subsection (1), no order, decision or proceeding of the Board made or carried on under or purporting to be made or carried on under this Part shall be

(*a*) questioned, reviewed, prohibited or restrained, or

(*b*) made the subject of any proceedings in or any process of any court, whether by way or injunction, *certiorari*, prohibition, *quo warranto* or otherwise,

on any ground, including the ground that the order, decision or proceeding is beyond the jurisdiction of the Board to make or carry on or that, in the course of any proceeding, the Board for any reason exceeded or lost its jurisdiction.

123. (1) The Board shall, on the"

That is the amendment. I am sure hon. members are aware that this is designed to overcome frivolous delays by applications to the Federal Court during proceedings before the board which delay the decision, to the frustration of both parties involved. It is similar to proposals in other provincial legislation.

The Acting Speaker (Mr. Ethier): Order, please. Before presenting this amendment, the Chair would ask unanimous consent of the House to have motion No. 1, which was on the order paper in the name of the hon. member for Nickel Belt (Mr. Rodriguez) withdrawn. Is there unanimous consent?

Some hon. Members: Agreed.

Motion No. 1 (Mr. Rodriguez) withdrawn.

The Acting Speaker (Mr. Ethier): The House has heard the terms of the motion of the Minister of Labour (Mr. Munro). Is the House ready for the question?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion (Mr. Munro, Hamilton East) agreed to.

Hon. John C. Munro (Minister of Labour): I would now like to draw hon. members' attention to page 35 of Bill C-8, referring to Clause 62. This appears at the bottom of the page on the left-hand side. Section 171.1 is deleted. I move, seconded by my colleague the Minister of Employment and Immigration (Mr. Cullen):

That Bill C-8 be amended by striking out lines 31 to 39 on page 35 and lines 1 to 7 on page 36 and substituting therefor the following:

"171.1 (1) Where an employer or a bargaining agent is required, by notice given under Section 146 after December 31, 1975, to commence collective bargaining for the purpose of entering into the first collective agreement between the parties with respect to the bargaining unit for which the bargaining agent has been certified and the requirements of paragraphs 180(1) (a) to

(d) have otherwise been met, the Minister may, if he considers it necessary or advisable, at any time thereafter direct the Board to inquire into the dispute and, if the Board considers it advisable, to settle the terms and conditions of the first collective agreement between the parties.

(2) The Board shall proceed as directed by the Minister under subsection (1) and, if the Board settles the terms and conditions of a first collective agreement referred to in that subsection, those terms and conditions shall constitute the collective agreement between the parties and shall be binding on them and on the employees in the bargaining unit, except to the extent that such terms and conditions are subsequently amended by the parties by agreement in writing.

(3) In settling the terms and conditions of a first collective agreement under this section, the Board shall give the parties an opportunity to present evidence and make representations and the Board may take into account

(*a*) the extent to which the parties have, or have not, bargained in good faith in an attempt to enter into the first collective agreement between them;

(*b*) the terms and conditions of employment, if any, negotiated through collective bargaining for employees performing the same or similar functions in the same or similar circumstances as the employees in the bargaining unit; and

(*c*) such other matters as the Board considers will assist it in arriving at terms and conditions that are fair and reasonable in the circumstances.

(4) Where the terms and conditions of a first collective agreement are settled by the Board under this section, the agreement shall be effective for a period of one year from the date on which the Board settles the terms and conditions of the collective agreement."

The Acting Speaker (Mr. Ethier): Order, please. Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion (Mr. Munro, Hamilton East) agreed to.

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I would now like to draw hon. members' attention to page 42. The new clause 71.1 has to do with remote locations, permitting union officers to go thereon. I move, seconded by the hon. Minister of Employment and Immigration (Mr. Cullen):

That Bill C-8 be amended by adding thereto immediately after clause 71 on page 42 the following:

71.1 Subsection 199(1) of the said Act is repealed and the following substituted therefor:

"199. (1) Where the Board

(*a*) receives from a trade union an application for an order granting an authorized representative of the trade union access to employees living in an isolated location on premises owned or controlled by their employer or by any other person, and

(*b*) determines that access to the employees

(i) would be impracticable unless permitted on premises owned or controlled by their employer or by such other person, and

(ii) is reasonably required for purposes relating to soliciting union membership, the negotiation or administration of a collective agreement, the processing of a grievance or the provision to employees of a union service,

the Board may make an order granting the authorized representative of the trade union designated in the order access to the employes on the premises of their employer or such other person, as the case may be, that are designated in the order."

[Mr. Munro (Hamilton East).]

The Acting Speaker (Mr. Ethier): Order, please. The House has heard the terms of the motion of the Minister of Labour (Mr. Munro). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion (Mr. Munro, Hamilton East) agreed to.

● (1522)

Mr. Munro (Hamilton East) moved that the bill be concurred in.

Motion agreed to.

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

Mr. Pinard: By leave, now.

The Acting Speaker (Mr. Ethier): Now, pursuant to special order made earlier this day.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I think the House should get leave to take third reading of this bill at this time. It is an important piece of legislation. We do not want it to get caught by any events that could occur. I would make a special plea, however. I point out that our table officers and Mr. Maingot and his staff are extremely efficient. This gives me a chance to say so. Because of the numerous changes we have made, I trust they will apply their efficiency to the extreme in reprinting this bill so that the bill we are now passing on third reading does conform to what we have agreed to at the report stage.

The Acting Speaker (Mr. Ethier): By leave now, we will take third reading.

Mr. Munro (Hamilton East) moved that the bill be read the third time and do pass.

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

Mr. Munro (Hamilton East): I wish to thank hon. members.

* * *

MISCELLANEOUS STATUTE LAW AMENDMENT ACT, 1978

MEASURE TO CORRECT REVISED STATUTES

Hon. Monique Bégin (for the Minister of Justice) moved that Bill C-41, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

[*Translation*]

Mr. Pinard: Mr. Speaker, after consultation with opposition parties, I think there is unanimous consent to proceed with consideration of Bill C-41 at all stages in a very short period. The Parliamentary Secretary to the Minister of Justice (Mr. Young) would simply have a very brief remark to make before passage of this bill at all stages.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, speaking for my party, I can confirm that there have been such discussions. This bill, as the parliamentary secretary will point out, just makes changes to clear up a few anomalies. It does not have any effect in terms of substance. A draft of the bill was considered in committee before the bill itself was introduced. We see no reason why we should not deal with it completely this afternoon. We are prepared to give it second reading, have it referred to committee of the whole and give it third reading.

May I say that one of these Friday afternoons, when we seem to be able to do so well, I hope the Minister of Veterans Affairs (Mr. MacDonald) will come in with his bill affecting the rates of pensions, and he will see how fast we get that through.

The Acting Speaker (Mr. Ethier): We would need unanimous consent of all hon. members to change the wording of the motion to go into committee of the whole. Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It is so ordered.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, just to recap briefly and as a courtesy to hon. members, hon. members will recall that some few months ago I tabled in the House a document entitled "Proposal to correct certain anomalies, inconsistencies, archaisms" and so on. As the hon. member for Winnipeg North Centre (Mr. Knowles) has said, it was subsequently referred to the Standing Committee on Justice and Legal Affairs. It was studied by that committee on the understanding that the proposals contained in that document, which were accepted by the committee, would then become the bill which we presently have before us. The bill before us contains proposals accepted by all members of the standing committee.

I should point out as a courtesy to hon. members that in the bill as printed there is one less clause compared to the report which was tabled by the chairman of the Standing Committee on Justice and Legal Affairs. The clause which is missing has been deleted from the bill. It had to do with the appointment of auditors to Central Housing and Mortgage Corporation.

The Minister of State for Urban Affairs (Mr. Ouellet) requested subsequent to the report and the proposals being brought into the House, and prior to the printing of the bill, that that clause be deleted at the request of hon. members on both sides of the House. As a courtesy to hon. members, the minister does not wish to proceed with that clause at the moment.

All clauses in the bill have been thoroughly studied by the justice and legal affairs committee. I hope the bill will be approved expeditiously in all stages this afternoon.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I want to thank the parliamentary secretary for the kindness of his consultation with me with regard to this bill and with particular reference to the amendment dealing with the auditor of Central Mortgage and Housing Corporation. I understand it was the hon. member for Ottawa-Carleton (Mrs. Pigott), the urban affairs critic of this party, who led in the concurrence of the request to the minister with regard to that matter. That is perfectly acceptable.

Mr. Young: There were one or two.

Mr. Baker (Grenville-Carleton): The parliamentary secretary has indicated there were one or two. He is quite right with respect to that.

This is housekeeping legislation. It is a good idea for us from time to time to go through the statutes of Canada and pick out the anomalies and changes that should be made, those things that drive lawyers crazy and do not help in the relationship between clients and their lawyers. It is very difficult for solicitors to explain to their clients anomalies and inconsistencies.

Mr. Dionne (Northumberland-Miramichi): It drives the public crazy.

Mr. Baker (Grenville-Carleton): I know that the hon. member opposite is a client. I do not know whether he is a lawyer. In any event, it is good to get this kind of thing straightened out. Bearing in mind this is housekeeping legislation, it is appropriate that so soon before the House we all keep is dissolved and we go our separate ways we should be dealing with this kind of legislation. We are quite prepared to agree that this bill should go through all stages today in this place. When concurrence is called for, I am prepared to consent on behalf of Her Majesty's opposition.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

• (1532)

[*Translation*]

Mr. Pinard: Mr. Speaker, after consultation with opposition parties, I would like to draw the attention of the House to the fact that it is four o'clock and that we should proceed with consideration of notice of motion No. 23, in the name of the hon. member for York-Sunbury (Mr. Howie). I ask for the unanimous consent of the House so that all notices of motion prior to No. 23 be allowed to stand and that the hour provided for consideration of private members' business expire at 4.35, when we can call it five o'clock.

[*English*]

The Acting Speaker (Mr. Ethier): The House has heard the request of the parliamentary secretary that the Chair should consider it four o'clock and that all notices of motion prior to No. 23 be allowed to stand by unanimous consent? Is this agreed?

Some hon. Members: Agreed.

PRIVATE MEMBERS' MOTIONS

[*English*]

TRANSPORTATION

SUGGESTED NETWORK FOR MARITIME PROVINCES

Mr. J. Robert Howie (York-Sunbury) moved:

That the Standing Committee on Regional Development be empowered to study the concept of using transportation as a development tool by putting in place a modern transportation network in the maritime provinces, incorporating bus, train, highway and air services, and report back to the House its findings on the desirability and the best ways and means of achieving such a concept.

He said: Mr. Speaker, we must focus the attention of all departments of government on the issue of regional transportation if we are to succeed in helping Canadians who live in the Atlantic provinces to help themselves. Transportation is of paramount importance to the region, and since it is related directly to the whole question of regional economic expansion I want it placed before the appropriate committee of this House to be considered and dealt with within the total context of that committee's mandate.

Lack of an effective transportation system has been a problem in the maritime provinces ever since the turn of the century when the intercolonial railway was absorbed by Canadian National Railways. A gradual increase to bring fares charged in the maritimes to the higher level charged in Upper Canada was brought about by 1923. One of the early rate hikes amounted to about 120 per cent. The competitive disadvantage to the maritimes was recognized in 1927 with the passage of the Maritime Freight Rates Act under which rail freight rates were reduced by 20 per cent for freight passage within the maritimes, and a slight reduction was made with respect to freight originating in the maritimes for transportation elsewhere in Canada. In 1957 the subsidy was increased to 30 per cent and in 1969 the Atlantic Regional Freight Assistance Act was passed providing subsidies to Maritime truckers.

In 1974 changes were made in the federal freight subsidy program affecting railways and truckers in the maritimes; an additional selective subsidy of 20 per cent in addition to the existing 30 per cent subsidy came into effect. This program was designed to assist the transport of selected commodities grown or manufactured in the Atlantic provinces and shipped to other parts of Canada for sale.

Despite millions of dollars paid in these subsidies, maritime shippers still find themselves at a comparative disadvantage in selling products from the maritimes in the central Canadian market. There are serious structural deficiencies in our transportation system which work against Canadians who live in the Atlantic provinces. Because of tariff and quota regulations, Canadians who live along the Atlantic seaboard form a captive market for industries in central Canada. On the other hand, their distance from the more densely populated markets places them at a serious disadvantage when it comes to developing an industrial base of their own. With smaller industries and a lower population they ship a lower volume of products through older and less developed transportation carriers at transportation costs which are much higher both on a unit basis and in terms of the distance travelled. Maritimers are paying for unused capacity as well as for part of the subsidies which they themselves receive.

As a result of the population and industrial imbalance between the maritimes and central Canada, many boxcars go to the maritimes loaded with goods for delivery there and return empty or partially empty. The relatively low volume shipped westward means that maritimers do not enjoy all the advantages of competition between carriers. The trucking operation which developed dramatically in recent years has still not reached its potential. Moreover, the high risk factor involved and the smaller profits to be made by truckers meant that the operation was much slower to start than might have been expected.

In addition to suffering from a lack of competition between carriers, maritimers also suffer from the lack of co-operation between road and rail and from a failure to bring about integration in certain areas. Railroads and truckers should, for example, be encouraged to become involved in common warehouses and integrated schedules to their mutual advantage and that of the public they serve.

• (1542)

I would like now to turn briefly to the quality of transportation service in the maritimes and the Atlantic region. One of the most criticized features of air travel is the number of intermediate stops that must be made between centres. Let me illustrate this. If you are travelling at around 6 p.m. from Charlottetown to Fredericton, you fly from Charlottetown to Halifax, you change planes, and then you fly from Halifax to Moncton, from Moncton to Saint John and from Saint John to

Fredericton. If you are flying at 8.40 a.m. from Fredericton to Ottawa, probably you will not have too much difficulty getting the flight from Fredericton to Montreal, and incidentally, this is one of the two flights in the Atlantic provinces where you are served an excellent meal. You then may be fortunate enough to catch the connecting Air Canada flight 167 from Montreal to Ottawa. One of our colleagues joined about six other people who could not get seats on the plane on one occasion, and this flight was already booked on two other occasions when I tried to make the connection. The alternative is to wait in Montreal for three and one half hours for the next flight.

Before I suggest that air transportation can be improved in the maritime provinces, I have to tell the House that it is our best mode of transportation available at this point in time. The problem is that we do not have enough direct flights within the maritimes and between points in the maritimes and points in central Canada and northern parts of the United States. We do not have these flights because we do not have enough volume of trade to make them pay. Even with the large subsidies which are paid to air carriers we still have difficulty in providing the numbers that are needed to make it a good, efficient operation.

Now, the sad fact is that we are never going to have the numbers or the trade unless we first have the service, and therein lies the key to our basic problem in transportation in the Atlantic provinces. A high quality air cargo service is absolutely essential if Atlantic Canada is to develop a good industrial and commercial base. In this regard some of the larger firms in the Atlantic provinces have purchased their own planes.

Rail passenger service and, to a degree, rail freight has not really been given a good chance in the Atlantic provinces because the railways have allowed their rail beds to deteriorate to the point where trains move very slowly and the equipment they use, particularly in respect to passenger service, is generally 25 years of age or older. Depending heavily on the United States for reefer cars which the railways rent or buy, our potato industry has been affected detrimentally by the shortage of equipment.

The gateway to commerce in the maritimes is the deep water ports of Halifax and Saint John which, because of their advantageous geographic position, can become arteries of commerce in an expanding trade environment if the ports are properly equipped with modern facilities. Improved terminal storage and handling facilities are badly needed in the Atlantic provinces.

Highways in the Atlantic provinces are the principal arteries of commerce and they are carefully preserved by our highway departments. Highway weight restrictions are essential in the spring to preserve the roads for use during the balance of the year. This means, of course, that truckers have to operate with limited loads and therefore make more runs to achieve the same volume of traffic, which adds considerably to the cost of transporting goods.

The economy can be stimulated by an improved highway network. Four lane highways can be built in many instances on existing rights of way, and with two lanes going in each direction turn and elevation gradients require less expense to permit safe passage than is the case with single lane roads. This significant saving would go a long way toward paying for the additional pavement.

These more modern highways are not as much in evidence in the maritimes as they should be because without federal aid our provincial governments have not the funds to build them. In New Brunswick, for example, I feel the federal government should participate financially in a ring road around Fredericton, the new highway bridge across the river at Fredericton and a four lane highway connecting Fredericton, the capital city, with the port of Saint John.

When approached with such concepts, the federal govenrment is only too quick to suggest that current traffic needs do not warrant such expenditures. New Brunswick's five year highway and bridge program which contained such a concept was discouraged by this government only two years ago. The point I am making is that the traffic will never warrant such highways unless the highways are built to stimulate development and thus develop the population that would warrant the highways.

Despite all the subsidies, freight rates remain too high because they are too high to begin with. We had a good example of this before the Standing Committee on Transport and Communications on May 31 of last year in reference to our very important New Brunswick forest products. A comparison was made between the rates in New Brunswick and in British Columbia, and on raw wood products we found that rates in New Brunswick were 60 per cent higher.

Many people in the potato industry in New Brunswick find that the contemplated freight rate increases of 20 per cent and 12 per cent scheduled to be implemented during the next few months would put producers close to having their profit margins cut to the point where they would go out of business.

The concerted attack on about four occasions over the last few years on the "at and east" rates which make possible the shipment of export grain and flour through the Atlantic ports, if successful, would mean that the ports of Halifax and Saint John would be about the only ones in the country not receiving subsidies for export grain shipments. Indeed it would be ball game over in the maritimes for almost all shippers of products if the user-pay concept were adopted.

There is a general suspicion that the railways who are masters at the rates game charge whatever the traffic will bear, and with the limited competition and long distance from markets the maritime captives of the railways would find their future intolerable.

Some essential changes are absolutely necessary if the Atlantic provinces are to move into parity with the rest of Canada. The first big change is right at the top of the Department of Transport. The Department of Transport is so massive and in such a mess that most of its time is consumed

in clearing up the mess that already exists. During the last three years no very exciting proposals have come from that department for this reason.

I suggest that the department should be divided into different modes, one for each form of transportation, and that these modes should be co-ordinated and interrelated. The significant policy change that is essential for this department is that it should use transportation as a development tool across Canada.

Nowhere else in the world does the user pay the total cost of the service to him. The cutback in services to the maritime provinces, plus the increase in rates and the almost seamless web of rates that exists, has become a nightmare to maritime shippers. Every time you change one small rate the reaction among other rates is fantastic.

One result in New Brunswick is that we have an over-supply of wood in one part of the province and an under-supply of wood in another part, and the cost of transporting wood from one section to another is intolerable. Our success story in secondary manufacturing in the agricultural sector is limited but it can be built on and expanded.

Instead of paying increasing freight rates to ship our farm produce to distant markets and buying back cooked meats, bottled jams and canned vegetables, we urgently need a fundamental change in our transportation and DREE policies to enable us to develop plants to purchase and process local products in New Brunswick for sale in New Brunswick and across Canada, and, through tariff changes, to our natural trading partners along the Atlantic seaboard. We have the resource potential to supply and operate plants to process cheese, meats, fruits and vegetables, to name only a few. I urge the government to invest in the future of New Brunswick and to take this giant step in creating good jobs and markets for our farming community. My remarks apply equally, but with less knowledge, to Nova Scotia and Prince Edward Island.

The simple concept that we must ask ourselves in terms of transportation cost is: "How much does it cost to get a product to market economically? How much does it cost to get it there now?" Any difference in cost must demand a subsidy, or a roll back in freight rates. A user-pay concept cannot achieve this purpose.

As a transportation system is used more, the cost should be lower. Right now for the railways it must be a paying proposition. Air Canada by statute must contemplate a profit. We cannot possibly discuss rates with the railways because it is a seamless web that only they understand. They do not have enough competition, while our national air carriers have never been refused a fare increase.

● (1552)

The railways should be required to retain, modernize and upgrade the service they presently give to the total area of the maritimes. Better rail freight cars are absolutely essential for shippers, particularly for agricultural products, and the integration of rail freight and passenger service with other forms of transportation is an important step in developing an efficient transportation system.

The Government of Canada should co-operate in a meaningful manner, on at least a 75-25 per cent basis, with the governments of the Atlantic provinces to put in place a system of modern, all-weather highways to serve Canadians in the Atlantic provinces both now and tomorrow.

Air carriers should be required to consult with local communities before discontinuing service. Air Canada should provide more direct flights between the maritimes and central Canada, even on a subsidized basis. EPA should be encouraged to provide direct flights in the maritimes between maritime centres and centres that do not now receive regular air carrier service. Faster and more frequent air freight service to points in the maritimes is essential.

CP Air should be given access to the Atlantic market to provide more competition for Air Canada. Air Canada should be requested to take note of the excellent in-cabin service provided to maritimers by Eastern Provincial Airways.

Better methods of permitting freight rate increases with railways, such as through a tribunal with government, shippers and railroad representatives, should be evolved to give some relief to captive shippers in the maritimes. Present statutory subsidies should be retained, and a consistent subsidy policy which would expand and improve the present program should be developed. Transportation must be used as a development tool in the maritime provinces. We must put in place in the maritimes a modern transportation system which will enable real growth to take place.

My purpose in raising this resolution and in suggesting this topic be placed with the DREE committee is to provide an opportunity for all members of parliament from the Atlantic provinces to cite examples by which transportation can be improved in that region. They can relate to their own constituencies. With their knowledge and with the use of expert witnesses, I hope we might finally develop transportation as a development tool in a very meaningful way in Atlantic Canada. Transportation in itself is not an answer to the problems of regional disparity, but it is an important segment in the process of arriving at an answer. It requires a co-ordinated focus by all departments of government on this very important subject. Transportation plays a very dominant role in arriving at an ultimate conclusion.

Thank you for giving me the opportunity to raise this matter this afternoon, Mr. Speaker.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I am delighted to have an opportunity to comment on the questions raised this afternoon relating to transportation. However, I am puzzled with regard to the continuous contradictions raised by hon. members opposite before the House. Transportation is an important question. On the one hand, hon. members opposite indicate that they would like to see the government spend less and say that we are spending much more than we should. On the other hand, they bring in motions and resolutions asking

the government to do things which would be more costly. This is not the first time the government has been faced with this type of suggestion, which would result in an increase in expenditures. There are difficulties in some aspects of the resolution with respect to not being able to have it both ways.

Also it is interesting to observe that hon. members on the other side do not take the opportunity to say positive things about what has been happening in Canada in the realm of transportation. Canadian National Railways is now turning a profit because of the vision and dynamic leadership of its new management and administration, especially that by Dr. Bandeen. The other day Dr. Bandeen appeared before the Standing Committee on Transport and Communications in Ottawa, at which time he gave a most impressive performance responding to questions raised by members from all sides. Those questions concerned all aspects of the operations of CN across Canada. After witnessing the performance of the President of the CNR, and looking at the profit picture he produced, one quickly appreciates the reasons why CN is in its present position.

I am sure the hon. member for York-Sunbury (Mr. Howie) will appreciate what I have to say regarding Air Canada, since its president, Mr. Taylor, comes from our native province of New Brunswick. With his youth and dynamic leadership, he is able to show a profit and has turned things completely around in the last year or so. He has strived for the efficiency we all wish to see.

I should like to quote from the speech of the Minister of Transport (Mr. Lang) which was made in March 1978 in Atlantic Canada. It reads as follows:

> To my mind, transportation is one of the most important binding agents we have. It has been so from the time of Confederation when the rail line linked for the first time what had been isolated and separate communities. Even with the advent of other ties such as modern communications, transportation still remains a key factor in a country the size of Canada.
>
> Transportation has also been an important factor in the economic development of this country. Without an efficient transportation system, western grain producers could never reach rapidly-growing markets all over the world. And in Atlantic Canada, our fine ports have been our link to European markets since the earliest days.

Regarding the problem of freight rates, one study has taken place with respect to the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act. That covers the Atlantic region and Gaspé coast. Following consultation with the provincial governments, we determined that the existing subsidy for movements within the region did not provide the maximum possible economic benefit for the region and, in turn, agreed that a subsidy should be paid on selected regionally produced goods moved by all means of transportation. This subsidy will be implemented by September 1 on a selected list of commodities worked out by federal and provincial officials. I am convinced our revisions to the blanket 15 per cent subsidy program will have a positive economic effect on the whole region by making goods produced in Atlantic Canada more competitive and by improving competition in various forms of transportation.

Maritime Transport

The Department of Transport has investigated the distribution system for potatoes from New Brunswick and Prince Edward Island. Working with the provincial governments, potato producers and distributors, already we have made some significant improvements to the distribution system, including revisions to potato freight rates, some improvements to port facilities in several places in Atlantic Canada, and a new operational planning system.

An important segment of the economy in Atlantic Canada centres around the shipbuilding industry, and there are several projects that could mean a significant boost if a shipyard here is the successful bidder.

Recently it was announced that, although there is no funding involved, a major step toward streamlining the management of east coast ferry and coastal service was taken in December with the establishment of CN Marine, based in Moncton, New Brunswick.

All of these points are obvious, glaring and important, but they are never referred to by hon. members who raise questions and problems relating to transportation.

The call which has been made for planning and placing a modern transportation network into being in the maritime provinces has been answered already, in my opinion. In fact, developments which have occurred in the past few days indicate the government is sensitive to the special transportation needs of the Atlantic provinces. Further, it is responding to meet those needs in a positive and highly visible manner for today and for the future.

● (1602)

The Minister of Transport also this week made three very important maritime-oriented public announcements of which hon. members are no doubt aware. When he was in Yarmouth he presented the province of Nova Scotia with a cheque for more than $5 million to cover work already done during the past year on that province's highway network. The money was provided under the Atlantic provinces transportation agreement announced last year and is just a portion of the $125 million which will be spent on a cost-sharing basis with the federal government, enabling all of the four maritime provinces to upgrade their individual road systems. I believe this agreement forms the base, but not the only one, for the modern transportation network which the hon. member appears to be seeking, but which is already there.

The funds provided this week for Nova Scotia represent only the start of the highway improvement program for that province, which will total about $64 million over the four year span. Better roads, of course, will allow commercial vehicles to carry greater weights, and these improvements are direct benefits to the province's trucking industry.

The second announcement made by the minister is in a related area but it also means this government is cognizant of the local as well as regional transportation needs of the maritime provinces. A $1 million contribution was made to construct a new bus terminal in downtown Saint John, New Brunswick. This contribution is just a portion of the $4 million

assigned to the intercity bus industry, and it also comes under the $125 million transportation umbrella for the Atlantic provinces that I referred to a few moments ago.

One of the conditions of this agreement with New Brunswick is that the bus company improve service on several of its network routes. Four new coaches will be purchased under the agreement and they will join the fleet to boost passenger service between Fredericton, Moncton and Newcastle. Under provisions of the Atlantic provinces transportation agreement each province must, of course, identify service improvement to the bus network in its respective jurisdiction. New Brunswick, incidentally, is the first province to do so.

A very important point which I believe should not be omitted is that there is provision in the Atlantic provinces transportation agreement providing for a searching look at what the future requirements in transportation may be after the current agreement expires. This means that while the immediate needs of highway transportation are being taken care of, both the federal government and the provinces are looking at least four years ahead, trying to determine how the real transportation growth will meet projected forecasts. It is this kind of look-ahead planning which will ensure the most efficient and the most equitable transportation modes so vital to the economy and well-being of the Atlantic provinces.

I think that answers the question in respect of the point raised by the hon. member when he referred to the already outdated term "user-pay". At a recent national policy convention of the Liberal party we adopted a resolution that this term is not one that is viable or to be used, but rather that when the objectives of commercial viability and regional development conflict, then regional development will take precedence. This fundamental principle of transportation policy is to encourage and support economic development through provision of effective and sensible transportation services, not just in the Atlantic provinces but across Canada as well.

The philosophies of commercial viability and regional development certainly do not conflict in the announcement the Minister of Transport made just last month dealing with a $1 million contract for consulting services in connection with the building of the Fairview Cove container terminal in Halifax. The minister announced last December that the new container terminal would be built, and it is anticipated that about 12 construction contracts will be required to complete this project by December, 1980, at a cost of $35.6 million. Construction has already provided additional employment in the area, and about 100 more jobs will be created to operate the facility. It should be remembered also that studies made by the National Harbours Board and the province of Nova Scotia concluded that additional container facilities will be required to handle anticipated growth in container traffic through the port by the early 1980's.

The cost sharing of this project is $29.1 million by the federal government and the remainder of $6.5 million by the province. I would take the opportunity to mention as well the tremendously efficient operation of the Saint John port with the vision and ability shown by the manager and those appointed persons responsible in that city. They have been increasing the container traffic and other business in that area at an impressive rate.

Around the middle of March we announced that a contract to construct a forest products terminal shed at pier No. 1 in Saint John harbour was awarded in the amount of $2,759,000. When this project is completed later this year there will be a total of 6.7 acres of enclosed storage space available to the forest products terminal. This shed will now consolidate the handling of all forest products at the site.

I should also like to point out that while our minister was in the Atlantic provinces just recently he inaugurated a new ferry service between Yarmouth and Portland, Maine. This now is an established year-round commercial operation, and this type of direct link to the United States is of tremendous importance to that part of Atlantic Canada.

The four maritime provinces are again brought into the over-all maritime transportation picture with our urban transportation assistance program. This program is designed to tackle a number of transportation problems affecting major cities. Each province will receive $10 for each of its citizens over a five year period, and a number of urban transportation projects high on the priority list will also be submitted under this project. The financial breakdown shows that New Brunswick will receive $6.8 million, Nova Scotia $8.2 million, Newfoundland $5.6 million and Prince Edward Island $1.2 million.

As you know, VIA Rail Incorporated was created last year to provide a completely revamped rail passenger service system across Canada. Part of the reorganization, of course, calls for new equipment. The government in November of last year announced that it would be purchasing 22 locomotives and 50 coaches at a cost of about $90 million. This is the first major purchase of Canadian rail passenger equipment in more than ten years. These new trains will greatly assist VIA Rail in providing modern, attractive and economical rail passenger service throughout the country. Several of these trains will be put into service in 1980 as part of a new high quality rail passenger service between Quebec City and Montreal. The remaining trains will be used by VIA in the introduction of conveniently scheduled, fast intercity trains across Canada to complement an upgraded transcontinental service and, therefore, will be available to VIA for western Canada and the maritimes as well.

I had the opportunity of putting this question to the new president, Mr. Roberts, as well as to others such as Mr. Benson of the CTC and Mr. Lang when they appeared before the Standing Committee on Transport and Communications, and received the assurance that we will see some of these funds directed as well to improving the roadbed and other equipment in the Atlantic area.

Direct funding and cost-sharing programs are, of course, essential in terms of a broad transportation policy for a given region. The other facet involved subsidies, and this government has been looking into this matter in the broad overview of transportation requirements for the maritime provinces. One

of the subsidies we have been studying is the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act covering the Atlantic region and the Gaspé coast. After discussions with the provincial authorities we decided that the existing subsidy for movement within the region did not provide the maximum possible economic benefit for the region, and in turn we agreed that a subsidy should be paid on selected regionally-produced goods moving by all modes of transportation. This subsidy will be implemented by September 1 on a selected list of commodities, such as those I mentioned earlier in my remarks.

Turning to aviation for a moment, a significant period of development is being seen for the Atlantic region in this area. This will include a new terminal building, a maintenance garage and firehall, and eventually a new 5,000 foot runway at the Charlottetown airport. The project, developed in consultation with provincial and municipal authorities, will cost more than $21 million, and work is expected to begin early this summer. Other improvements for the airport include a new maintenance garage, aircraft apron, taxiways, a car park, an access road system and field electrical installations.

Gander airport in Newfoundland will be receiving a new air control centre, an expansion to its air terminal building and improvements to the north runway. The completed project will cost an estimated $18 million. A new maintenance garage and firehall will be built at St. John's airport at a cost of $1.5 million over the next two years.

● (1612)

I am delighted to report that on April 17 we will see the inauguration of the new terminal building to be constructed at Charlo airport in Restigouche, which will be the last of a multiphase program that has witnessed the extension of the runway to 6,000 feet to receive jets, the construction of a modern maintenance garage with firehall at a cost of $850,000 and electronic facilities for instrument control landing services. This brings the total expenditure on the Charlo airport to about $6.5 million.

These facts and figures which I have been able to bring to the House this afternoon clearly demonstrate more than just the concern of the government, but the type of planning, vision and study that has gone into this most important aspect of government responsibility, particularly in the Atlantic area. As I mentioned earlier, it does surprise me when members do not take the opportunity to point out the significant developments that have been taking place in their areas through the direction of the Minister of Transport and his department.

Recently the Minister of Transport has come on strong in meeting these demands and finding answers to the problems that we are faced with in the Atlantic area. I have had the opportunity to question various officials in the transportation field as they appeared before the tranportation committee regarding air passenger service in the Atlantic area, and I have received assurances from Mr. Benson of the CTC and the Minister of Transport himself that discussions will take place in terms of EPA and Air Canada to work out a rationalized service that will see all citizens in the Atlantic area have an equal opportunity to travel, not only within the four Atlantic provinces but to other parts of Canada as well. It is of great interest to me that citizens in the Atlantic area are able to enjoy the advantage of moving economically, efficiently and conveniently to other parts of Canada and the world as well.

As I said when I began my remarks, Mr. Speaker, I certainly appreciate the opportunity to be able to respond to this resolution this afternoon and at the same time place some facts about transportation on the record.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I love these crowded afternoons! One has the feeling that there is a tremendous audience in the galleries and in the House hanging upon every utterance of hon. members, and that inspires us to do our best. It is regrettable that the fourth estate, which seems to regard this place as nothing more than theatre, abandons always, and almost in total, the Friday matinee. I have often thought in my 21 years here that the greatest problem of the press gallery, and they have many, is that many of its members are brought up from the police beat, and since it is not always so clear to distinguish between the accused and the accuser in this House, they quite often do not really perceive what is going on.

I want to congratulate the hon. member for York-Sunbury (Mr. Howie) for bringing up for consideration this Friday afternoon a topic which is as old as confederation and, indeed, older. Our people in the sea-bound provinces have troubled themselves about this situation. They studied and debated it and brought their great, constructive suggestions and inquiries to the national legislature after the dominion was formed. It is very significant that the hon. gentleman should interlace this particular question of transportation with the concept of regional economic disparity. It pleases me that the very distinguished Canadian, the former premier of Nova Scotia, the Hon. G. I. Smith, was the man who brought to the dominion-provincial constitutional discussions the question of regional economic disparity. It is the kind of question which a federation should, properly be seized with as it studied the problems of the confederation.

It always was, but it is only recently that it has been recognized as, a profound truth that no national economy is strong or vibrant if the regional components thereof are weak or disorganized. I am not nearly as happy with things as the speaker who preceded me. The best remark he made was that even his party now recognizes that the user-pay concept really never was much good and should be decently and hurriedly interred, and for that I congratulate him.

I thought that my colleague from York-Sunbury brought forward some constructive suggestions, and I am appalled that we have allowed the advantages of the Atlantic region to lapse. We were brought in, and, indeed, urged—some would say seduced—into confederation 100 and some years ago because of our location. We were in the corridors of commerce; we had the great ice-free ports. Now all this has been lost. Our wonderful merchant navy has withered away. I have said in the Chamber before that whenever I travel abroad, because

my father was a sailor and I was born in a seacoast village, I go to the harbours and I look at all the flags; but I never find a Canadian flag no matter how crowded the harbour. Whether it is Havana, Piraeus or anywhere else, you do not see the Canadian flag of commerce, yet less than a generation ago we had the fourth largest merchant navy in the world.

I thought that my colleague's remarks about the railways were profoundly true. There is no inherent opposition among the Canadian people to travelling by rail, but we have passed through a situation where it has become very difficult and inconvenient to use that particular mode. Timetables were inconvenient. The basic structures and infrastructures like the roadbed, coaches and so on became uncomfortable. Then, because people abandoned them for comfort, figures were presented which suggested that people did not care for this mode of travel. I predict that even in my time—and I am not nearly as young as the two other members who spoke, though I am not as old as I look, thank God—the day will come—

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

Mr. Macquarrie: Thank you, chancellor. The day will come when we will be laying new roadbeds. In this day with the energy realities that we face, the crowded public highways, there may, indeed, be a new era for the railways that can be ushered in with wisdom and with some concept that transportation is not only a public utility but, as the hon. gentleman has so well expressed, an ingredient of social unity and a powerful propellant of national development.

I fear that the hon. member's suggestion will die in this frenzied atmosphere in which everyone wants to cast themselves upon the electorate—for what reason I do not know because why should the Canadian electorate applaud the present government? In any event, we are in the dying days of this session—and it is an agonizing death as far as I am concerned—so I fear that the hon. member's suggestion will not be carried out. It would have been a fine thing for a committee to look into—the essential importance of transportation. There would have been no Dominion of Canada without the CPR and no CPR without Sir John A. Macdonald. One was as essential as the other. So my colleague from York-Sunbury is very much on sound historical ground, as he is on sound economic ground, in his recommendation today. I support him strongly and commend him heartily for his initiative, and I commend his advice to my colleagues in this chamber.

● (1622)

[*Translation*]

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, as one can imagine, I am quite pleased to take part this afternoon in a debate raised by the motion introduced by the hon. member for York-Sunbury (Mr. Howie). Two main reasons incite me to do so; first, ever since the Department of Regional Economic Expansion came into being, and even before, I have been asking and urging the various ministers and the government itself that transportation be included in any regional expansion policy. The second reason is related with transport conditions in the area which I represent and more especially in my constituency. I refer to special means of air transport on the mainland as well as on the islands which are part of the Bonaventure-Îles-de-la-Madeleine riding.

Is it necessary, Mr. Speaker, to remind the many members in the House this afternoon, as the previous speaker pointed out a while ago, that it is always a pleasure for me on Friday afternoon to take part in the debate, because the House is crowded? This year, however, we do have some spectators, that is the Canadian viewers on television. Is it necessary again to remind you and hon. members that I pointed out on various occasions in the House the necessary improvements which should be made to the Îles-de-la-Madeleine airport since it is essential to equip the Bonaventure constituency with airport facilities which would ensure regular air transport service for the inhabitants of that area? I apologize to my colleagues and to the Chair, who have repeatedly heard the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) recite his requests, his demands, his grievances, his complaints in view of the disconcerting inaction, I regret to say, of the Department of Transport officials who could certainly have acted and reacted more promptly.

You will no doubt understand, Mr. Speaker, that I could not forego the opportunity afforded me by this debate to repeat these grievances. Sixteen years of experience in the House have taught me not to expect anything on a silver platter here. But if you do not succeed the first time, they say, try again. If reports of an upcoming election which we keep hearing these days prove to be true, this is probably the last opportunity I will have to speak on the subject as member of this House which, Mr. Speaker, has been a most exciting and enriching experience. I also want to commend the hon. member for York-Sunbury for his excellent initiative in moving and discussing this motion here this afternoon. As the characteristics of my region are not dissimilar to those described in the motion of the hon. member, I can only subscribe to his statements on this important question of transportation within our regions.

How, Mr. Speaker, can a government hope to do some regional development, to organize the economy of a given area, to reduce the economic disparities between various regions throughout the land, and especially in far eastern Quebec, which includes the Gaspé Peninsula and the Magdalen Islands, without first developing an adequate transportation system? That is elementary, it seems to me. I agree, considerable efforts were made by the Department of Regional Economic Expansion with the help of and in co-operation with the various departments and the province of Quebec through the development program for eastern Quebec which includes the Lower St. Lawrence, the Gaspé Peninsula and the Magdalen Islands, but in the field of air transport in particular, we have not been spoiled. How, for instance, can requests lie around

over 12 years for urgent and important improvements to the Magdalen Islands airport, requests made by my predecessor the Hon. Maurice Sauvé and myself since 1968, to be precise, without someone feeling guilty down deep, when expenditures of some $5 to $6 million are being put off or turned down for some four to five years to give that insular population a mode of transport which is the only one, I repeat, during the winter season? How can those expenditures be denied or put off when at the same time we hear that our neighbours in Prince Edward Island—and I am not criticizing what the people of that island get—are being given $21 million for improving the airport in Charlottetown, P.E.I. That airport I visit quite frequently on my way to the Magdalen Islands. Its runways are long enough for jet aircraft to use. The people of the Magdalen Islands and myself find it difficult to accept those hesitations in making the improvements needed for so long and which are basic to the economic development of that isolated part of Canada.

In conclusion, I would say that rail transport, the first and for long the only means of transport in Canada, is still for us in Gaspé the only one on which we can rely, so I welcome with joy and great confidence the federal government endeavour with the new VIA Rail company. I had the opportunity to meet the officials who will administer the company, and the dynamism demonstrated by its president and his staff makes me believe that this new trend in rail transportation will be a success, at least I hope so. I have always said that rail transportation is the best, the most reliable, the least energy consuming and the cheapest transportation means, especially if we relate the cost of railway construction to the enormous amounts we must spend every year for road construction.

So, Mr. Speaker, as I wish to leave some time for my colleague and neighbour from the province of New Brunswick, the hon. member for Northumberland-Miramichi (Mr. Dionne), in conclusion I wish to congratulate once again the hon. member for York-Sunbury for this very important motion and I ask the government and the Minister of Regional Economic Expansion (Mr. Lessard), before they consider the economic development aspect, to find a way to attract people and industries in our areas where regional disparities are tremendous so that these industries will be able to sell their products at a competitive price.

● (1632)

[*English*]

Mr. Knowles (Winnipeg North Centre): Question!

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, if my friend from Winnipeg North Centre (Mr. Knowles) can be patient for another three or four minutes, we may discuss the question. As has been done by previous speakers this afternoon, I add my congratulations to the hon. member for York-Sunbury (Mr. Howie) for putting this motion on the order paper. It is indeed useful to have an opportunity to discuss matters such as this. I do not think I will do it with the same ecstasy displayed by his colleague, the hon. member for Hillsborough (Mr. Macquarrie), but I am not in the habit of expressing myself as poetically as that hon. member.

There are three aspects of transportation in Atlantic Canada that are of concern, namely highways, air transport and rail transport. Those are the ones normally talked about. However, there is a fourth aspect that should be mentioned, water transport.

Water transport is very important to us on the Atlantic seaboard. There are some very fine port facilities in Atlantic Canada. We have the opportunity and the potential for further development of them. I am happy that the Minister of Transport (Mr. Lang) is taking a very keen interest in the development of those facilities.

One port that is in urgent need of development is the Port of Miramichi. Before that port can experience any great expansion and the potential that is definitely there, the river must be dredged. I was pleased that the government committed itself to making a definitive study of the economic and technical feasibility of dredging the river. That report, which has now been completed, proves beyond doubt that such a project is both economically and technically feasible. As far as I am concerned, the government is committed to the actual dredging.

There are two or three problems or stumbling blocks, but I am optimistic that they will be overcome. First is money. There is always that problem. However, I am sure it can be solved. There is also the problem of the ocean dumping sites permits which must be overcome. I am confident it will.

I want to take this opportunity to assure fishermen on the Miramichi that dredging should in no way affect their livelihood. If it did, I would not be in support of it. I am convinced that the opposite is true, that the river can be used as a very vital means of transport and economic development for the Miramichi.

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Ethier): The Parliamentary Secretary to the President of Privy Council (Mr. Pinard) on a point of order.

Mr. Pinard: Mr. Speaker, I only want to take this opportunity to remind members of the opposition that the budget speech will be delivered Monday night at eight o'clock.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, it is very good of the parliamentary secretary to tell us what we all know, namely that the budget speech will be made Monday night. Can he tell us what item of business will be called Monday afternoon?

Mr. Pinard: Mr. Speaker, I was expecting that question from the hon. member. We intend to proceed with Bill C-19. If

there is a change, we will let the hon. member know as soon as possible.

The Acting Speaker (Mr. Ethier): Order, please. The hour appointed for the consideration of private members' hour has now expired. It being 4.35 o'clock, this House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

At 4.35 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, April 10, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

CANADIAN RADIO-TELEVISION COMMISSION

NEWFOUNDLAND—REQUESTED POSTPONEMENT OF CNT APPLICATION FOR RATE INCREASE—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On April 3, the CRTC gave notice it would be holding public hearings on April 11, in Gander, into a rate application by CN Telecommunications for a 20 per cent rate increase on the telephone system in Newfoundland and a 30 per cent increase on long-distance calls within the province. This compares with the normal 60 days' notice given by the CRTC for similar hearings into the Bell system affecting Ontario and Quebec. I believe, sir, that this is tantamount to second-hand treatment of Newfoundland taxpayers and ratepayers on the CN system, and I find that abhorrent.

With the consent of the House, I would move the following motion, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That this House directs the CRTC to postpone its public hearings scheduled for tomorrow at Gander, Newfoundland, into an application by CN Telecommunications for a 20 per cent rate increase to its telephone subscribers in Newfoundland and a 30 per cent rate increase for long-distance calls within the province on the CNT system in order to give intervenors a reasonable time to prepare their case.

Mr. Speaker: Presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

IMMIGRATION

GOVERNMENT URGED TO GRANT POLITICAL ASYLUM TO CHILEAN NATIONAL—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, under the provisions of the same order, in view of the fact that the right of political asylum is recognized as one of the last lines of defence for democratic and human rights, in view of the fact that Galindo Madrid Avilez, because of his actions and criticisms of the Chilean regime, faces a real risk to his life or safety if he is deported to Chile, in view of the fact—known to the Minister of Employment and Immigration and his department—of the brutal nature of the Pinochet government in Chile, and in view of the fact that if returned to Chile, Galindo Madrid Avilez faces certain imprisonment and possible death for exercising what in Canada would be his right of free speech, I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the Minister of Employment and Immigration immediately grant Galindo Madrid Avilez political asylum.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

SOCIAL SECURITY

REQUEST GUARANTEED INCOME SUPPLEMENT NOT BE REDUCED—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

Considering that Quebec pensions and private pension funds paid for by a citizen during his active life cannot be considered as new income, and considering that, such pensions being acquired values just like a single family house or even an amount of money bearing no interest, it is unfair and discriminatory to consider these pension plans as new income, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the government introduce a bill immediately before an election is called stating clearly that payments on accumulated funds will no longer reduce the guaranteed income supplements of elderly people.

Mr. Speaker: The House has heard the terms of the hon. member's motion. Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INDUSTRY

TEXTILES—REQUEST FOR STATEMENT ON GATT NEGOTIATIONS—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Given the uncertainty that prevails regarding both the life of this session and the future of the textile industry in Canada, and given the fact that the Minister of Industry, Trade and Commerce has added to that uncertainty by his vague and ambivalent references to the status of textiles in GATT negotiations, with the apparent intention of trying to confuse an already complex issue, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the minister undertake, before the dissolution of the House, to make a statement on motions setting out the current position with regard to textile negotiations under (1) the multifibre arrangements and (2) the GATT, indicating whether or not the government will still consider withdrawing textiles from the GATT negotiations until such time as the multifibre agreements have been finalized and the industry has achieved stability.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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INQUIRY OF THE MINISTRY

T-SHIRTS BEARING INSCRIPTION "FUDDLE-BUCK"—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity. In view of the fact that for some strange reason a manufacturer in Winnipeg had accepted a $6,000 order for T-shirts bearing the inscription "Fuddle-buck", and then suddenly notified a group of businessmen from British Columbia that he would not complete the order and would destroy the 150 dozen that were already produced, I move, seconded by the hon. member for Okanagan Boundary (Mr. Whittaker):

That a representative of the government party make a statement on motions in this House reassuring the House that the manufacturer involved was not strong-armed by representatives of the Liberal party into cancelling this order.

Mr. Speaker: Presentation of such a motion would require unanimous consent. Is there unanimous consent?

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

OFFICIAL LANGUAGES

GRADUATING NURSES IN QUEBEC REQUIRED TO PASS FRENCH TEST—MOTION UNDER S.O. 43

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, under the terms of Standing Order 43, I rise on a matter of urgent and pressing necessity. In light of the fact that nurses graduating in Quebec cannot receive a permanent licence until they pass the required French test, and also that no other nursing association in Canada is prepared to grant a permanent licence to these nurses until they receive a permanent licence from Quebec, I move, seconded by the hon. member for Madawaska-Victoria (Mr. Corbin):

That the government extend to all Canadians, and particularly Quebec graduating nurses, the same language training facilities that are offered to immigrants.

Mr. Speaker: Presentation of such a motion for discussion at this time, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE BUDGET

REQUEST THAT TONIGHT'S PRESENTATION INCLUDES MARCH LABOUR FORCE INFORMATION—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that officials in both the Department of Finance and the Department of Employment and Immigration have already obtained the results of last month's labour force survey which is due to be released by Statistics Canada by tomorrow morning, I ask leave, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent), to move:

That this House request the assurance of the Minister of Finance that the March labour force information, including the number of unemployed and the unemployment rate, will be set forth in his budget presentation tonight.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

FINANCE

UNFULFILLED ORDERS FOR OLYMPIC COINS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise on a matter of urgency under the provisions of Standing Order 43. In view of the fact that Canadians have been defrauded of over $100,000 through undelivered, prepaid Olympic coin orders purchased in good faith under a federal program, and in view of the fact that according to an answer to question No. 1,319 on April 7, gold coins on hand will be melted, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the government accept responsibility for the coin dealers who failed to meet their commitments and follow the honourable procedure of supplying coins for the unfilled orders.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion for debate?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

REGULATIONS RESPECTING INSHORE FISHERMEN—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Since many Canadian inshore fishermen are complaining bitterly that regulations without consultation affecting their operations are proliferating with greater rapidity than the fish upon which they depend, I move, seconded by the hon. member for South Shore (Mr. Crouse):

That recent fisheries regulations regarding seasons for scallop dragging, changes in size of mesh in nets utilized in dragging for groundfish, and other such measures, be suspended until further input is received from those fishermen affected and more account taken of the varying conditions in regions affected, rather than imposing blanket regulations which do not take into account local conditions and differences in seasons.

Mr. Speaker: Such a motion, for discussion, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

FISHERIES

POLICY STATEMENT ON REOPENING OF ATLANTIC PORTS TO FOREIGN FISHING VESSELS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, it is a matter of some regret that the Minister of Fisheries and the Environment and the Minister of Industry, Trade and Commerce are not in their seats this afternoon. Therefore, I direct my question to the Prime Minister. It flows out of a major policy statement made by the Minister of Fisheries and the Environment late last week, in which he set forth the terms and conditions under which Canada would reopen its Atlantic ports to foreign fishing vessels.

I ask the Prime Minister why the government chose to make one-half of the major policy statement and not couple it or pair it with a similar statement from the Ministry of Industry, Trade and Commerce and/or DREE with respect to the upgrading of our ports and, particularly, the upgrading of the capacity of our ports to deal with this increased ship repair and related activity.

Right Hon. P. E. Trudeau (Prime Minister): I take it, Mr. Speaker, that the hon. member is supporting the policy announcement made by the minister but is saying that it is not quite enough. I will convey the representations of the hon. member to the minister.

Mr. Forrestall: Mr. Speaker, this needs conveying to no one other than the Prime Minister. Would he convey at that time the concern of the people in the fishing industry and in the ports and port-related industries of eastern Canada that the Minister of Fisheries, in this major policy thrust, did not extend his thinking to include a definitive plan for the expansion and upgrading of our existing fishing fleet?

● (1417)

Some 10,000 jobs are involved. These should be given to Canadians to fish our own species, in our own boats registered in Canada and carrying Canadian crews. Why were these two matters not coupled? Would the Prime Minister make that representation as strongly as possible to his colleague?

Mr. Trudeau: Mr. Speaker, I think the House will recognize that this type of representation is hardly necessary. We have a Minister of Fisheries who is highly respected in the industry and who has the confidence of the fishermen. I would have to refresh my memory on the exact statement made by the minister. However, I would remind the hon. member that the first minister's conference in mid-February had something very specific on the fisheries, and of the fact that the federal government was successful in getting international support for the 200-mile limit and the provinces and the federal government were unanimous about the action that should be taken both provincially and federally. Of course, they included some suggestions along the lines made by the hon. member.

I would have to see what the difference is. For the time being, it looks as though the hon. member of the Conservative party is trying to ride on the coat-tails of the Minister of Fisheries. This often happens.

* * *

REGIONAL ECONOMIC EXPANSION

INTERDEPARTMENTAL CONSULTATION ON EXPANSION OF FISHING FLEET

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have forgotten more about fishing than the Prime Minister of this country will ever know. I would direct my final supplementary question to the Minister of Regional Economic Expansion. In the development of this policy statement by the Minister of Fisheries, was there direct consultation with his department, and is he aware of any direct consultation with the Department of Industry, Trade and Commerce with respect to the expansion of the existing fleet so that we might reap what is ours and that the benefits be maximized for Canadians, not the Russians and east Germans?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I can assure the hon. gentleman that there have been consultations among my officials and the Department of Fisheries over recent weeks on that matter. We are satisfied that the policy arrived at is the best one.

* * *

TRANSPORT

INTERDEPARTMENTAL CONSULTATION ON OPENING OF PORTS FOR REPAIR OF FOREIGN FISHING VESSELS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Transport and is based upon the statement which, characteristically, was issued by the Minister of Fisheries on Thursday and delivered to members' offices on Friday afternoon. This is the kind of thing we have come to expect from this government which has so little regard for parliament.

I ask the Minister of Transport if there was consultation with the Minister of Fisheries before the decision was made to open Canadian ports for the repairs of foreign trawlers and crew changes. If so, does the minister intend to carry on a program of port upgrading which is desperately needed in east coast ports, in order to provide the facilities so we can maximize this new opportunity for business in the Atlantic provinces and create the new jobs that could arise from it?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member well knows that our concern for facilities at east coast ports has resulted in announcement after announcement, in city after city, on the east coast for those improvements. I was in the Atlantic region just last week in connection with a further development. I can assure the hon. member that we will continue to make developments happen so that we have the facilities to encourage development in that area, which is one of the high priorities of this government.

Mr. McGrath: Mr. Speaker, I am glad to know that this is a matter of some priority. I hope it will be given the same priority as the additional expenditures which have been announced for the port of Montreal and the port of Quebec: we hope we can get the same sense of priority in the Atlantic provinces.

I ask the minister if he is prepared to enter into a program of development for the port of Halifax, the port of Saint John, New Brunswick, and the port of St. John's, Newfoundland, for shipyard facilities in each case and the provision of a synchrolift in Newfoundland that was asked for by my colleague, the hon. member for St. John's West. All these things are desperately needed in order to maximize the opportunities arising from this policy statement for which we have been pressing for a considerable period of time.

• (1422)

Mr. Lang: Mr. Speaker, that is exactly what we are doing. I am happy the hon. member and some of his colleagues finally agree that it is all right to spend money on ports in other regions as well, just as we are making major expenditures in Prince Rupert, on the west coast. A week ago today I was in Saint John, New Brunswick, for a sod-turning ceremony in connection with a new forest products terminal, only several months after we opened a new forest products terminal there, so that we will have the facilities that are required in that area.

Some hon. Members: Hear, hear!

Mr. Lang: Port by port, we have major developments going forward throughout the Atlantic region. We are spending very large amounts of money indeed.

An hon. Member: What about Halifax?

Mr. Lang: The hon. member asks, "What about Halifax?" Surely, the most important development of all is the container terminal which is under construction in Halifax.

* * *

THE BUDGET

SUGGESTED LEAK BEFORE INTRODUCTION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. I preface my question by reminding Your Honour that I gave you notice of my intention to rise at three o'clock on a question of privilege concerning the same subject. Could the Prime Minister inform the House whether he or the Minister of Finance has ordered an inquiry into the possibility of a budget leak?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member was good enogh to inform me at a couple of minutes to two that he would be asking this question. I have been unable to communicate with the Minister of Finance in

the few minutes which have elapsed since then. I would think that, to say the least, the suggestion is premature. We will have to see what the budget is, and then perhaps the kind of concern the hon. member is expressing could be expressed at that time.

Mr. Broadbent: Mr. Speaker, the Prime Minister, of course, knows that I informed the Minister of Finance some two hours ago that I intended to raise the question. In the Saturday edition of the Toronto *Star,* an article appears, not in hypothetical, suggestive or conjectural terms but in categorical terms about what is in the budget. I will quote the opening sentence which reveals the tone of the rest of the article. It says:

The federal government will offer the provinces a deal in Monday's budget that would cut the Ontario sales tax on a $6,000 car from $420 to $240—

The article goes on. The point of my question, Mr. Speaker, is that the rest of the article in the Toronto *Star* details in specific after specific with the kind of tax cut that is supposed to be announced in tonight's budget. With this in mind, and given the tradition of Great Britain, where in modern times I have found that there have been only two budget leaks, both of which were immediately followed up with investigations and in both cases led to ministerial resignations, I ask the Prime Minister if he will assure the House that if the very specific assertions which appeared in the article in the Toronto *Star* turn out to be included in tonight's budget an investigation into the possibility of a budget leak will take place.

Mr. Trudeau: Mr. Speaker, you will recognize of course, that the question in its form is hypothetical. I will take notice of the question and we will see what the budget contains.

* * *

● (1427)

[*Translation*]

MANPOWER

YOUNG CANADA WORKS PROGRAM—INQUIRY AS TO BUDGET REDUCTION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of Employment and Immigration.

In view of the fact that some people involved in the assessment of Canada Works and Young Canada Works projects have heard of a 50 per cent staff cut, that the budget available this year for job creation is 75 per cent of what it was last year, and that the student work force will be over 4 per cent greater than last year, could the minister indicate to the House whether the current staff can effectively control and monitor the projects which have been received this year or which will be accepted this year under the Young Canada Works program.

Hon. Bud Cullen (Minister of Employment and Immigration): Yes, Mr. Speaker.

Mr. Caouette (Témiscamingue): I have a supplementary question, Mr. Speaker.

In view of his claim that the same service can be provided with 50 per cent of the staff which was previously necessary to study the Canada Works projects, with the assistance of some new people hired as recently as three weeks ago, to supervise the Young Canada Works projects, could the minister indicate to the House whether the necessary budget will be increased to make possible the implementation of a greater number of such projects?

Mr. Cullen: It is not possible just now, Mr. Speaker, but we must examine this question.

* * *

[*English*]

GRAIN

INCREASE IN ELEVATOR COSTS—GOVERNMENT ACTION TO ASSIST FARMERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I direct my question to the Minister of Agriculture, who three days ago exercised unusual philanthropy in connection with the Western Grain Stabilization Act, providing for payment to the western farmers of $60 million as a gift from the government when, as a matter of fact, the farmers themselves have paid the full shot in the last two years. That disturbs the Minister of Transport, who is back in his seat after a trip to Nova Scotia which convinced him that all is not well in the Liberal party down there.

My question is this: Prairie farmers are facing a major increase in elevator costs this summer. An application has been made to a commisssion in connection with extra charges. Apparently the commission is favourable to permitting additional amounts to be levied in respect of wheat. The producer groups gave evidence. They say it will mean several cents a bushel will be taken out of the western farmers. In view of the serious situation in agriculture, whose income has decreased for three years by 6 per cent per year, is the minister prepared to assure the House that this extra levy to permit the grain companies to expand and develop their procedures will come from the people of Canada as a whole, rather than the western farmer in particular who has been paying through the nose as a result of the present government's policy during the last few years?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I first want to say to the right hon. gentleman that the Western Grain Stabilization Act will be used properly and within the law to the extent we can do that which is proper. It will be done in as fair a manner as possible. I also want to advise that I had a discussion about the hearings with one of the grain commissioners this morning. At this time I am not

prepared to make a statement one way or another. I am sure the right hon. gentleman knows that the producers of grain do not want an increase in tariff. All the elevator operators, pools, and so on, are more or less in favour because they need a realistic economic operating picture to present. It is too early for me to say what we will do. I want him to know, and I am sure he does know, that I have the concern of all concerned.

Mr. Diefenbaker: Mr. Speaker, anybody who has the concern of all concerned has concern for nobody.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I ask him this simple question. Not endeavouring to foretell what the commission will recommend, obviously there will be an increase: the grain companies want it, the pools want it, and so on. If there is an increase, as there will be, it will hit the western farmer to the extent of six cents a bushel. Will this be taken up by the Government of Canada, rather than adding to the burden already suffered by the farmers as a result of the high cost of production and rising costs in connection with their needs? Will the Government of Canada take this up as part of its responsibility and ensure fair markets for western wheat?

Mr. Whelan: Mr. Speaker, the right hon. member is suggesting that we should give this matter serious consideration. Anything he suggests always receives serious consideration from this minister.

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● (1432)

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—GOVERNMENT INTENTIONS RESPECTING FUTURE BORROWINGS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance, my question is addressed to the Prime Minister. As the lack of confidence in the government's economic record continues to be reflected in Canada with a Conference Board survey showing that 73 per cent of Canadians feel the government is doing poorly in running the economy while our dollar continues to scrape near bottom in New York—it was down again today, with a further loss of tens of millions of dollars—will the Prime Minister tell us when the government intends to place further foreign debt, as they just completed the issue for $750 million on April 1?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think you will recognize that the question is obviously on the subject of the debate which begins tonight.

Mr. Stevens: Again to the Prime Minister, who obviously did not hear my question because it has nothing to do with the budget debate tonight But since in the Prime Minister's mind the budget debate tonight is linked very much with the issues the government indicates it may be making at some later date in New York, would the Prime Minister indicate whether reports from Washington are correct, that the main reason the government is bringing in a budget tonight is that they have been told that without showing the current fiscal position for the country they may not raise further money in New York; they may not file a prospectus without showing the budgetary position which will be revealed tonight?

Mr. Trudeau: The hon. member asks two questions on monetary policy and then says they have nothing to do with the budget debate tonight. I will give him the answer to those questions if he will undertake that his party is not going to discuss monetary policy during the budget debate, which is a ludicrous proposition.

Mr. Stevens: My supplementary is addressed to the Prime Minister. I shall word it very simply. Was a contributing reason to the timing of the budget tonight the fact that the information which will be revealed tonight concerning Canada's fiscal year 1979 is needed to be included in a prospectus to be later filed in Washington?

Mr. Trudeau: Mr. Speaker, an answer and a comment. The answer is a flat no. The comment is that the Conservatives add very little credibility to their own policies when they themselves have been pressing for a debate and then they do not think we are going to give a debate because they asked for it, which seems to be very ridiculous.

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FISHERIES

ASSISTANCE TO FISHERMEN IN MODERNIZING VESSELS AND EQUIPMENT

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question was intended for the Minister of Fisheries, but in his absence I shall direct it to the Prime Minister: it has to do with the ports policy announced by the Minister of Fisheries last Thursday. At that time the minister stated that something like 58 per cent of the catch of all species within the 200-mile limit was presently taken by Canadian fishermen.

How can the government justify giving away 42 per cent of the catch as being surplus to the catching capacity of Canadian fishermen? What steps is he taking to help Canadian fishermen modernize their vessels and equipment, as was recommended to him by the premiers and ministers of fisheries from Atlantic Canada when they met with him at the federal-provincial conference in February? To save asking a supplementary, I should also like to know what steps are being taken to help Canadian processing plants to expand and diversify their operations in order that they may process presently under utilized species in Atlantic Canada.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): The hon. member is no doubt aware that through various international organizations and treaties we have signed, and in discussions which have taken place on the Law of the Sea, the Canadian government,

along with many other governments, has agreed to allow fish surplus to the needs of Canadian fishermen to be caught by other nations. The hon. member is aware that if we Canadians do not catch species which are not commercially viable for us, we should not restrict entry to other countries, acting like dogs in the manger. As far as the modernization of our fleets is concerned—

An hon. Member: Let's have a speech, Hugh.

Mr. Trudeau: Go on.

Some hon. Members: Hear, hear!

Mr. Anderson: The hon. member asked several questions. If he wishes, I shall deal with them. If not, I shall not deal with them. The hon. member is very well aware that we have today an overcatch capacity on both the east coast and the west coast.

Mr. Forrestall: We were just told we had underutilized capacity.

Mr. Anderson: The minister has stated on many occasions in the House that the object of federal policy should be to increase stocks of fish rather than increase the catch capacity of the fleets we already have. As far as the third part of the question is concerned, the hon. member knows that we have various programs in operation, including grants to freezing plants in order to increase the freeze capacity. I hope the hon. member will agree that the present minister has done more for the fishermen of Canada than any member or minister from the Conservative party.

Some hon. Members: Hear, hear!

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PUBLIC SERVICE

PROPOSED AMENDING OF BILL C-28

Mr. Lloyd Francis (Ottawa West): Mr. speaker, I have a question for the President of the Treasury Board: it relates to Bill C-28. Last week, the hon. gentleman informed my hon. friend from Ottawa-Vanier that an amendment or deletion would be forthcoming with respect to the clause dealing with the duties of employees in the public service. On the assumption that Bill C-28 does receive second reading, is the minister prepared to consider other changes, for example in the restrictions on the flexilibity of the arbitration process?

Hon. Robert K. Andras (President of the Treasury Board): We shall, of course, pay full attention to any constructive suggestions which may be put forward in the course of debate both on second reading and in committee. No doubt witnesses will be heard during the committee stage and full opportunity will be afforded to those who have constructive suggestions to make. I can say that we shall give them full consideration without, at this stage, making any commitment to specific changes other than the one I gave the other day.

AIR TRANSPORT

REFUSAL OF AIR CANADA TO PARTICIPATE IN DOMESTIC ADVANCE BOOKING CHARTER PROGRAM

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct a question to the Minister of Transport. In light of Air Canada's refusal to participate in the domestic advance booking charter program, has the minister had an opportunity to look into this matter and can he give the House and the country a justifiable explanation for the action taken by the corporation? Is he satisfied that the position taken by Air Canada does not violate the principle and the spirit of the cabinet directive on this subject? Can he assure us that the result will not be an over-all reduction in the number of domestic air charter opportunities and, specifically, can he say whether Air Canada's allocation will be diverted to other carriers?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the decision taken by Air Canada carried its own explanation. Of course, because of the action taken by this government, the opportunity for carriers to provide charter services went far beyond the original decision which would have restricted it largely to Air Canada and Canadian Pacific. This means there is no limitation on additional charters being offered. Naturally, there is no obligation on the carrier to offer services regardless of terms of agreement which might be proposed by a tour operator.

I must say I am delighted with the development of charter services as they are coming very quickly on the scene in Canada, and also by the fact that in addition to its charter competitive fares, which are much more numerous than ever before and have the advantage of linking all city pairs in Canada and not just the larger cities, which are all that are served by most of the charter operators, Air Canada has now introduced its Nighthawk flights, approved by the Canadian Transport Commission, an additional feature allowing Canadians to travel most cheaply between various cities in this country.

Mr. Mazankowski: The minister did not tell us whether the original ABCs for Air Canada would be diverted to other carriers. Considering that the Nighthawk program developed by Air Canada does not require the element of advance booking, and considering that the program discriminates against the minister's province of Saskatchewan, I ask the hon. gentleman whether he has discussed the possibility of reviewing or changing the advance booking requirement in relation to charter class fares and other charter operations so that further opportunities might be available to Canadians to see more of their country on a charter flight basis.

● (1442)

Mr. Lang: Mr. Speaker, I answered the question about the diversion of Air Canada flights to other carriers. I made it clear that that was open as a result of the cabinet decision directing more charters than the CTC had originally allowed. They were not limited to the 25 and 25 to the two main line

carriers, but could go well beyond that. So there is no question of diversion: it is a question of any offer coming forward being potentially acceptable.

We did, at the same time, ask the commission to review its advance booking rules. The commission will have to do this even more vigorously, in view of the fact that these rules are undergoing changes in the United States and in certain places where we are directly competitive with American services.

In the case of Saskatchewan and other places where Nighthawk flights were not originally offered, I have had a discussion with Claude Taylor and he has his operational people looking at the question of whether these flights could be extended to other destinations and origins. Indeed, with particular regard to Saskatchewan, I am aware of certain overnighting aircraft in Saskatoon and it may be possible to offer some Nighthawk flights. There are other problems in relation to crew and the number of people likely to travel. These are being looked at because of the desire on the part of all of us to offer as many low-cost flights as we can to Canadians throughout Canada.

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PUBLIC SERVICE

EFFECT OF IMPLEMENTATION OF BILINGUAL BONUS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a question for the President of the Treasury Board regarding the enormous problems involved with the implementation of the bilingual bonus for language excellence. We have heard that it is a discriminatory program, that it adds to frustration and that it affects the morale of the public service. I understand the minister has been studying this program for some time. Has he reached any conclusions as to whether the program should be scrapped, as we have said it should be? If not, when does the minister expect to come to a conclusion in this regard?

Hon. Robert K. Andras (President of the Treasury Board): No, Mr. Speaker, I have not reached such a conclusion and I cannot give the hon. member any indication as to when such a conclusion might be reached.

Mr. Alexander: Mr. Speaker, I point out to the minister that in hearings before Treasury Board last week, we were advised that the minister's department will deem the study which is now being undertaken confidential, and that the minister would be prepared to release the result of the administration of the bonus but will not release the results of the effect of the bonus on the public service.

Given the fact that the public of Canada will be paying twice, once to see that the public service does get this training and—which is beyond my comprehension—once more for proficiency by way of a bonus, is it the intention of the minister to see to it that any study or analysis, and the results, will be released for the edification not only of members of this House but also of the public? Can the minister give me that assurance, or is this also a matter to be covered up?

Mr. Andras: Mr. Speaker, I will take that as a respresentation from the hon. member and I will give it the consideration I usually give to his recommendations of that nature.

Mr. Alexander: One last supplementary, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member for New Westminster.

Mr. Alexander: Don't cover up; that's all we are saying.

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IMMIGRATION

REQUEST MINISTER GRANT POLITICAL ASYLUM TO CHILEAN NATIONAL

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Employment and Immigration: it concerns the case of Mr. Galindo Madrid which I discussed with the minister last Friday. In view of the fact that Mr. Madrid was tortured in Chile prior to jumping ship at Squamich, British Columbia, and in view of the widespread appeals for the minister's intercession on a humanitarian basis so that Mr. Madrid can be given political asylum in Canada, can the minister rise in his place today and advise whether he intends to intercede in this worthy case and provide asylum to Mr. Madrid so that he will not be deported to Chile?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the individual to whom the hon. member refers has been through all the appeal procedures. He was not able to convince the refugee status advisory committee that he was, in fact, a convention refugee. His case was reviewed by the special review committee. It was decided that there was no basis for special consideration. I understand that Mr. Madrid has now appealed to the Federal Court of Canada. Until that appeal is disposed of, I think it would inappropriate for me to comment further at this time.

Mr. Leggatt: I can appreciate that Mr. Madrid is not a ballet dancer and that that gives him a bit of a handicap. However, in terms of the request the minister received on March 29, which was that there be a delay in the decision until the solicitors for Mr. Madrid are able to provide corroboration for the evidence they have provided to the various levels within the minister's department, would the minister at least undertake that there will be a delay until Mr. Madrid and his representatives have a chance to corroborate the evidence of risk and the evidence of torture which he will face in the event of his deportation?

Mr. Cullen: Mr. Speaker, the hon. member is suggesting that if Mr. Madrid had done a ballet manoeuvre when leaving that ship, we would have been a little more compassionate in our approach. I think the record speaks for itself. It indicates

that in cases of this kind we have bent over backward's to be as fair and compassionate as possible.

All the appeal procedures are in place. I think the gentleman and his counsel should be given access to them, and not be hampered or hindered in any way. With regard to whatever compassion is needed in this case to lengthen the time, I do not think there will be any difficulty.

* * *

AGRICULTURE

STABILIZATION PAYMENTS TO POTATO GROWERS

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is for the Minister of Agriculture. I ask him once again whether he will consider changing his previous statements to the effect that no stabilization payments would be made to potato growers until the end of the current marketing season. This is the seventh time I have risen in my place and asked this question of the Minister of Agriculture.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I said to the hon. member the other day that we would follow historic patterns. Historic patterns show that we have made interim payments, and I have instructed the stabilization board to do so for eastern Canada.

REQUEST FOR ASSISTANCE FOR WHITE BEAN GROWERS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Minister of Agriculture. Some time ago, at a meeting, the minister suggested that there would be some federal assistance for white bean producers because of the disastrous weather of last year and the lower price. Can the minister advise us if a definite decision has been made in that regard and what form of assistance will be provided?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I do not remember exactly what I said to the hon. member, but those producers did receive about $10 million in assistance from crop insurance programs. The white bean board has applied for stabilization, and that is under consideration by the stabilization board at the present time.

Mr. McKinley: Mr. Speaker, producers are now in the process of deciding what crops to plant in 1978. The minister's decision in this regard might have some bearing on those plans. I wonder if a definite decision could be given on this matter quite soon.

Mr. Whelan: Mr. Speaker, I met a group of white bean producers in the hon. member's area the other night. I gather that those producers are ready to go ahead and plant their acreages. Many of them have been compensated under crop insurance programs. There was low crop production last year because of the terrible catastrophe which took place, which was very wet weather. It was impossible in some areas to harvest any of the crop. In most areas about 90 per cent of it was left in the fields.

Producers are now deciding whether they are going to plant. That will be a decision for the producers themselves, but I gather from talking to them that most of them will be planting sizeable white bean acreages this year because we are considering stabilization, and also because slightly over 77 per cent of the producers had crop insurance.

* * *

CANADIAN WHEAT BOARD

PROGRAM TO ENABLE GRAIN ELEVATORS TO BE CLEARED

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct my question to the minister responsible for the Canadian Wheat Board. Elevators in the Red River Valley are plugged because we have not received the number of rail cars to which we are entitled, even though we have received clearance through the block system. In view of the extensive flooding which is taking place in the Red River Valley south of the forty-ninth parallel, can the minister assure us that the special permits which have been issued in the past will be issued again? Farmers have been able in the past to move grain which might have been flood prone. Grain is now in storage. Will the minister announce a program so that these elevators can be cleared and so that grain can be moved before flood conditions arrive in Manitoba in approximately ten days' time?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think the hon. member knows that these arrangements are ordinarily made by the Canadian Wheat Board and not by the government. I will be very glad to discuss this matter with the board, and I know its usually sympathetic ear will be turned to these representations.

* * *

AGRICULTURE

GOVERNMENT DECISION ON TARIFF RECOMMENDATIONS AT GATT

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a question to the Minister of Agriculture. Last week Ambassador Warren, Canada's chief spokesman at the GATT negotiations in Geneva, made a statement in Winnipeg in which he said, "The Tariff Board recommendations, many of which propose higher protection than now afforded, have been under careful consideration by the government, and I understand that decisions may be expected shortly".

Since we are getting well into the final stages of the GATT negotiations, and since agriculture is being discussed at Geneva, can the minister indicate whether the government has made a decision on tariff recommendations and, if so, would the minister outline briefly what the situation is?

● (1452)

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, they have made a decision. The people returned from GATT last week, as the hon. member knows full well. If he wants it briefly, it is practically as the Tariff Board reported.

Mr. Murta: Mr. Speaker, do I have the assurance of the Minister of Agriculture that the government will be adopting the Tariff Board recommendations pretty much as they were outlined in their report to the government some time ago?

Mr. Whelan: Mr. Speaker, that is what I said.

* * *

PUBLIC SERVICE

OPINION THAT BILL C-28 CONTRAVENES PROVISIONS OF HUMAN RIGHTS ACT

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is directed to the President of the Treasury Board: it is supplementary to the question asked by the hon. member for Ottawa West with respect to Bill C-28. Is the minister aware that the human rights commissioner has expressed an opinion with respect to the fact that bill C-28 contravenes the provisions of the Human Rights Act in one particular respect? Has the minister seen that opinion? Is he studying it? Can he undertake to inform the House of the intentions of the government with respect to the opinion as to the impropriety of Bill C-28 as expressed by the chairman of the Human Rights Commission?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I am aware that the chairman of the Human Rights Commission has written to the Minister of Justice expressing an opinion and some concern about a portion of one clause of the bill. As yet, I have not had legal advice from the Minister of Justice in response to that letter, although there were some important discussions prior to the receipt of the letter which indicated that there would not be a problem. I will be guided by the advice which I will receive very shortly, I presume, from the Minister of Justice.

Mr. Baker (Grenville-Carleton): Mr. Speaker, as the minister knows, one of the aspects is equal pay for equal work for women, and there is one other important aspect. So that the House will have the benefit of the opinion of the chairman of the Human Rights Commission, will the minister consider tabling the letter from the chairman to the Minister of Justice, now that it is public?

Mr. Andras: Mr. Speaker, of course, the official in question reports to parliament. I do not think there would be any inhibition, but I would question the propriety of us tabling the document. The hon. member is quite correct; it was published in the *Globe and Mail* the other day, so I do not think there is anything secret about it. I will take it under advisement. If that is the proper procedure, I have no objection.

[Mr. Murta.]

AIRPORTS

EDMONTON, ALTA.—CUSTOMS PRECLEARANCE CENTRE

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is directed to the Minister of Transport: it concerns the fact that while this government is prepared to pump $50 million a year into a white elephant at Mirabel, it is not even prepared to discuss an offer by the province of Alberta to pay for the construction of a customs preclearance centre at Edmonton airport.

I ask the minister why he has refused to meet the Alberta minister of transport to discuss this offer. In view of the deficit the government has run up in creating the Mirabels and the Pickerings, why has this offer by the province of Alberta been refused? After all, it is free money for the government.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, both parts of the hon. member's statement are really quite ridiculous and are nonsense. The amount he talks about in relation to Mirabel—which I think he knows—is largely an interest payment being carried on the books, and not new money being pumped in.

An hon. Member: Answer the question.

Mr. Lang: If he wants to display his regional biases, he might mention the fact that we are putting $130 million into an airport in Calgary, and it is a beautiful airport, which has just been completed.

Some hon. Members: Hear, hear!

Mr. Lang: The reason the second part of his question is nonsense is that if he is reading one press release, he might read the other. I have made it clear that we have not received a formal proposal from the minister of transport in Alberta to finance the construction at the Edmonton airport. I have made it clear that we are willing to consider that if such a proposal came forward. When I met the minister two weeks ago and talked about three other subjects, he did not even raise with me that matter of the Edmonton airport.

Some hon. Members: Hear, hear!

Mr. Paproski: Mr. Speaker, just to straighten the minister out, as of Friday he had not met the Alberta minister of transport on this particular project. It seems the so-called voice from Alberta in the cabinet is that pitiful squeak from what's-his-name.

Mr. Hees: That is "Loose Lips."

Mr. Paproski: Yes, that is his name. He cannot even get an audience for the Minister of Transport; that is the problem. I know the minister wants to use this as an election platform in the next campaign.

Mr. Speaker: Order.

Mr. Lang: Mr. Speaker, as I indicated to hon. members, Dr. Horner—who is the minister of transport in Alberta—did not raise this matter with me when we met on other subjects a few weeks ago. He had ample opportunity to do so. Indeed, after our meetings on the three main subjects were over, we raised several other matters of interest. He did not choose to raise this one.

Mr. Hees: Did you raise it with him?

Mr. Lang: Indeed, I had an informal question about this matter through my colleague, the hon. Minister of Industry, Trade and Commerce, and I indicated to him that if such a request on the part of Alberta came forward, we would consider it most favourably. Nothing more has come forward in this regard.

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FISHERIES

BRITISH COLUMBIA—SEASONAL EMPLOYMENT FOR NATIONALS OF OTHER COUNTRIES

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment or his parliamentary secretary. Is he aware of the fact that the bonanza in the herring roe fishing industry in British Columbia is attracting some seasonal employment, and that Japanese nationals have been hired as technicians for that industry who are really not technicians but are out in the fishing grounds working along with the other fishermen and are taking jobs away from Canadians?

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I am aware, as I believe the minister is aware, that fish buyers of Japanese extraction are out in various areas during the herring season. I am not aware of any Japanese nationals who are fishing with the herring boats off British Columbia.

VESSEL AND FOREIGN CREW OPERATING UNDER CANADIAN LICENCE

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question also concerns the employment of Japanese. In light of the fact that the Minister of Fisheries and the Environment is not present in the chamber, perhaps Your Honour will permit a small preamble in order that the Prime Minister may understand what is happening in the Department of Fisheries and the Environment. Therefore, my question is directed to the Prime Minister.

In a recent letter to me, the minister stated that he was prepared to extend a licence to a ship with a capacity 25 times greater than the ship from which the licence was taken, on condition that the vessel went to sea with a Canadian crew. Now it is apparent that the vessel is going to sea with a Japanese captain and a Japanese engineer, within the 200-mile limit and under a Canadian licence. Is the Prime Minister aware of this? If he is not, would he be prepared to speak to the minister and ask him what devious political purpose he intends to achieve by this particular operation?

Some hon. Members: Oh, oh!

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I wonder if the hon. member—

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, my question was addressed to the Prime Minister.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, how can the hon. member expect to score points by referring to private correspondence between himself and the minister? Obviously, I have not read the correspondence. The parliamentary secretary has risen, perhaps to give an answer or perhaps to take notice of the question. I think this is a somewhat ridiculous example of what the Tories are asking.

Some hon. Members: Hear, hear!

* * *

FINANCE

EXTENSION OF RELIEF MEASURES FOR STEEL BEAMS

Mr. Ron Huntington (Capilano): Mr. Speaker, my question is directed to the right hon. Prime Minister. At the first ministers' conference, the Prime Minister left the message that if the premiers of Alberta and British Columbia got together on a mechanism to safeguard the interests of Algoma Steel, and at the same time maintain a steady supply of wide-flange steel beams from offshore sources at world prices, he would implement relief from the 30 per cent anti-dumping duty which was recently levied. Assuming agreement is reached between the provinces, will the Prime Minister confirm that it is still his intention to extend the relief beyond June 29?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the names of the two provinces escaped me. Would the hon. member repeat them, please?

Mr. Huntington: Alberta and British Columbia.

Miss MacDonald: They are out west.

Mr. Huntington: Yes, they are out west.

Mr. Hees: Surely the Prime Minister remembers the place he flew to a little while ago.

Mr. Trudeau: Mr. Speaker, the facts on which the question is posed are not correct. Dealing with the first point, action was taken by the Minister of Finance in giving relief to the industry for a period which I believe extends to the end of June. Dealing with the second point, there was no suggestion by me that Alberta and British Columbia would have to get together to settle this question. The producers are in Ontario

and they think anti-dumping duties should be applied: the consumers are in British Columbia and they think they should not be applied.

● (1502)

If I were to ask the provinces to get together, it would be rather to have Premier Davis and Premier Bennett get together to find an agreement, certainly not Alberta and British Columbia.

Mr. Huntington: Mr. Speaker, I would like to ask the right hon. gentleman whether he realizes that his reply today will be a great surprise to interests in British Columbia who have been negotiating with the province of Alberta on the clear understanding of a commitment from the Prime Minister.

* * *

PRIVILEGE

MR. ROBERTS—DENIAL OF NEWSPAPER REPORT ALLEGING MISUSE OF POSTAL FRANK

Hon. John Roberts (Secretary of State): Mr. Speaker, I rise on a question of privilege. The Toronto *Globe and Mail* carries a story alleging that I have abused my franking privilege by sending newsletters of mine to areas outside my constituency, with the frank. This allegation is entirely false. I have sent newsletters outside my riding but I have paid for the printing and the postage of those sendings myself. I think it is important, since this is a matter which does affect the privileges of the House, that my position on the matter ought to be clearly put forward.

MR. BROADBENT—ALLEGED LEAK OF BUDGET DETAILS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I too rise on a question of privilege, and I consider the subject matter to be of serious importance. I want to deal with two parts of the issue involved in this question of privilege. The first will be to indicate briefly the seriousness involved in a budget leak of any kind, and the second is to present my reasons for believing there is very good cause for concluding that precise information concerning tonight's budget has, indeed, been leaked in advance.

I checked the record for the past 50 years concerning budget leaks, and found there were two cases, both of which led to the resignation of ministers of the Crown, and they both took place in Great Britain.

One case occurred in 1947 and involved an indiscretion by the Chancellor of the Exchequer at the time. He made an off-hand comment to a journalist on the very evening of the presentation of his budget, obviously with no intent to have such information appear in public before he had concluded his budget address. However, what did transpire was that because of the timing of a certain edition of the paper for which the journalist worked, news in particular detail about the budget did in fact reach the paper. As soon as the Chancellor of the Exchequer at the time, Dr. Dalton, was made aware of this, he submitted his resignation forthwith, which was accepted on the following day.

The other case I discovered in modern times, and that means going back probably over a 50-year period, took place in 1936, also in Great Britain. In this case it was not the Chancellor of the Exchequer who resigned but another minister of the Crown. In this particular instance there was what transpired to be a leak of information that led to certain activity on the stock market. As soon as the Chancellor of the Exchequer at the time learned of grounds for believing that there was at least a clear possibility of a leak of budgetary information, he initiated an investigation. The investigation led to the disclosure that another minister of the Crown had in fact revealed budgetary information, and in that case that minister resigned.

In the present circumstances I submit at this point for consideration a story which appeared in Saturday's Toronto *Star*. I should say at the outset that there have been countless newspaper, radio, and television speculative pieces about what may or may not appear in the budget. We always take that for granted. There is a crucial distinction to be made in respect of what one normally finds in such stories, whether in newspapers, on television or on radio, that is, the stories contain therein words like "it is speculated" that such and such will appear in the budget, or "it is assumed" that such and such will appear in the budget, or "it is rumoured" that such and such will appear in the budget.

In Saturday's Toronto *Star* one finds no wording of that kind at all in the story as it is worded. The story begins with the assertions I indicated in my letter to you earlier today, Mr. Speaker, and as I presented to day in a question to the Prime Minister (Mr. Trudeau). It begins in the April 8 edition of the *Star* "The federal government will offer the provinces" such and such, and the rest of the story concerns details of precise dollar amounts, taxation changes, and sales tax changes that are going to vary from province to province, with the direct dollar implications being connected to those tax changes.

The point I want to make then is really twofold in nature. A budget leak is a very serious matter indeed, in a parliamentary government, and at least at this point no one knows, except someone who may have leaked the story, whether it was a leak. Until we see the budget tonight most people in Canada, and certainly most people in the House of Commons, will not know if the story that appeared in the Toronto *Star* is in fact based on a budgetary leak. However, there are good grounds for believing so, and that is why I am raising the matter at this point. I do so simply to give you notice that there are very good grounds for believing, given the specificity of the story, that it is not speculative but contains what the budget is going to contain, in concrete detail. That is why I am concerned.

Therefore, Mr. Speaker, really what I would like to do at this point is simply serve Your Honour with notice that if the budget tonight, when it appears, contains the kind of precise detail that is indicated in the Toronto *Star* story, I intend

tomorrow in turn to raise a question of privilege on this matter.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in respect of the point raised by the Leader of the NDP (Mr. Broadbent). I have two observations to make. The first is, of course, that the budget itself has not yet been presented, and it is impossible to talk about a budget leak at this stage. The second point is that the hon. member has based his comments and his intention to rise on a question of privilege on two British cases. As the hon. member will recall, the former minister of finance often raised the appropriateness of the traditional, so-called, budget secrecy.

Obviously the concept of secrecy that surrounds the budget has evolved, and must evolve if a minister of finance, and the modern context, is to undertake any consultation whatsoever in respect of budget preparations. That was the gist of the comments, as I recall, made frequently by the former minister of finance. There was a question about the appropriateness of that traditional concept that the hon. member has taken from Britain in these cases in our modern economy.

I have not talked to the Minister of Finance (Mr. Chrétien) about this. I do not know what the budget will disclose with respect to the matters that have been mentioned by the hon. member. A question that the members of the House of Commons ought to ask themselves is whether, in the operation of a modern economy and the preparation of a budget, it is relevant to apply the rigid categories that were applicable in the days that the hon. member has mentioned.

● (1512)

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I followed with great interest the statement that has just been made by the government House leader with respect to such a practice. He is quite right when he says that the former minister of finance, Mr. Donald MacDonald, P.C., did in fact question at one stage budget secrecy and whether it is appropriate in very general terms, but with respect to a specific interest which I raised with him in the House of Commons at the time, on that occasion he did not—and we do have the tradition on this occasion in the event that something untoward should be revealed—back away from his obligation to assure the House that the existing practice would continue, and practice is, therefore, a very good reason.

No one governs the private sector—businesses, or labour unions. No one ought to be able to speculate in any way whatsoever with respect to what is contained in the budget in the sense of taking advantage of it. This particularly applies in the private sector, and that is the reason for the tradition. We all know that, and it could very well apply in the public sector as well in the event this kind of matter should take place.

I am interested as well in the fact that the government House leader indicated to us today, quite properly, that he has not talked to the Minister of Finance (Mr. Chrétien). I assume he will be talking to the minister. The fact that the matter was raised in advance of the budget being presented, as the House leader has said, will not stop a leak. Of course, the only time that a leak could take place is before the budget is presented. However, if it has, it is extremely important that the minister live up to the undertaking that he will consult with the Minister of Finance and that tonight the Minister of Finance stand in his place and indicate to the House what the facts are with respect to the matter raised by the hon. member for Oshawa-Whitby (Mr. Broadbent). It is important that that be done, and we have a right to know. Then the situation can be discussed and decided upon by the House.

The parliamentary secretary to the minister says that it is pure speculation. I agree with him when he says it is speculation, but it is speculation that ought to be laid to rest. That is my point. I am happy that the government House leader is going to be speaking to the Minister of Finance, and I hope that the minister will make the appropriate statement.

Mr. Speaker: The hon. member for Oshawa-Whitby (Mr. Broadbent) has raised an important question of privilege. It awaits the presentation of the budget this evening, and will be subject to further discussion at this time tomorrow.

* * *

POINT OF ORDER

MR. McCAIN—TOURISM—FUNDY NATIONAL PARK

Mr. Fred McCain (Carleton-Charlotte): I rise on a point of order, Mr. Speaker. I have a document in my hand issued by the government, intended to promote inter-Canadian tourism and, no doubt, to turn the balance of the tourism dollar, which is being spent by Canadians abroad. In the first place, the document is inadequate, but even worse than that, and this is the subject of my point of order, is that it is inaccurate. Referring to Fundy National Park they say:

> Live it, Learn it, Love it.
>
> Fundy's in Nova Scotia on the Bay of Fundy where you can see the world's highest tides flood in and out. It is alive with things to see, touch and do.

The definition and description of the park are quite all right, but the location of the park indicates the lack of concern that many publications seem to have for accuracy. I would like to point out to the government, just in case none of its members are aware of it, that that park is definitely located in, and is the pride of, New Brunswick.

It is only fitting that the minister for tourism should reissue the booklet, withdraw those copies which have been circulated, remail those which have been mailed on request, and have the corrections made. The document should not only be withdrawn but should give proper attention to the scenic values of all of Canada. But, for goodness sake, let us put them province by province where they belong.

Some hon. Members: Hear, hear!

Introduction of Bills

PRIVILEGE

MR. DIEFENBAKER—DELAY IN ANSWERING QUESTIONS PLACED ON ORDER PAPER

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should have given you notice. I thought it had been given through the whip, but through a misunderstanding it was not. I thank you very much for seeing me because I wish to raise a question of privilege that reveals an attitude on the part of this government that is totally inexcusable and out of keeping with the concept of government. I am referring to the matter which came up the other day when the hon. member for Simcoe North (Mr. Rynard) raised a question of privilege.

Here we are, approaching the last days of this session, and there are on the order paper 1,500 questions which have not been answered. I decided, while waiting today to get on, to look over the nature of these unanswered questions.

Mr. Speaker: Order, please. I invite the right hon. gentleman to wait a few moments until we have called questions today, and then it will be more relevant to the question and, in addition, would not require notice.

ROUTINE PROCEEDINGS

[*English*]

CRIMINAL CODE

MEASURE TO AMEND SECTIONS DEALING WITH PORNOGRAPHY

Mr. Dean Whiteway (Selkirk) moved for leave to introduce Bill C-434, to amend the Criminal Code (pornography).

Some hon. Members: Explain.

Mr. Whiteway: Mr. Speaker, the purpose of this bill would be to amend the Criminal Code with respect to obscenity. In particular, it would disallow expert witnesses, make the use of children for pornographic or sexual exploitive purposes an offence, and makes certain other changes to questions dealing with obscenity and its definition.

I would point out that this bill in no way offends the report coming from the justice and legal affairs committee regarding pornography, and is quite the opposite.

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

* * *

CANADA SHIPPING ACT

AMENDMENTS RESPECTING SALVAGE OPERATIONS

Mr. Allan B. McKinnon (Victoria) moved for leave to introduce Bill C-435, to amend the Canada Shipping Act (pollution).

[Mr. McCain.]

Some hon. Members: Explain.

Mr. McKinnon: Mr. Speaker, this is one of a pair of bills that are for the purpose of preventing shipowners and salvage operators from haggling over the division of the salvage of a tanker in distress. There was a recent event which increased the hazards, and I hope this bill will prevent such occurrences.

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

• (1522)

AMENDMENTS TO INCREASE FINES FOR POLLUTION OFFENCES

Mr. Allan B. McKinnon (Victoria) moved for leave to introduce Bill C-436, to amend the Canada Shipping Act (pollution).

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

* * *

INCOME TAX ACT

MEASURE RESPECTING DIVORCE EXPENSES

Mr. Maurice A. Dionne (Northumberland-Miramichi) moved for leave to introduce Bill C-437, to amend the Income Tax Act.

Some hon. Members: Explain.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, under the present act certain payments made by one person on behalf of another in cases of separation or divorce are not permitted as a deduction for income tax purposes. My bill will make it clear that such payments will be classed as income for the person on whose behalf the payment is made and as a deduction for the person making the payment.

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

* * *

NATIONAL ANTHEM

MEASURE TO CHANGE WORDING

Mr. Hal Herbert (Vaudreuil) moved for leave to introduce Bill C-438, respecting the national anthem of Canada.

Some hon. Members: Explain.

Mr. Herbert: The purpose of this bill is to change in the English version only of our national anthem the word "native" to the word "cherished", in order to include the millions of Canadians who were not born in Canada.

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

NATIONAL TRANSPORTATION ACT

MEASURE TO RESTRICT COMMISSION'S POWERS

Mr. Mark MacGuigan (Windsor-Walkerville) moved for leave to introduce Bill C-439, to amend the National Transportation Act (review and re-hearing).

Some hon. Members: Explain.

Mr. MacGuigan: Mr. Speaker, the purpose of this bill is formally to restrict the power of the Canadian Transport Commission to hold new hearings on public matters that have already been decided.

At present, the discretion of the Commission to review, rescind or alter its orders and decisions and to rehear applications, is somewhat unclear. In many cases the rehearing of matters can cause tremendous hardship, especially to public interest groups that wish to oppose applications made by regulated industries, because these groups do not normally have the funding to fight a prolonged legal battle. The re-hearing of decided issues by the CTC should therefore be strictly regulated by legislation.

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

* * *

POSTAL SERVICE OPERATIONS ACT, 1978

MEASURE TO ENSURE CONTINUATION OF REGULAR POSTAL OPERATIONS

Hon. John C. Munro (Minister of Labour) moved for leave to introduce Bill C-45, to provide for the continuation of regular postal service operations.

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

* * *

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN THIRD REPORT OF STANDING JOINT COMMITTEE

Mr. G. W. Baldwin (Peace River) moved that the third report of the Standing Joint Committee on Regulations and Other Statutory Instruments, presented to the House on Thursday, April 6, 1978, be concurred in.

He said: Mr. Speaker, I think it would not be amiss to borrow a few minutes of the time of the House to elaborate on the reasons for this particular motion which was passed unanimously by the committee, and to refresh hon. members' minds.

It provides, in the event a final report cannot be presented by the joint committee dealing with our terms of reference related to the green paper on legislation and access to government documents, that after the summoning of a new parliament the order of reference to the committee be renewed and all evidence and proceedings given in relation to this matter before the committee be included in the said order of reference.

Of course the committee knew that all it could do was make a recommendation in the hope that, when a new parliament is called, there will be a new government which may be more sympathetic to the situation, and that those hon. members on the government side who worked their battered way to this side of the House might also be able to give support to the proposal contained in this motion. This is a request from the existing parliament to what hopefully will be a new and more lively one, to move quickly and finish a task which should have been done long ago.

In February, 1976, this House unanimously approved a motion supporting, in principle, freedom of information legislation, which clearly inferred that the government should get on with the job. In supporting the 1976 motion, the House accepted the views of the committee which had been studying the issue for well over a year, and the House also adopted the position of a government task force on information. Furthermore, government officials had been studying the matter, both in Canada and abroad, and had at their command all the facts, statistics, and studies on comparative legislation, necessary to draft a bill. But those of us who expected the government to act were sadly disappointed. I am instructed that the matter was considered at least twice at cabinet or cabinet committee level, but the assorted dinosaurs who make up the top level of government, both elected and appointed, just would not hear of it.

Freedom of information means that the truth is likely to come out, and these people and their leader react to truth like the devil to holy water.

Joseph Pulitzer said, "There is not a crime, there is not a dodge, there is not a swindle, there is not a vice, which does not live by secrecy." This can be equally applied to the errors and evils of government.

After 15 months or more, in June, 1977, this House was given a green paper, designed to delay and divert the request for "right to know" laws, and this tactic now seems to have succeeded. It took six months to drag the government into referring the paper to the committee last December, and it now appears as if there will not be time to complete the study and to report before dissolution.

A large number of organizations and people have appeared before the committee, or have presented briefs, and it would be a great shame to compel them to repeat their efforts. Nearly all who have appeared support the proposition that there be a law giving the public the right to know the facts about government operations, with limited exemptions and a clear and binding appeal process. There is the all-party committee on freedom of information, representing members in both Houses. In fact all parties have given their blessing, including the Liberal party which took a very strong stand in support of judicial review at its last convention.

Freedom of information is also supported by an impressive number of groups and organizations whose views should not have to be repeated, like the CLC, the Canadian Bar Association, the Canadian Association of University Teachers, the Canadian Manufacturers' Association, and dozens of others, including consumers' associations, library associations, community workers, newspaper associations and unions. In fact the entire spectrum of policital, economic, and social groups have a consensus favouring a more open and honest system of government.

There are those who stand in the path of this progress—a small group of willful, perverse, and arrogant people, who say, "Why should the public and parliament know what we know or why we act? It is for us to rule and for them to obey". And so they frustrated the unanimous wish of this House, flouted the views of all the organizations I have mentioned, went against the recommendations of their own advisers on this matter, and even rejected the twice-expressed position of their own national party. They are saying no to a motherhood issue, which makes me wonder what secrets must be protected by such obstructionism. I am sure that I am not the only one who wonders.

● (1532)

There is a particularly valid reason for speeding up the proposal to restore a more open face to government at this time. The absolute breakdown of trust and confidence in the apparatus of government is the most alarming phenomenon of our times. Unless this situation is repaired at once, if it can be, we are unlikely to get out of the swamp in which we are bogged down.

Tonight I sincerely wish the Minister of Finance (Mr. Chrétien) good fortune with his budget. But I suggest anything he proposes will be worthless unless it is accepted as being credible, and there is the rub. Until this and other governments can restore credibility and truthfulness his proposals and programs are unlikely to succeed.

Mr. Speaker: The motion is by Mr. Baldwin, seconded by Mr. Baker (Grenville-Carleton). The hon. member for Ottawa West (Mr. Francis).

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I would just like to rise and say that I have acted as chairman of an all-party committee which has been concerned about freedom of information. Certainly I feel that the efforts which the government has made in producing the paper which was referred to committee, the terms of reference of the committee, the hearings that have taken place, and the statements made by a number of responsible persons, indicate the concern of members on this side of the House as well as of members on the other side of the House on this matter.

I know the hon. member who has just spoken is impatient with these matters. We recognize his great interest, of long standing, but I also recognize that good legislation arises out of the process of careful examination of what is really not a simple business but a complicated business. Those of us who

are concerned about it are determined that progress should be made.

I support the general principle of this resolution and I hope it will receive acceptance. I hope that perhaps in some way it will expedite the work of another parliament which must inevitably come to grips with it.

Motion agreed to.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I have the answers to some 47 questions, and perhaps that will help to alleviate some of the concern expressed by the right hon. member for Prince Albert (Mr. Diefenbaker). The following questions will be answered today: Nos. 837 to 880 inclusive, and questions Nos. 1,176, 1,178 and 1,196.

[*Text*]

ARDA ASSISTANCE IN MANITOBA

Question No. 837—**Mr. Epp:**

1. Who was the head or chief representative of the Delta Fishermen's Federation in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In September of 1973, when Special ARDA assistance was offered to Delta Fishermen's Federation I, the head representative was Mr. Gilbert Ducharme, president.

2. (a) Thirty-nine members of Delta Fishermen's Federation I were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the Special ARDA contract on March 31, 1975, all members were still registered as commercial fishermen.

Question No. 838—**Mr. Epp:**

1. Who was the head or chief representative of the Delta Local Fur Council in Manitoba at the time when the organization received funding under the Federal—Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In February of 1974, when Special ARDA assistance was offered to Delta Local Fur Council I, the head representative was Mr. Gilbert Ducharme, president.

2. (a) One hundred and forty-six members of Delta Local Fur Council I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on September 30, 1975, all members were still registered as trappers.

Question No. 839—**Mr. Epp:**

1. Who was the head or chief representative of the Lake Manitoba Narrows Lodge in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In July of 1973, when Special ARDA assistance was offered, the head representative of Lake Manitoba Narrows Lodge was Mr. Peter Stasiuk, owner.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, November 1, 1976, this enterprise employed eleven people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 840—**Mr. Epp:**

1. Who was the head or chief representative of the Cross Lake Fishermen's Association in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In April of 1974, when Special ARDA assistance was offered to Cross Lake Fishermen's Association, the head representative was Mr. Donald McKay, president.

2. (a) Seventeen members of Cross Lake Fishermen's Association were able to engage in commercial fishing during the contract period and improve their incomes as a result. (b) At the time of expiration of the contract on September 30, 1975, all members were still registered as commercial fishermen.

Question No. 841—**Mr. Epp:**

1. Who was the head or chief representative of the Fisher River Fishermen's Federation in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In June of 1973, when Special ARDA assistance was offered to Fisher River Fishermen's Federation, the head representative was Mr. Norman Murdock, president.

2. (a) Forty-five members of Fisher River Fishermen's Federation were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1978, all members were still registered as commercial fishermen.

Question No. 842—**Mr. Epp:**

1. Who was the head or chief representative of the Louis Riel Cooperative at St. Laurent, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In June of 1973, when Special ARDA assistance was offered, the head representative of Louis Riel Industrial Co-op was Mr. William Dumont, president.

2. (a) At the start of operations, the enterprise employed eighteen people, but was forced to cease operations for some time as the result of a severe fire. The operation is starting up again with the same employee level. (b) See 2. (a) above.

Question No. 843—**Mr. Epp:**

1. Who was the head or chief representative of the Einarsson's Trailer Court and Store in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1973, when Special ARDA assistance was offered, the head representative of Einarsson's Trailer Court and Store was Mr. Henry Einarsson, owner.

2. (a) At the start of operations, the enterprise employed three people, but has since ceased operations due to bankruptcy. (b) See 2. (a) above.

Question No. 844—**Mr. Epp:**

1. Who was the head or chief representative of the Nor-East Enterprises Ltd. in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Dapartment of Regional Economic Expansion is as follows: 1. In June of 1973, when Special ARDA assistance was offered, the head representative of Nor-East Enterprises Ltd. was Mr. Arthur Bostrom, owner.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, November, 1976, this enterprise employed three people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Order Paper Questions

Question No. 845—**Mr. Epp:**

1. Who was the head or chief representative of the Pikwitonei Local Fur Council in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In March of 1974, when Special ARDA assistance was offered to Pikwitonei Local Fur Council I, the head representative was Mr. William R. Cordell, president.

2. (a) Seventeen members of Pikwitonei Local Fur Council I were able to engage in trapping during the contract period and improved their incomes as a result.

(b) At the time of expiration of the contract on March 31, 1976, all members were still registered as trappers.

Question No. 846—**Mr. Epp:**

1. Who was the head or chief representative of the York Landing Local Fur Council in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In August of 1973, when Special ARDA assistance was offered to York Landing Local Fur Council I, the head representative was Mr. Horace Saunders, president.

2. (a) Seven members of York Landing Local Fur Council I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1975, all members were still registered as trappers.

Question No. 847—**Mr. Epp:**

1. Who was the head or chief representative of the Red Sucker Lake Local Fur Council in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In April of 1974, when Special ARDA assistance was offered to *Red Sucker Lake Trappers' Association, the head representative was Mr. Billy Harper, president.

2. (a) Fifty-six members of Red Sucker Lake Trappers' Association were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1975, all members were still registered as trappers.

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* Now known as Red Sucker Lake Local Fur Council.

[Mr. Wood.]

Question No. 848—**Mr. Epp:**

1. Who was the head or chief representative of the Shamattawa Local Fur Council in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In August of 1973, when Special ARDA assistance was offered to *Shamattawa Trappers' Association I, the head representative was Mr. Joel Beardy, president.

2. (a) Seven members of Shamattawa Trappers' Association I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1975, all members were still registered as trappers.

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* Now known as Shamattawa Local Fur Council.

Question No. 849—**Mr. Epp:**

1. Who was the head or chief representative of the Split Lake Local Fur Council in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In July of 1973, when Special ARDA assistance was offered to Split Lake Trappers' Association*, I, the head representative was Mr. Dan Flett, president.

2. (a) Thirty-seven members of Split Lake Trappers' Association I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1975, all members were still registered as trappers.

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*Now known as Split Lake Local Fur Council.

Question No. 850—**Mr. Epp:**

1. Who was the head or chief representative of the Nelson House Local Fur Council in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1975, when Special ARDA assistance was offered to Nelson House Local Fur Council, the head representative was Mr. Angus Linklater, president.

2. (a) Thirty-four members of Nelson House Local Fur Council were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time

of expiration of the contract on September 30, 1975, all members were still registered as trappers.

Question No. 851—**Mr. Epp:**

1. Who was the head or chief representative of the Cormorant Local Fur Council in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1973, when Special ARDA assistance was offered to Cormorant Local Fur Council I, the head representative was Mr. Leslie J. Turner, president.

2. (a) Thirteen members of the Cormorant Local Fur Council I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1976, all members were still registered trappers.

Question No. 852—**Mr. Epp:**

1. Who was the head or chief representative of the Grand Rapids Service Station in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In August of 1974, when Special ARDA assistance was offered, the head representative of Grand Rapids Service Station was Mr. Oscar Olson, owner.

2. (a) From the start of operations to December 5, 1977, the enterprise has employed eighteen people. (b) This company is still within the control period specified in the letter of offer. See 2 (a) above.

Question No. 853—**Mr. Epp:**

1. Who was the head or chief representative of the Molson Lake Lodge in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1973, when Special ARDA assistance was offered, the representatives of Molson Lake Lodge were Messrs. Joseph J. and Edward A. Paupanekis, co-owners.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, December, 1976, this enterprise employed six people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 854—**Mr. Epp:**

1. Who was the head or chief representative of the Brochet Fishermen's Cooperative in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1973, when Special ARDA assistance was offered to Brochet Co-op Ltd., the head representative was Father A. Darveau, secretary.

2. (a) Twenty-five members of Brochet Co-op Ltd. were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1974, all members were still registered as commercial fishermen.

Question No. 855—**Mr. Epp:**

1. Who was the head or chief representative of the St. Ambroise Fishermen's Association in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In December of 1972, when Special ARDA assistance was offered to St. Ambroise Fishermen's Association, the head representative was Mr. S. Lavallee, president.

2. (a) Seventeen members of St. Ambroise Fishermen's Association were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1974, all members were still registered as commercial fishermen.

Question No. 856—**Mr. Epp:**

1. Who was the head or chief representative of the Oak Point Fishermen's and Trappers' Association in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In December of 1972, when Special ARDA assistance was offered to Oak Point Fishermen's and Trappers' Association, the head representative was Mr. Lloyd Clegg, president.

2. (a) Twenty-three members of Oak Point Fishermen's and Trappers' Association were able to engage in commercial fishing and trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1974, all members were still registered as commercial fishermen and trappers.

Order Paper Questions

Question No. 857—**Mr. Epp:**

1. Who was the head or chief representative of the Cormorant Fishermen's Co-op in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In January of 1973, when Special ARDA assistance was offered to Cormorant Fishermen's Association, the head representative was Mr. Louis J. Ducharme, president.

2. (a) Three members of Cormorant Fishermen's Association were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1974, all members were still registered as commercial fishermen.

Question No. 858—**Mr. Epp:**

1. Who was the head or chief representative of the Indian Rice Producers in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1973, when Special ARDA assistance was offered, the head representative of Indian Rice Producers Co-op Ltd. was Mr. Walter Courchene, president.

2. (a) At the start of operations, the enterprise employed three people, but has since ceased operations due to bankruptcy. (b) See 2. (a) above.

Question No. 859—**Mr. Epp:**

1. Who was the head or chief representative of the Camperduck Trappers Association in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In October of 1972, when Special ARDA assistance was offered to Camperduck Trappers Association I, the head representative was Mr. George Butler, secretary-treasurer.

2. (a) Seven members of Camperduck Trappers Association I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1974, all members were still registered as trappers.

Question No. 860—**Mr. Epp:**

1. Who was the head or chief representative of the Wabowden Trappers Association in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

[Mr. Wood.]

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In October of 1972, when Special ARDA assistance was offered to Wabowden Trappers' Association I, the head representative was Mr. Abel Hall, president.

2. (a) Thirteen members of Wabowden Trappers Association I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1975, all members were still registered as trappers.

Question No. 861—**Mr. Epp:**

1. Who was the head or chief representative of the Tri-Star Construction Company Ltd. in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In June of 1973, when Special ARDA assistance was offered, the head representative of Tri-Star Construction was Mr. William Dumont, owner.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, November, 1976, this enterprise employed three people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 862—**Mr. Epp:**

1. Who was the head or chief representative of the Lac du Bonnet Trappers' Association in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In October of 1972, when Special ARDA assistance was offered to Lac Du Bonnet Trappers' Association I, the head representative was Mrs. Theresa Ledin, president.

2. (a) Seven members of Lac Du Bonnet Trappers' Association I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1974, all members were still registered trappers.

Question No. 863—**Mr. Epp:**

1. Who was the head or chief representative of the Oak Point Hotel in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In March of 1974, when Special ARDA assistance was offered, the representative of Oak Point Hotel was Mr. Peter Torbiak, owner.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, May, 1977, this enterprise employed seven people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 864—**Mr. Epp:**

1. Who was the head or chief representative of the Moak Lodge at Grand Rapids, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1973, when Special ARDA assistance was offered, the representative of Moak Lodge was Mr. Herman Kutzner, owner.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, May, 1977, this enterprise employed nine people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 865—**Mr. Epp:**

1. Who was the head or chief representative of the Hole River Trappers Association in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In October of 1972, when Special ARDA assistance was offered to Hole River Trappers' Association I, the head representative was Mr. Alfred Favel, president.

2. (a) Eighteen members of Hole River Trappers' Association I were able to engage in trapping during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1974, all members were still registered trappers.

Question No. 866—**Mr. Epp:**

1. Who was the head or chief representative of the Barren Land Band at Lac Brochet, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In October of 1972, when Special ARDA assistance was offered to Barren Land Band Council, the head representatives were Mr. Pat Hyslop and Father Darveau, spokesmen.

2. (a) Ten members of Barren Land Band Council were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1975, all members were still registered commercial fishermen.

Question No. 867—**Mr. Epp:**

1. Who was the head or chief representative of the Yellow Quill Co-op at Swan Lake, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In June of 1973, when Special ARDA assistance was offered, the head representative of Yellow Quill Co-op was Mr. Harry Mousseau, president.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, June, 1977, this enterprise employed four people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 868—**Mr. Epp:**

1. Who was the head or chief representative of Mr. Laubman's at Pitwitoei, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In July of 1972, when Special ARDA assistance was offered, the head representative of P. Laubman's was Mr. Percy J. Laubman, owner.

2. (a) At the start of operations, the enterprise employed three people, but has since ceased operations due to bankruptcy. (b) See 2. (a) above.

Question No. 869—**Mr. Epp:**

1. Who was the head or chief representative of the Interlake Custom Killing at St. Laurent, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In August of 1973, when Special ARDA assistance was offered, the head representative of Interlake Custom Killing was Mr. E. Schon, president.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, May, 1977, this enterprise

employed four people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 870—**Mr. Epp:**

1. Who was the head or chief representative of the Northern Meat and Sausage at Scanterbury, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In July of 1973, when Special ARDA assistance was offered, the head representative of Northern Meat and Sausage Co. Ltd. was Mr. Ira Dallman, owner.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, April, 1977, this enterprise employed five people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 871—**Mr. Epp:**

1. Who was the head or chief representative of A. MacAuley in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1972, when Special ARDA assistance was offered, the head representative of A. MacAuley Camp was Mr. A. M. MacAuley, owner.

2. (a) At the start of operations, the enterprise employed four people, but has since ceased operations due to bankruptcy. (b) See 2. (a) above.

Question No. 872—**Mr. Epp:**

1. Who was the head or chief representative of E. Monkman at Loon Straits, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In August of 1972, when Special ARDA assistance was offered, the head representative of E. Monkman's was Mr. Ed Monkman, owner.

2. The proposal did not proceed as the applicant was unable to arrange for interim financing.

[Mr. Wood.]

Question No. 873—**Mr. Epp:**

1. Who was the head or chief representative of the Pine Tree Inn at Richer, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In June of 1973, when Special ARDA assistance was offered, the head representative of Pine Tree Inn was Mr. Allan R. Jones, owner.

2. (a) At the start of operations the enterprise employed three people, but has since ceased operations due to bankruptcy. (b) See 2. (a) above.

Question No. 874—**Mr. Epp:**

1. Who was the head or chief representative of the Crane River Feedlot in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In August of 1972, when Special ARDA assistance was offered, the head representative of Crane River Feedlot Co-op Ltd. was Mr. James J. Moar, president.

2. (a) At the start of operations, the enterprise employed eight people, but has since ceased operations. (b) See 2. (a) above.

Question No. 875—**Mr. Epp:**

1. Who was the head or chief representative of the Fisher Bay Fishermen's Association in Koostatak, Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1972, when Special ARDA assistance was offered to Fisher Bay Fishermen's Association, the head representative was Mr. Theodore Govereau, president.

2. (a) Three members of Fisher Bay Fishermen's Association were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1975, all members were still registered as commercial fishermen.

Question No. 876—**Mr. Epp:**

1. Who was the head or chief representative of the South Indian Lake Fishermen's Co-op in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In July of 1976, when Special ARDA assistance was offered to South Indian Lake Fishermen's Association, the head representative was Mr. William R. Dysart, president.

2. (a) Thirty-six members of South Indian Lake Fishermen's Association were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on September 30, 1977, all members were still registered as commercial fishermen.

Question No. 877—**Mr. Epp:**

1. Who was the head or chief representative of the Lake Manitoba's Fishermen's Co-op in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In May of 1972, when Special ARDA assistance was offered, the head representative of Lake Manitoba Co-op Fisheries was Mr. Frank Bruce, secretary.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, May, 1976, this enterprise employed four people annually. (b) As the control period of the financial assistance has expired and final payment has been made this information is no longer collected.

Question No. 878—**Mr. Epp:**

1. Who was the head or chief representative of the St. Laurent Fishermen's Association in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In August of 1972, when Special ARDA assistance was offered to St. Laurent Fishermen's Association, the head representative was Mr. W. Dumont, treasurer.

2. (a) Twenty-two members of St. Laurent Fishermen's Association were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on March 31, 1974, all members were still registered as commercial fishermen.

Question No. 879—**Mr. Epp:**

1. Who was the head or chief representative of the Norway Nursing Home in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In September of 1973, when Special ARDA assistance was offered, the head representative of Pinaow Wachi (Norway House Nursing Home), was Mrs. Amy Monias, president.

2. (a) From the start of operations to the end of the Special ARDA three-year control period, April 1977, this enterprise employed twenty-eight people annually. (b) As the control period of the financial assistance has expired and final payment has been made, this information is no longer collected.

Question No. 880—**Mr. Epp:**

1. Who was the head or chief representative of the Grand Rapids Fishermen's Co-op in Manitoba at the time when the organization received funding under the Federal-Provincial ARDA Programme?

2. (a) How many people were employed as a result of the grant and for what period of time (b) how many are presently employed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. In April of 1972, when Special ARDA assistance was offered to Grand Rapids Fishermen's Co-op Ltd. I, the head representative was Mr. Colin McKay, president.

2. (a) Nineteen members of Grand Rapids Fishermen's Co-op Ltd. I were able to engage in commercial fishing during the contract period and improved their incomes as a result. (b) At the time of expiration of the contract on July 4, 1972, all members were still registered as commercial fishermen.

CANADIAN COLOUR AND FASHION TREND SERVICE

Question No. 1,176—**Mr. Andre:**

1. What is the Crown's precise financial interest in Canadian Colour and Fashion Trend Service as administered by the Department of Industry, Trade and Commerce and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. The Crown has no financial interest in the Canadian Colour and Fashion Trend Service as administered by the Department of Industry, Trade and Commerce. The Crown's financial involvement is limited to annual contributions toward the operating costs of the service over a maximum period of seven years. Formed in October 1975 as a non-profit organization without share capital, the equity of the corporation is limited to the net value of the fixed assets which amount to $5,773.00. The reason for the contribution was to promote the development of an organization that could

accumulate and disburse national and international colour and fashion information to firms in the clothing, leather and allied industries.

2. The residual assets of the company as shown in (1) will revert to the Crown upon liquidation.

3. To date, the Crown's contribution to operating funds are as follows:

	Year		Total Contribution
Inception	1975-76		$ 45,000
	1976-77		45,000
Final Year	1977-78	(as at Dec. 31, 1977)	40,000
			$130,000

The Crown has realized no financial profit from its contributions.

4. A Board of Directors was comprised of nine selected representatives, of which eight were recruited from industry. Government representation on this Board was provided by an officer from the Department of Industry, Trade and Commerce who assumed the position of vice-chairman.

5. It was the Board of Director's decision to recommend dissolution of the corporation in view of the poor industry support and the unlikely prospect that the service would be self-supporting by year seven. The membership voted in favour of the dissolution at a general meeting held September 15, 1977. In view of this decision all assets of the company revert to the Crown according to section (10) of the agreement between Her Majesty the Queen and the corporation.

FASHION CANADA

Question No. 1,178—**Mr. Andre:**

1. What is the Crown's precise financial interest in Fashion Canada as administered by the Department of Industry, Trade and Commerce and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. Fashion Canada is the promotional name given to the Fashion Design Assistance Program initiated in May, 1970 as an integral part of the Textiles Policy announced by the minister, Jean-Luc Pepin. The program was set up to assist Canadian apparel and textile industries achieve a more competitive position in domestic and world fashion markets by: (a) advancing the development of Canadian fashion design talent and strengthening the innovative fashion design potential in the Canadian apparel and textile industrie, and (b) promoting the recognition of Canadian designers, and the acceptance of Canadian fashion design in domestic and international markets. Fashion/Canada was incorporated in May, 1973 under Part II of the Corporations Act. The Crown's precise financial interest in Fashion/Canada, as administered by the Department of Industry, Trade and Commerce, is limited to contributions toward the implementation of the projects and the operating costs of the organization. The Crown has no shares in the corporation.

[Mr. Horner.]

2. Fashion/Canada was set up as a non-profit corporation without share capital.

3. Up to the end of December, 1977, the Crown's total contribution was $972,028.00. The Crown has realized no financial profit as a result of it's contributions. Contributions from its inception are as follows:

Year	Total Contributions	
1971-72	$ 60,000	
1972-73	58,000	
1973-74	104,000	
1974-75	202,000	
1975-76	199,000	
1976-77	202,000	
1977-78 (As of Dec/77)	147,028	
	$972,028	Total Contributions

Contributions to projects have been mainly on a cost-sharing basis with industry.

4. The Board of Directors of Fashion/Canada is comprised of 24 selected representatives from the federal government, provincial governments, and sponsoring industry associations. The current president is a director of the Textiles and Consumer Products Branch, Industry, Trade and Commerce. The executive director of Fashion/Canada is an employee of the department.

5. At the time of the inception, no policy decision was made in respect to the future disposition of the corporation's interest. The mandate of Fashion/Canada is reviewed annually by departmental management in terms of the overall departmental policy relevant to the apparel industry sector.

CENTENNIAL COMMISSION

Question No. 1,196—**Mr. Andre:**

1. What is the Crown's precise financial interest in the Centennial Commission as administered by the Department of the Secretary of State and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. John Roberts (Secretary of State): 1, 2, 3, 4 and 5. The Centennial Commission was established in 1963 by the Centennial of Confederation Act (S.C. 1963) and was designated as a schedule C "Agency Corporation under the Financial Administration Act reporting to the Secretary of State (PC 1964-1956)". The Commission formally closed operations effective April 1, 1968 at which time the Department of the Secretary of State assumed responsibility for all assets and liabilities. In addition to the normal wind-up activities, this involved primarily the administration of the Centennial of Confederation Fund. This fund was established in co-operation with the provinces and territories to provide capital grants to municipalities for the construction of centennial projects. This fund was terminated during the 1972-73 fiscal year and the operations of the Centennial Commission were terminated.

[*English*]

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

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered.

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PRIVILEGE

MR. DIEFENBAKER—DELAY IN ANSWERING QUESTIONS PLACED ON ORDER PAPER

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I am very interested in the observation just made by the hon. gentleman that the answering of 47 questions, generally asked towards the end of the record, constitutes something of approval of the stand taken by the hon. member for Simcoe North (Mr. Rynard) and myself the other day. Forty-seven answered out of 1,532! If that represents any indication that this government wants information given to the Canadian people, all I can say is that if parliament goes on to the year 2300 we will still not have answers to these questions.

I decided to raise a question of privilege for, as has been pointed out today, and in particular by the last hon. gentleman who stated it, freedom of information is an objective of this government. Indeed, it should cover the entire field of political endeavour. I decided to look at the questions which have not been answered, and that look revealed a most interesting situation. The hon. member for Regina East (Mr. Balfour) asked a series of questions beginning with No. 1 and going up to some 40, I think the number is, which have been on the order paper since October 18.

I know the civil service is busy. I know it is overworked, with the tremendous number of official employees that it has, but it strikes me as unusual that these questions should not be answered because, after all, the answers are available. They are as simple as A, B, C. The government has all the answers.

I might read two or three of them to indicate their nature. October 18, No. 1:

Are private companies or individuals hired by departments or agencies for activities related to advertising and, if so, in each case, how many contracts were awarded and in what amount for the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977?

Mr. Speaker, they have the answer to that. Why would they not answer it? Why would they wait five months? These questions will die on the order paper unless they are answered.

Question No. 2 reads as follows:

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost of advertising in Canada for all government departments and agencies (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

The goverment has that information. Sometimes I listen to radio and television. I am interested in the fact that the government's interest seems to be the interest of those who are commenting, in many cases, and their favourable comments on the government are such that one wonders if that is the reason that question is not answered.

Question No. 3 reads as follows:

For the fiscal year ended March 31 (a) 1975, (b) 1976, (c) 1977, what was the total cost to the Department of the Solicitor General for advertising in Canada (i) in newspapers, (ii) on television, (iii) on radio, (iv) in magazines, (v) in all other forms?

Question No. 4 deals with the Department of Consumer and Corporate Affairs. Question No. 5 deals with the Department of Industry, Trade and Commerce. Question No. 6 deals with the Department of Finance, and so on. I could go on page after page. Yet five months have gone by and these questions are still unanswered. Why are they not being answered? My answer is this, that the government is afraid to answer these questions as to do so would be embarrassing to the government.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: It would reveal the degree to which patronage is rampant under this government. I will not read any more of this group. They are all of the same purport, and the information is hidden in every case.

Then we come to another series of questions asked by the hon. member for Huron-Middlesex (Mr. McKinley). These are of interest here in the city of Ottawa. There is no difficulty getting this information. It is in every department. The following are some of the questions which have been on the order paper since November 14.

Question No. 560 reads as follows:

1. How many square feet are leased by the government in the Aaron Building, 1712 Carling Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

Question No. 561 asks how many square feet are leased by the government in the Abrams Building, 2620 Sheffield Road, Ottawa. The next question we come to is No.562, which asks how many square feet are leased by the government in the Ala Kantti-Liff building, 222 Somerset Street West, Ottawa. Question No. 563 asks how many square feet are leased by the government in the Allstate Building. It even designates the address on Carling Avenue so the civil servants would have no difficulty in knowing where the building is. The next question is how many square feet are leased by the government in the American Can Company building. The address is given on Spruce Street. Going on—how many square feet are leased by the government in the Aselford-Martin Building on Woodward Drive, Ottawa?

● (1542)

So it goes, page after page, the Bank Building, the Bank of Nova Scotia building, the Bayview Road building, the Beamish building. That information is available to the government. All they have to do is look at the figures in the departments.

Those questions go from No. 563 to No. 645. It is a strange thing. Apparently the government cannot read. They have seen these questions here for five or six months, but have not answered them. Then they talk about believing in freedom of information.

I could go through the entire list. There is only one reason why these questions have not been answered. It would be embarrassing to the government if the answers were given. You cannot run parliament in that way. When I was Prime Minister, the total expenditure in Canada was $6 billion. Now it is over eight times that.

What is being paid for these various rentals? Why should that information not be available? Is it because it would reveal information to the Canadian people that would not be to the credit of the government? There can be no other explanation. Some questions will take time to answer, but that information is available in every department. I am not going to say more about that except to add that what this government is doing is hiding the information.

We are getting to the position today where you cannot believe the government. We had an example of that in the 1974 election. The Prime Minister (Mr. Trudeau), placing his hand over where his heart is, said that if he were re-elected they would not bring in wage and price controls. He pointed out the awful Conservative stand on that. Within a matter of weeks and months, he brought about that which he said he would never do. With that kind of leadership, it is no wonder we cannot get answers to these questions.

I can go on from there. Could it be suggested that the failure to answer these questions is that they have not the information? Parliament is being treated by this government as though it were a pawn. Mention was made today by the Deputy Prime Minister (Mr. MacEachen) that principles effective in the British parliament do not necessarily apply here. Principles of integrity do.

Some hon. Members: Hear, hear!

[Mr. Diefenbaker.]

Mr. Diefenbaker: I want to point that out. One should not have to say that. Some ministers answer the questions. I could even give a list of them because it would not take me long. I think there are three or four who answer the questions. One sits directly opposite me at this moment.

It is deliberate. The concealment is flagrant. Hiding information is contempt of this parliament, a grievous contempt. Is it any wonder that the expenditures of the Government of Canada have gone up and up and up by billions? They are $48,000 million this year. Since the present Prime Minister has been Prime Minister of Canada, they have gone up by approximately 78 per cent.

Hiding information enables the government to get away with these vast expenditures. We have now come to the point where this government treats this House with a disregard that I have never seen equalled. I have been here under three Prime Ministers and I have never seen anything to equal this. I remember Mackenzie King saying on one occasion, "We will give full information, by and large, excepting in connection with defence", which one could understand during days of war. Parliament got that information. It was the same under Mr. St. Laurent; meticulous, careful. We did not end a parliament with 1,450 questions unanswered. Never!

I witnessed something today that I did not think I would ever see, so unusual it was. When a parliamentary secretary to a minister starts to answer as to what the government is going to do, he has no such right. He does not sit in the cabinet. He is simply an assistant of the minister he represents. However, day after day one of the primary rules of parliament, that ministers ought to answer, is deliberately being set aside. Why? What does a parliamentary secretary know in connection with what the cabinet has done? He has no responsibility. All he has is a decorative position of giving assistance to the minister.

I made a mistake a while ago, and I am a Conservative. I mentioned the increase in the expenditures since the present Prime Minister became Prime Minister ten years ago. It is an 80 per cent increase, not the percentage that I gave speaking off the top of my head.

Because this government knows it can get away with this, it refuses to answer. It deliberately neglects to answer questions, giving parliament information to which it is entitled. Do you think it will hurt anybody? Will it hurt the security of Canada if we find out that a favourite landlord of the government receives a tremendous price for a rental and that an equivalent rental is only half that amount? It would not hurt the reputation of those landlords to have the truth out.

With all the power at my command, I condemn this practice, whereby when this House ends, whether it be on Thursday or Friday, of 1,500 questions unanswered, although the people have the right to that information, they will have no information on them. If this is the way they treat parliament, then no wonder the expenditures have increased as they have over and over again, year by year.

In 1978 we are told that although the expenditures have gone up, "look at the wonderful government we have." I have never before known a government going to the country saying they have spent more than ever before, that spending has increased by 80 per cent, that the cost of living, which was 1½ per cent in my time, today is 7 or 8 per cent and still going up.

An hon. Member: It is 9½ per cent.

Mr. Diefenbaker: Nine and one half per cent. The same is true of interest rates. In the days ahead we will hear the argument advanced that we have a government so solid, so stable, so protective of the Canadian interest.

I am going to make a simple request of the House. Every few minutes as I go on I get an increase in the expenditures of the government. These are accountants who are not speaking from memory. They point out that I have been so generous in my words that I have appalled them. The latest is from an accountant. Expenditures under Mr. Trudeau in some areas have risen 800 per cent during his term.

Some hon. Members: Shame!

Mr. Diefenbaker: I do not want to speak any longer. Somebody else will check the figures as far as the increase in expenditures is concerned, but I am advised it is 800 per cent.

● (1552)

Sir, the reason for not answering is simply that the government will not answer any questions which are embarrassing. That is the case all across the board. Today, in all its benevolence and with the great heart revealed by the words of the parliamentary secretary, some 40 questions are being answered. I suggest the House has a right to demand that the government, with the information in its possession—and it has every bit of information needed—should table the answer to those questions tomorrow or the day after, if we are still here. And if those questions are answered, the people of Ottawa will be shocked as never before by the degree of political patronage practised by this administration.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as I listened to the right hon. member for Prince Albert (Mr. Diefenbaker) I thought for a moment that the budget debate had already commenced. The right hon. gentleman ranged over the whole area of economic policy, rising expenditures, and the growth of the national debt.

Mr. Diefenbaker: I never mentioned the debt.

Mr. MacEachen: He did all this under the guise of a spurious question of privilege or point of order, the grounds for which do not exist in fact. The right hon. member is obsessed with the possibility of an election.

Mr. Diefenbaker: I am not!

Mr. MacEachen: He is totally obsessed by the possibility of an election. He has told us we are in the last days of this parliament, that there is to be a dissolution on Thursday or Friday. I do not want to relieve him of his anxiety—

Mr. Diefenbaker: You don't know, yourself. The Prime Minister has not told you yet.

Mr. MacEachen: For my part I am content that this parliament should live on for an indefinite period and I would suggest that the right hon. gentleman not hold his breath on Thursday or Friday—not yet, anyway. I must also tell him he has totally distorted the facts with respect to the answering of questions. The fact of the matter is that this government has provided more information and answered more questions than any government in the history of Canada.

Some hon. Members: Hear, hear!

Mr. MacEachen: If the right hon. gentleman would take a look at the order paper when he was prime minister and compare it with the order paper for today, he would find that the increase in the number of questions put down has been exponential. Their number has grown, in part because we have made possible the establishment of research staffs for opposition parties who have nothing better to do than dream up ridiculous questions and put them on the order paper.

It is appropriate that we should have an opportunity such as has been provided by the right hon. gentleman to comment upon the nature of questions which have been placed upon the order paper. Many of them relate to information which is already available to hon. members and which they can find in the *Canada Gazette*, or in the *Canada Year Book* which is the great source of constitutional authority for the official opposition. Many of these questions could be answered by a simple reference to government publications.

Then again, I wonder what a question like this, for example, has to do with the public interest—here is one question which apparently the right hon. member finds intriguing, otherwise he would not be urging that it be answered:

> As of the date of this question, what is the (a) total number, (b) percentage of cabinet minister whose mother tongue is (i) English, (ii) French?

That, Mr. Speaker, is a question which was put down on the order paper, a mischievous question which should be dismissed out of hand as being insulting in its purpose.

Another question on the order paper to which we are expected to pay a lot of attention is this:

> During his early February 1978 visit to British Columbia, did the Prime Minister meet with a group of labour leaders and specifically did he say to them "Do you think we are out to screw the Canadian people?" and, if so, (a) what is a full explanation of what the Prime Minister meant by this remark, (b) is the Prime Minister prepared to immediately produce evidence to Parliament showing that he is not out to "screw" the Canadian people?

That, too, is a question which was put down on the order paper in the expectation that it would be treated seriously by the government. There are many such questions on the order paper, and I believe we would be doing a great service to the operation of parliament if we were to take a closer look at these questions to determine whether they are useful and in the public interest. Many of them are not useful and are not in the

public interest, but they are placed on the order paper and a lot of time and money has to be spent in answering them.

We have provided answers to questions and we shall continue to do so. We have already answered over 900 questions this session—60 per cent of the questions appearing on the order paper have been answered. We cannot, of course, answer them in advance. At every moment of every day there will be unanswered questions appearing on the order paper. That is inevitable. We have, however, answered a very large number of them, and we shall continue to do so. We shall have answered more questions before the session ends. If the right hon. gentleman feels there is to be a dissolution on Thursday, or that parliament has very few days to live, I suggest to him that when any parliament ends, either by dissolution or the adjournment of a session, a number of questions are left unanswered. But the record of the government is extremely good in this respect.

The right hon. gentleman has allowed his suspicious mind to wander all over the order paper. With that suspicious attitude of his, he found some evil purpose lurking behind the questions left unanswered. There was the question of the rents which are paid or the square footage rented in a particular building. Mr. Speaker, that information will be made available.

An hon. Member: When?

Mr. MacEachen: Nobody is hiding it. The right hon. member is creating straw men, trying to make us believe there are sinister motives behind the failure to answer some of the questions which take time and money to answer. I ask him to dispel this suspicious attitude from his mind. If he were to do so he would have better peace of mind as he contemplates the election date which is so much his preoccupation these days.

● (1602)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there is just one comment I should like to make with respect to something which was said by the Deputy Prime Minister (Mr. MacEachen). Before I come to the point which concerns me, may I just say that I assume that if that question about mother tongue had included one about one's mother tongue being Gaelic, the Deputy Prime Minister would not have been so offended.

However, what concerns me is a particular statement made by the Deputy Prime Minister. If I remember correctly, he said that perhaps we should look at these questions before they go on the order paper.

What does the Deputy Prime Minister have in mind? Is he going to have the government censor questions and deny members the right to put them on the order paper? It seems to me that if members put irresponsible questions on the order paper, they have to take responsibility for that in the eye of the public, but I have to say that I do not like the idea or the suggestion that some government body or board somewhere should have the power to review our questions. That would mean censoring or eliminating questions which members wish to put on the order paper.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the point raised by the hon. member for Winnipeg North Centre (Mr. Knowles) is sound indeed. I do not think that the government House leader ought to condemn too quickly opposition members of parliament for their questions. He ought not to condemn members at all for putting questions on the order paper. If there is to be a condemnation, let the government House leader speak to the hon. member for Vaudreuil (Mr. Herbert) about the host of questions which appear in his name starting at page 76 of the order paper. Let me indicate just briefly what question No. 62, in the name of the hon. member for Winnipeg North (Mr. Orlikow), asks, as follows:

> For the fiscal year 1975-1976, what contracts for professional services were let (a) for studies, surveys and analyses into present or future policies, programs or information analysis, and their efficiency and effectiveness (b) into the examination of the administration or internal operation of the Post Office Department?

That question has been kicking around unanswered on the order paper since October 18, 1977. I see the hon. member for Ottawa-Vanier (Mr. Gauthier) is waving his arms as if he has taken leave of his senses. I could talk about one of his questions which appears on the order paper. There is a whole host of questions on the order paper, asked not just by members of the opposition but by members of the government as well. All members of parliament have the right to have their questions answered, and if we review the order paper, we find that there are many questions.

It is the responsibility of members of parliament, not that of the government House leader or of anyone else, to see that their questions are proper, but it is the responsibility of the government to answer questions on the order paper.

I speak now as a member of parliament from the national capital area. I see from the order paper that there are questions put there by the hon. member for Huron-Middlesex (Mr. McKinley) with regard to rentals of buildings and square footages. At a time when departments are leaving this city in droves, and when we are in the midst of a decentralization program which is not even supported by some members on the government side, it is not appropriate for the government House leader to say that certain questions are inappropriate and that they ought not to be answered. The right hon. member for Prince Albert (Mr. Diefenbaker) is absolutely right, they should be answered, and those answers would be fairly revealing to the people of the national capital area.

While I am on my feet, let me deal with one other matter with respect to questions, and that is the whole matter of starred questions. Starred questions are answered here in the House rather than by way of written answers. By their very nature they require some immediacy in terms of dealing with them. I have noticed that they have been treated neither as important nor urgent in terms of the answers given by the government.

All members of the Standing Committee on Regulations and Other Statutory Instruments dealt unanimously with the right to freedom of information. The Canadian Bar Association, labour unions, and every responsible organization which appeared before that committee have indicated that opportuni-

ties for information and knowledge, not just for members of the opposition but for all members of parliament, are wanting.

The government refuses to answer ordinary questions. It delays and drags its feet with respect to starred questions. I think we have to examine our system and our rules because they are not functioning in the terms that the 20th century requires. This is very important. As our parliament and our society become more complex, more and more questions will be asked, and our procedures with respect to questions are becoming farcical and irrelevant. I comend the right hon. member for Prince Albert for raising this matter today, and I condemn the government House leader for giving the same old rote and the same old nonsense, rather than taking his responsibility and looking toward improving the procedures which are important to all of us.

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, I would like to speak for just a few moments about this matter. I think Your Honour has a special responsibility to individual members because the order paper is not something which is exclusive to members of the opposition. This was pointed out by the previous speaker. The order paper is available for all members of parliament so that they can seek information and obtain facts.

The Deputy Prime Minister (Mr. MacEachen) endeavoured to indicate that there should be a set of rules to determine how questions are put before they appear on the order paper, but there is definitely a determination made by members of Your Honour's staff as to the form of questions before they appear on the order paper. Questions must seek information and must not be partisan or political. The approximately 1,400 questions which at the moment are unanswered are not partisan political questions, but questions asking for facts. Members of parliament, whether they be Liberal, Social Credit, New Democratic or Progressive Conservative, have a right to ask questions, and the public has the right to know the answers.

Unfortunately, questions on the order paper have been taking up more and more of the time of this House because of questions of privilege of this nature. There is unwillingness on the part of the government to provide individual members of parliament with facts to which they have a right. As the hon. member for Grenville-Carleton (Mr. Baker) has pointed out, the more the government involves itself in the lives of individual Canadians in one way or another, the more questions will appear on the order paper.

Since I have been here I have watched the attitude of the government change toward questions on the order paper. When I first came here, a starred question which appeared on the order paper was usually answered within a period of two weeks. The starring of a question indicated an urgency that the question be answered orally in the House more or less like an oral question, but that no longer is the case. We have come to the point where a starred question does not mean any more to a minister than any other kind of question.

Unfortunately, questions on the order paper do not mean very much to ministers these days. Your Honour is here to protect individual members of parliament, and Your Honour is here to prevent the rights of individual members from being trampled upon by the government, but that is what is happening when the government refuses to answer questions.

● (1612)

I do not know what Your Honour can do. I do not know if Your Honour can be the boss of the executive branch of government, but I realize it is your duty to assist us in our work. If Your Honour set down some ground rules, that would assist individual members of parliament. In the last three or four years, I have put a question in one session and have been required to put it again in the next session. By the time an answer is provided, in my experience it has been worthless. As a matter of fact I have stopped using the order paper to secure information, as I once did. The government almost places a time limit on answering questions. Thus, when I receive the information, it is well beyond the point where it is of any value or significance whatsoever.

There must be a time limit in which the government answers a question. For example, if the government does not answer a question within three months, then the minister responsible should be required to stand in the House and explain the reason for that. At least the public would know whether the government is preventing the individual member from securing the information he and the taxpayers of Canada have a right to know. It is similar to the tale of Rip van Winkle. The government goes to sleep for 20 years before it awakens and decides to provide the facts which were requested by a particular hon. member. Parliament is made to look foolish by the government, because government or opposition members cannot obtain facts to which they have a right.

Once again the right hon. member for Prince Albert (Mr. Diefenbaker) has indicated his great concern for this institution. In his own way he is endeavouring to tell Your Honour what has to be done in order to ensure this institution remains viable in the minds of all Canadians. Because of that, I hope Your Honour arrives at a solution to a problem which has been a continuing, growing, and worsening problem in this parliament and in previous ones.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I do not want to extend the debate on that point of order but since it is very important, I think it is my duty to state the views of my party on the matter. I would like to say first that all the points raised by right hon. member for Prince Albert (Mr. Diefenbaker) were unbiaised and that in his answer the Deputy Prime Minister (Mr. MacEachen) wanted to justify the fact that many questions have remained unanswered.

Mr. Speaker, what surprises me is the fact that since I have been elected here I have often heard the Chair say to an hon. member that his question should be put on the order paper. I think the Chair should let the hon. member ask his question and if an oral answer cannot be obtained during the question period or the information requested is too exhaustive, the hon.

member should put his question on the order paper of the House. I suggest that this is part of our procedure.

But I cannot go along with the assertion that we are putting too many questions on the order paper since indeed we receive a great many requests from Canadian taxpayers who want to put such or such question on the order paper of the House because they have not received from department officials answers to questions they have asked.

For instance, when one wants to know the price paid by the government for leasing offices in a given building in a Canadian city, I think we pay public servants to give that answer and to avoid wasting time in seeking the answers or information requested.

Mr. Speaker, as the Deputy Prime Minister pointed out a while ago, answering questions that should not even be put is also a waste of money, because hon. members could find the answers themselves in the reports of the various departments. He said it was a waste of time and money. If we want to talk about economizing, we should think very seriously about the large number of hours civil servants spend writing documents that fill our letter boxes with insignificant and useless literature. As for useful information, we are quite willing to get it and read it but every single day we get a huge quantity of useless papers that represent a waste of time, paper and money. We should also have a look at that, to see that there is no abuse in that field, and that people are not being paid for nothing, for the mere pleasure of writing things that are of very little interest.

Mr. Speaker, I am in favour of continuing to use that formula, that means of getting from the government the information we need when we want to answer the taxpayers' questions. That is why I am opposed to the government having the authority of deciding which questions should be put or rejected, because even the government members ask a lot of questions. I find that quite normal. Nobody is shocked because members of the government side can now ask questions during the question period, because they are considered private members like the rest of the House. And I am not shocked because their questions appear on the order paper. I would not want anybody to be shocked by the number of their questions appearing on the order paper, but I do wish that ministers would do their utmost to give an intelligent answer, so as to satisfy the member who asked the question. As long as democracy and the respect of members' responsibilities remain our chosen way of life, government will have to accept that questions continue to appear on the order paper, and those questions will have to be answered. The question is important, but so is the answer.

Such, Mr. Speaker, is the view of the hon. member for Bellechasse and of the members of the Social Credit Party of Canada. If ever this question is brought before the Committee on Procedure and Organization and members of the committee, after careful consideration of the situation, find there have been abuses and that the standing orders should be amended so as to be more relevant and efficient, then I am willing to have the orders changed with a view to making them more democratic and allowing quicker answers to members' questions. This, I believe, would lead to a decrease in the number of questions, because the answers given would eliminate other questions. That is the view that I wanted to express, Mr. Speaker, on the question of privilege put by the right hon. member for Prince Albert.

[Mr. Lambert (Bellechasse).]

• (1622)

[*English*]

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I will be very brief. I simply want to point out that, if my ears did not deceive me, the hon. member for Cumberland-Colchester North (Mr. Coates) perpetuated something of an incorrect or misleading impression. Not all 1,532 questions on the order paper remain unanswered. I thought the Deputy Prime Minister (Mr. MacEachen) pointed out quite explicitly that somewhere over 900, or over 60 per cent of those questions, have been dealt with already.

Since the hon. member for Cumberland-Colchester North has intervened this afternoon, I would just like to point out to him and to the House that I did receive a question from him this morning demanding a rather immediate answer. That question asked me, as a "supporter" of the Progressive Conservative Party of Canada, whether I might kindly remit as soon as possible some $25 or more. I just want to assure that hon. member that this question in particular will remain outstanding and unanswered.

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I rise on just a brief point. I am happy that the parliamentary secretary has indicated the matter of numerical numbers. The numbers game is very easy to play. The right hon. member for Prince Albert (Mr. Diefenbaker) left the House with the impression that there were 1,532 questions unanswered. That is totally false. As the House Leader explained, some 900, or 60 per cent of those questions, have been answered to date.

In answer to the hon. member for Grenville-Carleton (Mr. Baker), who tried to imply that I had a number of questions on the order paper, let me say that I have one question more than he has, and that is one question, and he has none. We do not abuse this. There are fewer than 500 questions on the order paper at this time, and there are 264 members in this House. If we all asked two questions, that is not a great number.

I recognize, as do all members here, the freedom to ask questions. I do not reject the point that some of the questions are difficult to answer. There is one thing I should like to see done, and that is, attached to the answer should be the amount of money representing the cost of providing the answer. Maybe we should be talking in terms of saving money in respect of the questions to be asked. It is about time this House knew that some questions are very expensive to answer. Perhaps in changes to the rules, and maybe the House will agree to this some day, we should require that the cost involved in answer-

ing some of these questions be placed alongside the answers. Some of these questions are far fetched, very very deep, and sometimes very expensive.

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

STANDING ORDERS

MOTION TO AMEND STANDING ORDER 65(1)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved:

That Standing Order 65(1) be amended by adding immediately after subsection (*s*), the following:

"(*t*) Northern pipelines, to consist of not more than 15 members, to which shall stand permanently referred all reports, orders, agreements, regulations, directions and approvals mentioned in sections 12, 13, 14, 15 and 22 of the Northern Pipeline Act; provided that the said committee shall report thereon at least three times in every session."

Provided that this subsection shall be deleted from the Standing Orders on the day on which the Northern Pipeline Agency ceases to exist.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

PETROLEUM ADMINISTRATION ACT

MEASURE TO AUTHORIZE IMPOSITION OF LEVY ON DOMESTIC PETROLEUM AND IMPORTS

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources) moved that Bill C-19, to amend the Petroleum Administration Act and the Energy Supplies Emergency Act, as reported (with amendments) from the Standing Committee on National Resources and Public Works, be concurred in.

Motion agreed to.

Mr. Gillespie moved that the bill be read the third time and do pass.

He said: Mr. Speaker, I am most pleased to have the opportunity this afternoon, or what remains of it, of introducing for third reading today Bill C-19, which amends the Petroleum Administration Act. This bill will help to foster the development of Canadian resources and help to minimize our dependence on foreign oil.

I think it is worthy of note that this should be seen as one of a number of very important measures which the government has taken to minimize our dependence on foreign oil imports. For example, the extension of the oil pipeline to Montreal has minimized these oil imports, probably to an extent very close to $1.5 billion a year in foreign exchange, and at the same time has reduced our vulnerability to a cessation of oil imports from the Middle East.

This bill, which will foster the development of domestic petroleum resources, should be seen very much as a part of a series of measures the government has taken to develop Canadian oil resources and to develop other energy resources which can replace oil imports. As I said previously in the House on second reading, the principle aim of this bill is to fulfil a commitment of the federal government given at the time of the massive salvage operation, and I refer to the operation in which the government of Alberta and the government of Ontario joined with the federal government in protecting, preserving, and continuing that huge project, the Syncrude project in Alberta. At that time a commitment was given that this particular project should receive international prices for the synthetic oil produced by Syncrude of Canada from these Athabasca tar sands.

This bill does a number of other things. It establishes, for example, the levy out of which will be paid the funds to provide for that international price. The proceeds of the levy are to be used to fund the compensation paid to purchasers of the Syncrude material. It is expected that the levy will approximate one half a cent per barrel. This cost will ultimately be borne by the consumer of the petroleum products who, I believe, should be prepared to pay the price to secure such development both in respect of Syncrude and other selected energy projects.

So we have the international price, the levy, and the mechanism of a board, the Petroleum Compensation Board, previously known as the Emergency Supplies Allocation Board, as the three main elements of the bill. There are one or two others to which I will refer.

A moment ago I referred to the fact that this levy could be used for other major oil products in the west. It is important that we realize the potential that might be brought into being for the advantage of Canadians. The tar sands and heavy oil sands of Alberta and, yes, of Saskatchewan as well, represent a potential recoverable reserve of crude bitumens of roughly 330 billion barrels, and 250 billion barrels of ultimately recoverable reserves of synthetic crude oil. That compares with roughly 7 billion barrels of recoverable oil from our conventional resources. Clearly the opportunities for Canadians are enormous, and that is why this bill is so important.

I referred to the possibility of certain other major projects being involved. Let me just list them. In addition to Syncrude production, which in the first phase may be up to 125,000 barrels a day, there could be through an expansion additional production of some 75,000 barrels a day, for a total of 200,000 barrels. There is the possibility of increasing the production of Great Canadian Oil Sands to about 60,000 or 70,000 barrels a

day. There is the possibility associated with the tar sands III consortium, headed up by Shell, of 125,000 barrels a day. There is an announcement by Imperial about bringing the Cold Lake project to fruition, which would provide 140,000 barrels a day.

● (1632)

The Saskatchewan government has indicated its interest in heavy oil development, roughly in the order of 100,000 barrels a day, in association with Petro-Canada. There is also another group in Alberta headed up by Pacific Petroleum that has been talking about the possibility of producing heavy oil and conventional oils in the area of 100,000 barrels per day. This, essentially, represents new production for Canadians and new security for the Canada of the future—a security for our economy which does not exist so long as we are dependent for a large proportion of our oil on imports from abroad. The numbers that I have mentioned total between 600,000 and 700,000 barrels a day. It is quite clear that these resources will only be brought into production for the benefit of Canadians if those resources, because they are high cost resources, receive the international price at the market place.

I refer to two other aspects of this bill, Mr. Speaker, and I would like to conclude my remarks by mentioning them. Essentially, they are minor changes to the Petroleum Administration Act. First, they provide for the payment of special compensation to importers of petroleum in cases of undue financial hardship. This provision would only be employed in situations where the regulations do not and cannot foresee special circumstances faced by importers. The second change in the amendments to the Petroleum Administration Act is one I referred to in my preliminary remarks, the change of the name of the Energy Supplies Allocation Board to the Petroleum Compensation Board. The change of name will more properly reflect the functions today of the Energy Supplies Allocation Board.

During the committee stage there was consideration of a number of amendments. The committee decided to adopt four of those amendments. These amendments will improve and strengthen the bill. I would now like to outline the purposes of the amendments, which have been incorporated in the revised bill before us.

The first two changes affect clause 1. I should also point out that three of the four changes are of a technical nature. The other is more of a policy review nature. I will deal with the three technical amendments. Clause 65.1 has been added specifying that revenues from this levy will be used to meet the cost of paying import compensation to those classes of petroleum designated by the governor in council as being eligible to receive international crude oil prices. The purpose of that particular amendment is to clarify the relationship between clauses 1 and 2, and it does that.

The second technical amendment affecting clause 1 deletes a provision which would have permitted the governor in council to allow exemptions from the levy in instances where it would be in the public interest. This amendment is in line with the principle that all domestic consumers who benefit from the additional security afforded by the increased availability of domestic oil should be prepared to meet their share of the cost of providing incentives for its development. Further, given the small size of the proposed levy, there was no foreseeable need for an exemption provision.

The third technical amendment concerns clause 2. Essentially, it clarifies a definition. It substitutes for the word "purchaser" the words "first uses" Syncrude material. That amendment was found necessary because some of the Syncrude partners will use the oil in their own refineries and, technically speaking, do not purchase it.

The final amendment, Mr. Speaker, submitted by the committee and reported to the House, has to do with the policy review that I referred to a moment ago. This amendment provides that once the Petroleum Compensation Board has designated classes of petroleum to receive import compensation, those particular designations would be permanently referred to the committee of the House which at the time considers oil and gas matters. This is an important change to the bill in that it gives the relevant committee an opportunity to hear explanations of and to discuss such designations.

You will appreciate, Mr. Speaker, that I have abbreviated my remarks this afternoon in the hope that we may be able to conclude this debate very shortly. I would like to re-emphasize that the Syncrude project, for which this particular measure is designed, is the largest project of its kind in the world, of which I am aware. It is the largest mining project by far in this country; and Canada is no small mining country. Indeed, we are one of the great mining countries of this world, but the material moved each day at Syncrude is equivalent to all the material moved by all the mines in Canada every day. That gives some idea of the size of the Syncrude project.

The other point that I would like to emphasize is that there are a number of other very significant projects which are available for the benefit of Canadians. The tar sands III that I mentioned, the expansion of GCOS, the Cold Lake project of Imperial Oil, the heavy oil project of Alberta, the Saskatchewan Petro-Canada project—projects which could produce 600,000 barrels a day or more by the mid-1980's. These particular projects will depend upon the decisions to move forward on those projects and the House taking a decision to accord world price, or to give authority to the government to negotiate with these projects so that world price could be made available to them, along with other incentives that will have to be negotiated with the provinces concerned.

That massive Syncrude project, that world first, will be delivering oil to Canadians this summer. We can ill-afford to delay any longer in taking a decision, and I hope that we will be able to conclude promptly and decisively this debate this afternoon.

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I am pleased to say a few words about Bill C-19, not only because the tar sands are located in my constituency but also because it could have a significant effect on national energy policy as a whole.

Everyone will agree on what an extremely valuable asset that this country has in its natural resources as far as petroleum products are concerned. It has been valuable in the past and will become even more valuable in the future.

In fact the economic well-being and security of this nation are directly related to the development of energy supplies for this country. This is a matter which is of great concern to me, because the minister, while attempting to sound optimistic, has no justifiable reason to be optimistic because his projections have been that by 1990 we will still be producing only 42 per cent of our country's needs in energy supplies. This illustrates a very basic difference between the governing party which is in power and the policy of the Progressive Conservative party. We are not satisfied with the weak-kneed effort which will leave Canada dependent on foreign supplies in 1990 for 58 per cent of its petroleum needs. Imagine the cost to the country of such foreign sourced oil.

● (1642)

I have said many times in this House and other places that I believe, and my party believes, that Canada should not be satisfied with anything less than complete self-sufficiency in petroleum. That goal is not a pipe dream. It is possible and could be achieved, given proper government policies and a government with the will to do the things that need to be done to achieve it.

I subscribe to the view that every barrel of oil produced in the tar sands plant means that one barrel less will be imported from foreign sources. If we depend on external suppliers to the extent the minister predicts, for about the same expenditure we could build a tar sands plant to produce oil at the same price. This would provide thousands of jobs for Canadians and would bolster our economy. The plant would continue producing in the future, guaranteeing jobs for generations to come. It would be ironic if the national economy were to flounder through lack of expansion of Canadian energy supplies when the solution to the projected energy shortages is near at hand.

We need companies with entrepreneurial skills, and we have them. We need to encourage them, however. We also need a government that understands the situation, and finally, we need far more action in the development of energy than we have seen thus far.

We believe that Canada has the energy potential and the ability to develop it, given the proper business environment. If we review the record of this administration over the past ten years or so we can conclude that the proper business environment does not exist because the government has not had a long term energy policy. It still does not. The government seems to be playing musical chairs with the policies it had. It changed them so often that it was impossible for the industry to make long term plans based on anything this government said on any given day.

One of the most serious drawbacks to development in the tar sands so far has been this rapid shifting of policy at the federal level. The tar sands deposits in my constituency, and which extend into the constituencies of Peace River and Vegreville, as well as Meadow Lake in Saskatchewan, contain an estimated one trillion barrels of bitumin. Without a doubt this is one of Canada's major resources and will be a source of energy, wealth, and employment for decades to come. Through lack of government policy and foresight, however, there is still a question of whether this vast resource can be developed economically to its full potential.

The petroleum industry has experimented and worked with tar sands for many years. Great Canadian Oil Sands, a company located at Fort McMurray, developed the first tar sands mining project in 1967. The company had many difficult years in the initial stages, but today there is the prospect of profitable operations. We must encourage groups with this kind of vision if we are to be self sufficient in energy, which is a desirable goal.

The petroleum industry in general has shown in the past that it does not fear taking risks with its investments, but it must be able to justify those risks to its shareholders. It must see a financial return in keeping with the amount of risk. Stable, long term government policies are required in order to create a proper environment for such risk-taking.

The second major tar sand mining project at Fort McMurray, the Syncrude project to which the minister alluded, is nearly completed now. I am told it is expected to go on stream in June of this year. At the peak of construction the project had a labour force of 8,400 people. It is now just beginning to process the tar sands. I think Syncrude must be congratulated for its performance. By building that plant it made a significant investment for its shareholders, and a great contribution to the country as a whole from the standpoint of ensuring energy supplies. The project is ahead of the construction schedule and is expected to exceed the projected budget of $2 billion by only 2 or 3 per cent. If we compare that with some other projects in this country and the degree of error in the projected costs and scheduling, we see that the Syncrude project has been managed very well. This in itself, in today's environment, when major projects usually greatly exceed budgetary allocations, is a major accomplishment.

When the production of Syncrude is on stream, it will produce more than 100,000 barrels per day of synthetic crude. Canada will be able to reduce its net oil imports by that amount, thereby improving our over-all balance of payments position. The project also keeps at home some 3,000 permanent, direct jobs, which in turn produce many thousands of secondary jobs through the employment multiplier effect.

We know that Syncrude itself is not enough. As I have mentioned before, there is an estimated one trillion barrels of bitumen in place and waiting to be developed in my riding, in northern Alberta and northern Saskatchewan. I agree with the minister that a great portion of that cannot be developed with the current technology, economically speaking. At least a portion is economic, however, given the proper business climate.

This party recognizes Bill C-19 as an encouragement to industry. We recognize that it will be absolutely necessary for the industry to be guaranteed the equivalent of the world

crude oil price if it is expected to take the major investment risks required to bring the tar sands into production. Congratulations are due to the oil industry which, fortunately for Canada, has been planning ahead diligently without knowing the specifics of the business environment in which its major development investments will be made. It is in this area that the government has failed to gain the confidence of the industry. The government, and particularly the Minister of Energy, Mines and Resources (Mr. Gillespie), are to be severely castigated for their lack of foresight and their inability to make decisions regarding how the proper development of energy supplies should proceed. How can we as a nation achieve our goal of self sufficiency if these major projects do not know the long term business circumstances? How can they be encouraged?

I was rather amused at the minister's statement that these projects were all about to begin, when only two or three days ago he said in this chamber that he has not as yet reached any kind of agreement with the tar sands industry and Shell Oil so that they would know under what conditions their plants are to be constructed, and under what circumstances they might be able to predict their financial returns and their economic picture. That is unknown still today.

● (1652)

The minister runs around trumpeting the onset of the third tar sands project, knowing full well that he is responsible for the inordinate delays which have been happening in the construction of this plant. I am rather surprised he did not take the opportunity to tell us today why he is dragging his feet on this matter. I am sure he must accept the fact that development should be more rapid. I hope the minister will be serious because he has not been so far, particularly from the point of view of his policies not being matched to his words. He says one thing in this chamber about how he wants to see the developments take place, but he certainly does not follow up his statements with any kind of policies or long-term commitments. As a result of that we are in a situation where, by 1990, we will be importing 58 per cent of our total energy needs. That is a rather shameful performance on the part of the minister. He has nothing at all to smile about when he talks about his policies—or lack of them—as far as tar sands development is concerned.

As a result of a lot of foot dragging by the minister, Shell Oil is not starting its construction.

Farther south of Fort McMurray near Cold Lake, Imperial Oil has announced its proposed project, which is the first commercial in situ tar sands recovery project. This project is expected to cost in excess of $4 billion, and is pioneering new technology. The company has been experimenting with this production technology for nearly 14 years. They have said so in their television advertising. I think this television advertising has been important. It has let the public know that in spite of the lack of interest of this particular administration, and under adverse circumstances, the entrepreneurial skills of oil companies have indeed continued, with the ever-optimistic hope that the government would be replaced. Perhaps even some minister of the government could be appointed, if the government is not replaced, who would be more amenable to accepting his responsibility in terms of long-term tar sands development policy.

[Mr. Yewchuk.]

I can say that the industry has had no reason for confidence in this particular government's policies. As a result of that, industry is not sure that the kind of development will take place that they want.

Imperial, Shell, and other projects will provide more jobs, as well as an industrial stimulus across Canada. The industrial ripple effect will also be felt in all parts of the country and will give long-term stimulus to the economy as a whole. I am sure we all agree that is badly needed. I recognize that these projects have a long-lead time and their benefits will not be felt until the early 1980's, but this is the type of entrepreneurship we need in this country, which should be encouraged every day. The present government has for too long denied industries in Canada a clear and stable industrial business climate which would encourage industrial development.

Bill C-19 itself has been a long time coming. I was amused that the minister was able to say today with a straight face how anxious he was to get this bill through. I would ask him how long it took that bill in gestation. I would suggest that it was longer than the gestation period of an elephant, which is a long time. Now, all of a sudden, he is in a great rush to get it through. I am not saying, Mr. Speaker, that we do not agree it should be put through in a hurry, but I am saying that he should have given the matter a little forethought a long time ago, and the bill would have been passed by now.

As it is, the bill is before the House right now. It has to be considered before passage, and it is now only two or three months before the Syncrude project is going on-stream. This bill should have been in place before that project even began construction. That reflects quite clearly the foot dragging attitudes of this minister and the lack of incentive that his foot dragging has created as far as the other projects are concerned.

We have the opportunity in Canada to become self-reliant in energy and thus self-sufficient. We also have the opportunity to generate national wealth by encouraging the export of surplus energy supplies as they are made available. The petroleum industry has repeatedly shown that it has the drive and initiative to develop Canada's petroleum resources. But to do so it needs a national government with a stable economic policy to stimulate the long-term investment and project planning which is necessary. Everybody accepts that a stable economic policy is necessary for massive projects such as these.

Industry must have confidence that it will be repaid, that its efforts will not be thwarted, either by intergovernmental bickering, which this minister has been engaging in widely, or by changing the rules of the game, which this minister and his predecessors have been doing.

To sum, up industry and potential investors in the petroleum industry need assurance that government policies will be stable

and that the incentives to develop and invest in the next generation of energy projects reflect the costs and the risks involved. Such incentives must also offer the opportunity for a good return on the capital invested.

I would like to conclude by saying to the minister that I hope in future—for whatever future he has left in that job or whatever future the government has left, I feel quite confident it is very little—the minister will take his job more seriously and put into place the policies required to create stability in the business climate. I would like to see business be given the ability to make long-term planning projections in some kind of a reasonable way to justify their risks and expenditures so that they can expect reasonable returns for their efforts in the long run, and through that method create greater assurances that this country will produce its required energy supplies in the foreseeable future.

Mr. Don Mazankowki (Vegreville): Mr. Speaker, I wanted to make a few remarks concerning this particular piece of legislation. It is a very important piece of legislation, but perhaps it might be wise to call it five o'clock in view of the fact that private members' hour is almost upon us.

[*Translation*]

Mr. Deputy Speaker: Order, please. It being five o'clock, the House will now proceed to the consideration of private members' business as shown on today's order paper, that is notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I understand that there have been the normal consultations and there might be unanimous consent to proceed at this moment expeditiously with Bill S-10. As a result of the same consultations there is agreement to proceed with notice of motion No. 22 standing in the name of the hon. member for Wetaskiwin (Mr. Schellenberger). If we do that, I would ask that all notices of motions preceding No. 22 be stood by unanimous consent.

Mr. Paproski: That is so agreed.

Mr. Peters: No. What is No. 10?

Mr. Paproski: The Legion bill.

Mr. Peters: Call the bills.

Mr. Deputy Speaker: Is there unanimous consent?

Mr. Peters: No, there is not unanimous consent to proceed with Bill S-10 at this time.

• (1702)

Mr. Deputy Speaker: We will proceed in the normal order. I will ask at this time whether there is unanimous consent to stand motion No. 4 in the name of the hon. member for Ottawa West (Mr. Francis), motion No. 11 in the name of the hon. member for Don Valley (Mr. Gillies), and motion No. 21, and proceed directly to motion No. 22 appearing in the name of the hon. member for Wetaskiwin (Mr. Schellenberger). Is this agreed?

Some hon. Members: Agreed.

* * *

OIL

REPAYMENT OF EXPORT TAX TO INDIANS

Mr. Stan Schellenberger (Wetaskiwin) moved:

That, in the opinion of this House, the government should consider the advisability of taking steps to ensure that the question of repayment of the export tax on oil taken from Indian lands be satisfactorily dealt with.

He said: Mr. Speaker, I rise today on a matter I have introduced in this House many times, not in the form of a motion but by way of questions during the question period, questions in the committees of the House of Commons, and by way of the late show which we have from ten o'clock until 10.30 in the evening.

In September, 1973, the federal government saw fit to place an export tax on oil leaving this country for the United States, to make up the difference between our domestic price and the price oil had risen to as far as world price was concerned. It promised at that time that 50 per cent of the tax would be returned to the producing province and 50 per cent would be held in the federal treasury to be used for research and development of ways and means of finding new oil, getting oil out of the tar sands, and heavy oil. At the same time, the government collected the export tax on oil that was produced on Indian lands. Technically or legally, it was believed that Ottawa was not in a position to tax the oil on Indian reserves. That aside, this money was collected.

The government collected this tax from October, 1973, to April, 1974. In committee I was not able to get the exact amount that was collected and whether interest was going to be charged to this account. However, it was speculated that the amount was somewhere in the neighbourhood of $4 million.

Hon. members who have native people within their constituencies realize that when it comes to statistics, comparing the number who are unemployed and the number who are employed, it is very much the number who are employed which is greatest. A large percentage of our native people are unemployed. The Department of Indian Affairs and Northern Development is working diligently through its economic division to create industries and jobs for natives on their reserves.

In the case of Alberta, there are approximately ten Indian bands or reserves that have oil on their land and upon which

export tax was collected. If the statistic is $4 million, that amount of money could be put to tremendous use on the Indian reserves in my constituency and the constituencies of other Alberta members. I speak of the Hobbema and Enoch who have put the money they have collected from their royalty to great use in providing for trailer factories, a home furnishing factory and drapery factories. Still they find that more than 50 per cent of their people are unemployed. This $4 million could have been put into those economic areas. In my opinion, we have been dragging our feet on this issue for the past four years.

As I understand the minister and the departmental officials, the province of Alberta will first have to decide whether it will get back its 50 per cent. For a number of years, the subject bounced back and forth between the federal government and the provincial government. On February 15, 1977, I suggested that, in order to expedite the situation, the Minister of Indian Affairs and Northern Development (Mr. Faulkner) should take the initiative and call a tripartite meeting between the native people, the provincial Department of Indian Affairs, and the federal Department of Indian Affairs.

The minister acknowledged that it was a very important question and that he would do everything he could to provide me with a satisfactory answer. However, almost a year has passed, and still we have no definite word on what is going to happen to this money. These native people are looking forward to the kind of development they could proceed with if the money were returned to them.

I checked with the department early this year. They informed me this was on the list of priorities for the cabinet in January. I then checked with the province of Alberta. I received an assurance from the province that they were prepared to give back their 50 per cent to the producing bands. As it looks now, it is the federal government that is holding up the return of this money to these people in Alberta.

In this motion I am asking that the House and the government do everything in their power to have the Department of Indian Affairs and Treasury Board act expeditiously on the return of the export tax which in fact is money belonging to those Indian bands. This money has been collected from them and held in the treasury. After four years, it is time that we make the decision and return that money to these people so that they can put it to use.

I urge the government to take immediate steps on this issue in order that this money, and hopefully the interest that has accrued, can be returned to the Indian bands because it is rightfully theirs.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, as usual the hon. member raises in a sincere way an interesting and complex problem, for which I would like to thank him. It has given me the opportunity to do some research into a problem with which I have not been completely familiar. It leads me rapidly to the conclusion that this is a complex problem raised by the hon. member. Some detailed background information as to the tax itself and how the tax affects the Indian people is necessary before one can enter into a debate on the subject.

The motion, as presented, appears to deal with all moneys derived from the oil export tax since its inception in 1973, as it now exists and as it is likely to exist for some years to come. On the other hand, the total formal claim on record that has been made on behalf of the Indian bands from Alberta and Saskatchewan deal only with the amount of money collected under the oil export tax during the first six months that it was levied.

In the first case, we are talking about a sum of money which could amount to $100 million, whereas the Indian claim is slightly less than one tenth of that figure. Lest anyone question the $100 million figure, let me point out that no attempt has been made to refine the rough estimate since it is sensitive to the rate of oil export, the price differential between Canadian and foreign oil, the types of oil to which it applies, and the length of time it will remain in effect, together with a number of other imponderables.

I do not want to over-stress the dollar value of the oil export tax levied on oil production from Indian reserves. I merely want to emphasize that it is necessary to be specific about the size and nature of the problem introduced by the hon. member in his motion.

A moment ago I referred to the fact that the claim on record only deals with the first six months. I believe the hon. member has made that reasonably clear. By that I meant that all correspondence received indicates that the Indian people are claiming only that portion of the tax collected during the first six months. Nothing has been presented to indicate that the Indian people feel that they have a claim on the tax collected since that time. In fact, correspondence specifically states that the claim is made on moral grounds and will not set a precedent for possible future claims.

Perhaps the hon. member is suggesting in his motion that there is a basic principle that Indians shall not be taxed and that on this basis all of the tax levied on oil from Indian reserves should be returned to the Indian people. This, of course, would introduce a number of parallel situations with respect to any form of taxation of any product from an Indian reserve.

If this is the direction we are going in this debate, then we will be heading into some rather complex technicalities. I would prefer to think that this is a special case which is based on the handling of a specific tax during a specific period. On the assumption that we are considering only the first six month period, I have not attempted to look into the ramifications of the more general situation. The hon. member seems to agree that we are talking specifically and purely about the six month situation.

• (1712)

This is a complex problem. In order to place things in their proper perspective, I intend to discuss the oil export tax, past, present and future; the Indian involvement; the amount of money involved; the legal and moral implications of the claim;

the chronological order of involvement of the Indians and the federal government; the provincial involvement, the Indian Association involvement, and interrelated developments.

First, by way of an introduction, let us look briefly at the tax itself, and then see how the Indians themselves are involved. I would like to present the general picture before examining the question in detail. During 1973 the price of oil rose rapidly, with an increase of 25 cents a barrel in May and a further increase of 40 cents in August. The price of oil thus rose to about $3.85 a barrel. In September the Middle East oil producing countries imposed a partial export embargo, and followed this by a series of price increases affecting the international price of oil. At that time the government placed a price freeze on oil in Canada and effective October 1, 1973, initiated an oil export tax. This was intended to prevent companies exporting oil from Canada from reaping windfall profits. During the first six months, the tax rose from 40 cents to $6.40 for each barrel of oil exported.

To understand how the Indian people became involved, it is necessary to be aware that both oil and natural gas are being produced from a number of reserves in Alberta and Saskatchewan. All revenues derived, including bonuses from the sale of exploration rights, rentals from mineral and surface rights, and royalties from production, go to the band for which the particular reserve was set aside. Somebody will ask: how much production and how much revenue? We take pride in the fact that revenues during the current fiscal year from development of oil and gas will amount to about $80 million, most of which comes from royalties from oil and natural gas production.

I realize this will immediately raise the question of why we should be considering a claim for return of oil export tax revenues to bands which are already "wealthy", if I may use quotation marks. I intend to cover this point at greater length later. For the moment, I would raise the following points: first, not all the bands concerned are wealthy; second, we are discussing a depleting, non-renewable resource; finally, the Canadian taxpayer also reaps benefits in a number of different ways.

It is necessary to examine the oil export tax in some detail to appreciate fully the mathematics involved in the claim as presented by the Indian people. I might say that the mathematical and statistical figures put forward have been checked by our Indian minerals division, oil and gas specialists. These figures were, in turn, checked and verified by the provincial authority in Alberta since that province is also involved in the claim.

Before reading into the record the extent of the claim put forward by each of the various bands, I feel it is necessary for me to describe what is meant by the provincial and federal share of the tax. For the moment it is sufficient to say that, as a result of one or more provincial-federal conferences, it was arranged that half of the revenues received from the oil export tax during the first six months would be returned to the producing provinces in proportion to the oil production of the province. This is popularly known as the provincial share. Of the remaining half, which is known as the federal share, the federal government agreed to invest the tax collected during the first four months in energy-related development in the producing province, again in proportion to production. The federal government later decided that its investment in Syncrude satisfied its commitment to Alberta.

The Indian people questioned why tax on oil produced from Indian reserves was returned to the province. They further questioned whether investment in Syncrude will bring any direct benefit to the Indian people.

We are debating the return to the Indian people of the oil export tax collected from the production of oil from Indian reserves. I suppose one might take the attitude that since the federal government returned half of the revenue to the provinces, rightly or wrongly, it should be responsible to the Indian people for the total amount of the tax. Actually the Indian people have made a simultaneous claim to the province for the return of the provincial share and to the federal government for the return of the federal share. In a sense, this has been outlined by the hon. member.

Now, for the record, let me list the claims by the various reserves concerned. These figures give the calculated dollar value of the export tax on the exported portion of production from October, 1973, through March, 1974, on crude oil production:

The two columns list Indian reserves in Alberta and the tax figures which apply:

Amber River No. 211	$ 7,319.67
Ermineskin No. 138	184.27
Hay Lake No. 209	14,275.46
Pigeon Lake No. 138A	7,190,768.45
Samson No. 137	4,632.04
Sawridge No. 150G	278,170.16
Stony Plain No. 135	1,031,457.91
Sturgeon Lake No. 154	24,593.46
Utikoomak No. 155A	72,635.60
Total	$ 8,624,031.02

These figures relate to crude oil production. In addition, of course, there are condensate sales upon which tax is levied, as follows:

Alexander No. 134	$ 1,340.67
Blood Timber Limit No. 148A	300,819.00
Buck Lake No. 133C	27,535.14
Pigeon Lake No. 138A	160,478.67
Sarcee No. 145	34,620.39
Sawridge No. 150G	2,660.25
Stony No. 142B	60,059.88
Stony No. 142, 143, 144	112,008.15
Total	$ 699,523.15

The Alberta total thus becomes $9,323,554.17. To this must be added the tax on condensate sales in Saskatchewan, White Bear No. 70, $7,279.48, for a grand total, Alberta and Saskatchewan, of $9,330,833.65.

These figures represent the total tax on crude oil and condensate from Indian reserves deemed to have been exported during the first six month period. In order to arrive at the calculated percentage of oil produced from reserves which was

deemed to have been exported, it has been assumed that the same percentage of Indian oil would have been exported as calculated for the total amount of oil produced in Alberta which was exported. These export percentages were provided by the Alberta Energy Resources Conservation Board. The provincial and the federal share would, of course, be half of the totals given.

It will be noted that the total deemed to have been derived from oil exported from Saskatchewan reserves is very small in comparison to Alberta totals. This will explain why Alberta is used almost exclusively as a base for discussion. Early in the processing of the claim it was decided that any submission to the Province of Saskatchewan for the return of its provincial share should wait until the federal and Alberta claims were settled. The band concerned has been kept advised.

● (1722)

Now let us examine the tax in a little more detail. I have already pointed out that the expressed intent of the tax was to prevent oil exporting companies from reaping windfall profits by purchasing Canadian oil at the frozen price and exporting it at the international price.

The level of the oil export tax is established on a monthly basis by the National Energy Board and the Department of Energy, Mines and Resources. It is necessary to change the level every time there is a price change in either the Canadian—domestic—or the international price.

Unfortunately, there is no clear-cut international price, since the price of foreign oil depends on many factors. For the purposes of the oil export tax, the average delivered price of foreign oil at Chicago is used for the international price. This seems reasonable since virtually all of the oil exported from Canada is purchased by our neighbour to the south. As previously pointed out, during the first six months a single price was used for all classes or grades of oil. Under present conditions, different prices are determined for a number of different classes.

Natural gasoline and condensates are defined as oil for the purpose of the oil export tax. This explains why some of our natural gas producing Indian reserves such as the Blood and Stony reserves are included as having a claim for an oil export tax rebate. If we were to read our Indian oil and gas regulations, we would note that "condensate" is defined as a part of the natural gas and is so classified for royalty purposes. Incidentally, the same is true for the province of Alberta. The fact that "condensate" would be classified as oil for the oil export tax purposes did not become clear until the Oil Export Tax Act was promulgated. This is the reason that condensate producing bands were not included in some of the earlier discussions respecting the possible rebate of the tax.

Confusion often arises from the reference to a particular oil price. One has to be very specific as to the grade of the oil and the location to which the price is quoted. For example, press releases would indicate that a single price for a particular grade of oil exists at any one time.

[Mr. Daudlin.]

The July, 1977, Alberta Petroleum Marketing Comission price bulletin states that prices are based on a price of $11.18 per barrel for marketable petroleum having a quality of 42 degrees or higher API gravity and containing less than 0.5 per cent sulphur by weight at the Edmonton terminal of the Interprovincial Pipeline Company. On this basis, Indian oil from the Pigeon Lake reserve, D-3 pool, was valued at $11.085 per barrel, while the Stony Plain Indian Reserve D-3 production was valued at $10.94. Both of these carried a tax of $5.60 per barrel. At the present time oil from both reserves is worth $1.01 per barrel more. This may sound complicated in that the most recent pricing agreement indicated that the price of oil would be allowed to rise by $1 per barrel as of January 1, 1978.

To return to the tax itself, it was first imposed under the provisions of the Excise Tax Act and became effective October 1, 1973. During October and November the tax was set at 40 cents per barrel. It was raised to $1.90 in December, $2.20 in January, 1974, and finally to $6.40 per barrel for the months of February and March, 1974.

It is interesting to note that at that stage the flat rate applied to all crude oils and condensates, regardless of gravity. Although easy to calculate, this had undesirable effects in that it overpriced the heavy crude oils on the export market.

The oil export tax was formalized under the Oil Export Tax Act which was assented to on January 14, 1974. The Oil Export Tax Act was later replaced by the Petroleum Administration Act which became effective April 1, 1974. The latter act remains effective to this date. Over the years the tax itself has become more complex, with different tax rates applying to diffirent classes of oil.

If we assume that our claim applies only to the first six months, we will then not be overly interested in the fact that there are presently eight different classes of oil, each with its own tax level. I mention this only in support of my earlier contention that it would be difficult to place a monetary value on the long-term application of the oil export tax. At present, oil produced from Indian reserves comes under several different classifications.

Tables are availablee showing the oil export tax levels that have been established from time to time since the tax was established. I do not propose to attempt to produce such a table at this particular time. However, I will comment that there have been about 45 changes to the tax for light and medium grade crude oils since the end of the first six-month period. During that time the tax on that particular class or grade has varied from a low of $3.20 to a high of $5.60 per barrel.

If anyone is tempted to do a few mental calculations, let me caution that the level of oil export over the period has varied considerably. Further, it must be remembered that my government has had the policy of gradually reducing the amount of oil that is permitted to be exported.

Hon. members may recall that, when the tax was initiated, there was considerable opposition by the oil producing prov-

inces, particularly those with appreciable oil exports. The oil producing provinces contended that the price of Canadian oil—sometimes referred as domestic oil—had been frozen at an unrealistically low level.

This, of course, meant that the provinces received lower revenues for their provincial royalty share. It also meant that oil and gas exploration was less attractive to the industry than would have been the case if the price had been allowed to seek the level of the international oil price. This in turn meant that the provinces received less revenues in bonuses from the sale of oil and gas rights. At that time several provinces considered the possibility of forming marketing boards, with the idea of exporting in the name of the provincial Crown to avoid payment of the tax or, conversely, to sell as much oil as possible on the export market at the international price.

After several federal-provincial conferences it was agreed that the federal government would return to the producing provinces, in direct proportion to production, half of the tax revenues collected during the first six months. Part of the agreement relating to the disposition of the tax moneys collected during the first six month period was an undertaking by the federal government to invest the money collected during the first four months in energy-related projects within the provinces concerned.

Later the federal government decided that the commitments to the Syncrude development at Fort McMurray satisfied its commitments respecting investments in Alberta.

Part of the agreement also included the fact that domestic, or Canadian, prices would be increased in accordance with a given formula or as re-negotiated between Canada and the provinces from time to time. The tax revenues collected during the last two months of the first period and all future tax revenues were dedicated to the equalization of the cost of the oil to the consumer in eastern provinces where most of the oil used is imported at international prices.

It must be realized that largely as a result of increased Indian royalty rates initiated in 1974 as well as increased oil and gas prices, the current revenues to Indian people are in the order of ten to 15 times those received in 1973. Nevertheless, the Indian people and their advisers at that time were very much aware of the effects of the price freeze and the oil export tax on their revenues, resulting not only from production royalties but also from the sale of exploration rights.

Questions were immediately raised by the Indian bands, particularly the oil-producing bands. The natural gas producing bands were not yet aware of the condensate situation. However, concern was expressed as to the possibility of a parallel gas export tax as well as lower revenues, since gas prices were also being kept lower than would have been the case if the oil price had been set at a higher level.

I have been talking about the concern of the Indian bands. Perhaps it is time to give a few details as to how many bands benefit from their oil and gas resources.

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. member because his time has expired. If he wishes to continue, he will need unanimous consent.

Mr. Paproski: Question.

Mr. Deputy Speaker: Is the House ready for the question?

Mr. Maurice Foster (Algoma): Mr. Speaker, I would like to add a few words to this debate. The hon. member has suggested that the oil export tax, as implemented in 1973 to avoid windfall profits for oil companies, be turned over to Indian bands as a result of settlements on treaty obligations. I think we must realize that as it operates today the export charge is used to compensate for the very expensive oil coming in from the Middle East, Saudi Arabia, Venezuela and other offshore points, and to bring the price down to a Canadian administered price, which is some $3 below the world price. There is not in fact a kitty or a build up of revenues for the government.

According to reports to the Standing Committee on National Resources and Public Works, the revenues derived from the export charge and the excise tax of ten cents, which was implemented, I believe, in 1974, roughly balance the oil compensation program which has been so beneficial to eastern Canada right from Cornwall, Ottawa and the Ottawa Valley to Quebec and all the maritime provinces. Literally hundreds of millions of dollars have been paid in compensation to have that offshore oil reduced from the world price down to the Canadian domestic administered price.

• (1732)

The price of oil shot up rapidly in the fall of 1973 and 1974 as a result of the OPEC cartel. However, it firmed down and we were able to maintain the price. At that time half of the revenues which the federal government imposed and received were returned to the provinces. Thus, the obvious question would be whether the hon. member is referring to returning all the funds to Indian bands in the west where the oil is produced, or just the federal portion of it.

Most people do not fully realize the value of oil export tax funds for energy purposes. The fund is being utilized by Alberta and all of Canada for research into various projects. The agreement was approximately $100 million. It is a very significant amount of money which is being utilized for research and development. Surely there is a great deal to be done in that regard.

If we refer to enhanced recovery from the producing fields, a great deal of research and development must be carried out in that regard in order to increase the fairly small amount of oil which can be extracted in western Canada. The Syncrude project is a full scale research and production project. Even though it is a production model research facility, it will make a very significant contribution to Canadian energy supplies, approximately 125,000 barrels of oil a day. The federal government, as well as the governments of Alberta and Ontario, ought to be congratulated for the $600 million of equity which

they have invested in that. Even though it is a production scale research project, it will pay off handsomely to the government. The information given before the Standing Committee on National Resources and Public Works by officials of the Department of Energy, Mines and Resources indicated that some 77 per cent of the gross revenues from the Syncrude project over its lifetime will accrue to the governments of Canada. We are not talking about a provincial oil field, nor a technique regarding the production of oil which has been completely proven.

The Sunoco project at the great Canadian oil sands produces 45,000 or 50,000 barrels a day. It is my understanding that that type of project would not meet all the environmental requirements of a new plant. The Syncrude project will come on stream this spring and will make a significant contribution to our oil supplies. Our governments have invested 30 per cent of the equity. Alberta has the right to increase the equity in the plant to 50 to 55 per cent. At the same time, 70 per cent of the revenues from the Syncrude plant will flow back to the governments. Three levels of government—two provincial and one federal—are investing together in a massive full-scale production and research facility. This facility will provide excellent returns. Hopefully Alberta will use successfully the $100 million of export revenue tax provided by the federal government. As well the government of Alberta has received funds from the export tax being pumped into exploration and research in heavy oil. Research must take place. I am not sure whether research in renewable energy will occur; but the problems relating to heavy oils, the tar sands, the environment and the disposal of waste must be looked into.

A great deal of funding has been provided by the federal government to the governments of Alberta and Saskatchewan. That funding can be employed very well in the field of heavy oils, tar sands research, as well as to enhance the recovery from the conventional oil field areas. Without getting into the aspects of transportation systems and renewable energies, there is great scope. The Alberta government is mainly interested in the petro-chemical aspects.

The export charge has been utilized to bring the price of offshore oil coming into Canada down to the Canadian domestic price. When Bill C-19 went before committee, at the time of the Syncrude project, it was explained that they would receive world price for the production of oil. Syncrude is a Canadian project which utilizes Canadian resources. It makes sense to provide the world price, if that project is to be brought on stream this year and to produce 125,000 barrels of high grade crude a day to displace the 125,000 barrels of oil a day which is being imported from Venezuela and the Middle East. We have the advantage of an insignificant outflow of capital from Canada in order to pay for the offshore oil which is coming into Canada. Bill C-19 will provide for that. Initially the estimated cost was ten cents a barrel on all oil sold in Canada. Thus, it is a very small amount at the gas pumps.

If an incentive can be provided for the Syncrude project, perhaps similar incentives could be provided to other tar sand projects in order for them to come on stream in the west. It seems to me this is one ace in the hole which Canadians have: the tar sands and the heavy oils. The exploration that is taking place in the artic and offshore is significant, but so far has only found gas.

● (1742)

Mr. Deputy Speaker: Order, please. The hon. member for Fraser Valley East (Mr. Patterson) rises on a point of order.

Mr. Patterson: Mr. Speaker, I was listening this afternoon to a debate dealing with the Syncrude project. It seems to me this is just a continuation of that debate, interrupted at 5 o'clock to discuss this motion:

> That, in the opinion of this House, the government should consider the advisability of taking steps to ensure that the question of repayment of the export tax on oil taken from Indian lands be satisfactorily dealt with.

I do not think we have heard any statement from the hon. member regarding this particular motion.

Mr. Foster: Mr. Speaker, I thought I made it very clear we were talking about the export charge and that these funds amounting to something like $100 million have been utilized by the federal government for energy research and development in Alberta.

That is a very good example of the kind of thing I could have gone into in considerable detail, but in considering this motion we obviously must realize that the export charge which was levied by the federal government is not just sitting in some bank account. It is being utilized, first of all in research projects such as those in Alberta and Saskatchewan, and more recently the export charge has in fact been used to compensate in respect of oil imported from offshore, reducing it to an administered price in Canada that is significantly below the world price of crude. I did not want to go into too many examples, but rather just sufficient to clarify the point for the hon. member in order that he would appreciate that this is not a separate fund which exists, but are funds that have been utilized to reduce the price of energy in eastern Canada and at the same time conduct the energy research in the province of Alberta which I know is so important to that province and to Canada as a whole. It is extremely important to the Canadian economy and the Canadian energy supply.

I hope I have not taken too much of the hon. member's time, but I thought it worthwhile to explain this in some detail so he would appreciate it.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, the subject matter we are dealing with this afternoon has certainly been the subject of discussion in the past, not only through questions asked in this House, as the proposer said this afternoon, but as well with the present and previous ministers who have had responsibility for the Department of Indian Affairs and Northern Development.

During the remaining minutes this afternoon I might take the opportunity to review some of the aspects of this matter from the point of view of the native people affected by the

issue raised. To begin with, I should point out that oil and gas resources underlying nearly all Indian reserves in the four western provinces have been set aside for the individual bands for which the reserves were set aside. There are a few exemptions, but not many.

From time to time most of the reserves in Alberta have received revenues from their oil and gas rights in one form or another. Likewise, quite a number of the British Columbia, Saskatchewan and Manitoba reserves situated in the sedimentary basin have received revenues. In Ontario a number of reserves have received substantial revenues, notwithstanding the complications arising out of the land agreement of 1924.

At present in Alberta there are some 18 bands receiving revenues from production, and 15 other bands that have active oil and gas leases. In Saskatchewan they have two producing bands and a number of other bands with active leases. In Manitoba and British Columbia there are a number of leases, but to date to the best of my knowledge there is no active production.

A few weeks ago at a sale of Indian oil and gas permits and leases, Indian bands in Alberta received over $8 million in bonuses and rents. As I said earlier, the Indian people are very much involved in the oil and gas industry and, in fact, in a number of aspects of that industry.

Immediately after the oil export tax was initiated the Indian people began to ask a number of key questions. They were questions such as these. Should oil produced, both lessee and lessor shares, from under Indian reserves be exempt from the tax under the provisions of the Indian Act? If either or both of the shares should be exempt, would it be possible to have the oil exported to share in the higher price of exported oil? Could Her Majesty—that is the Department of Indian Affairs and Northern Development—form a marketing board to export either the royalty share of oil taken in kind or both the lessee and lessor shares, thereby avoiding the tax and obtaining higher prices? Could the Department of Indian Affairs and Northern Development obtain a rebate for the producing bands on an appropriate share of production which might be deemed to have been exported? What could be done to get higher prices for domestic oil? These are all questions that have been brought forward by members in this House, and directly to the department.

In the normal course of events, once oil is placed in a pipeline and it leaves the reserve boundary it loses its identify. In most cases it is impossible to say whether a specific barrel of oil goes to a Canadian consumer or finds its way into the export market. Even if there were some way of identifying the oil that was produced on the reserves and put into the system, we would be left with the problem of why the oil from one reserve should all go to the export market while oil from another reserve should go entirely to the domestic market.

I think it is pretty generally agreed that if Her Majesty, as represented by the Minister of Indian Affairs and Northern Development, attempted to export the oil then Her Majesty, as represented by the Minister of Finance, would try to find a way of making the oil subject to the tax. A somewhat similar situation existed when the Department of Finance made royalties payable to the Department of Indian Affairs and Northern Development and the Department of Energy, Mines and Resources subject to a tax ruling related to corporate income tax.

Incidentally, as a result of a submission made by the Department of Indian Affairs and Northern Development on behalf of the Indian people, the lessees of Indian mineral rights were allowed to deduct from income before tax the total royalties paid to Indians. In the case of the provinces and other federal agencies there is a specified maximum limit to the royalty that may be deducted. This has allowed the Indian people to charge higher rates of royalties.

The Indian people supported the provincial point of view that frozen domestic prices for oil were unrealistically low. As in the case of producing provinces, this reduced the revenues to the producing bands. This line of reasoning seemed to have been accepted by the federal government and the consuming provinces when it was agreed that half of the tax revenues collected during the first six months should be returned to the producing provinces.

It seems to have been further confirmed that the tax rebate was based on production and not on the amount of export. If one agrees that the general result of the price freeze and the tax was a loss to the producing province, then the rebate should be based on production. If, on the other hand, it is based on a philosophy related to export of oil, then the rebate should be based on the amount of export rather than on production. Since we have assumed the same percentage of export from all the Indian reserves except the Saskatchewan reserve, it would not matter whether we used production or export figures.

● (1752)

Unfortunately, neither the Indian people nor officials of my department were involved in the federal-provincial negotiations leading to the splitting of tax revenues or the setting of future oil prices. Prior to the promulgation of the Oil Export Tax Act, representatives of some of the producing bands had attended meetings in Ottawa with officials of my department and the Department of Energy, Mines and Resources. Letters were written at that time to request that the Indian interest should be considered. Realistically, one should not be surprised that the Indian point of view might not have been properly considered. Although the Indian oil production is important to them, it represents only about 3 per cent of the production for the province of Alberta.

The Indian people and my deparmental officers were involved in a number of meetings respecting the oil export tax. There were two more significant meetings. On January 8, 1974 a large delegation met with the assistant deputy minister of Indian and Eskimo affairs in Ottawa. In addition to departmental staff and legal advisers, others attending the meeting included a band lawyer, an independent consultant, advisers of the Department of Energy, Mines and Resources and advisers of the Department of Justice.

Oil Tax

On September 8 and 9 the Hobbema Four Bands convened a meeting of all producing bands at Hobbema. A committee was formed and it was decided that all producing bands should be canvassed with a view to making a united claim and co-ordinating their points of view. A proposed band council resolution was drafted for circulation. This resolution requested return of the tax collected during the first six month period. It further requested that the rebate totals previously presented to the minister in this discussion should be used. The other major point related to the fact that the bands requested that the money be placed in their capital accounts, and agreed that all money would be used for the betterment of the band community.

I am advised that all except one band signed the resolution. The one remaining band was late in meeting the deadline set by the committee and as a result made a separate submission through their own lawyer. The figures for this band, the Stoney Indian Band, are included in the totals presented here today.

During the latter part of 1973 and 1974 there were a large number of meetings involving Indian oil and gas matters. At that time, we were discussing with Indian people the establishment of a new royalty rate, new Indian oil and gas regulations and the need for an act of parliament to permit changes to royalty rates applying to existing leases. These discussions gave rise to changes to the land and gas royalty scales and to passage of the Indian Oil and Gas Act. Discussions at the various meetings invariably included the oil export tax situation.

I briefly mentioned that the Indians of Alberta, largely through the work of the Hobbema Four Bands and the Enoch Band, presented a claim to the Alberta government for a return of the "provincial share". A formal meeting was held in Edmonton in the legislative building on February 12, 1975. The figures presented to the Alberta government at that meeting are the same as quoted by me earlier today. Representing Alberta were Mr. Dickie, the minister of mines and minerals, and Mr. Adair, minister without portfolio.

The Alberta government at that time indicated in writing that they were sympathetic to the claim and that they would follow the federal lead. Informal conversations since that time would indicate that the province would probably still be agreeable to returning the money if, indeed, the federal government returned its share.

As I mentioned earlier, no representation has been made to the Saskatchewan government as a result of the small size of the claim. The band council of the only band concerned has been consulted, and the chief has attended some of the meetings wherein the tax was discussed. If rebates are received from the federal government and Alberta, we would then bring the matter to the attention of Saskatchewan, and treat the matter there the same as in the resolution for Alberta.

The Indian Association of Alberta under Mr. Cardinal, the president of the association at that time, and the producing bands did not see eye to eye in the claim, and this probably resulted in a lack of mutual support. The association president felt that half of the tax rebate should be dedicated to producing bands and half to a general economic development fund to be used for all Alberta bands. The producing bands argued that since oil and gas are depleting, non-renewable resources, the bands should make the best use of them while available. After all, other bands do not share their assets.

Mr. Joe Dion, the current president of the Indian Association of Alberta, has given his total and unqualified support for return of the tax money directly to the bands concerned. He and his legal advisers are actively working for the early settlement of the problem on the federal and provincial levels. As a matter of fact, Mr. Speaker, it was only days after the appointment of the present minister and the present parliamentary secretary that Mr. Dion came to Ottawa to meet with us and to talk about a number of concerns, the first and foremost of which was this whole question.

The present Indian affairs minister, as well as his three immediate predecessors, have all given moral support to the claim. They have all taken the view that there is no legal claim to the tax as it exists today. On the other hand, they have seen some justification for a moral claim on the basis that the tax moneys should not have been returned to the provinces. In view of the large number of reserves involved, it would be difficult to attempt to invest the federal share in energy related projects in each of the reserves to the amount of the claim by each band. The only practical solution would be to return the money.

This, finally, leaves me to deal with the contention of some people that the Indians already receive favourable tax concessions and that the tax rebate is inequitable in that it would be made to "wealthy" bands. To these people I would offer the following comments. First, we are dealing here with non-renewable resources and some of the bands concerned will have their oil and gas pools depleted in the near future. Second, when bands receive large revenues from any source, the department exercises considerable discretion in responding to requests for grants, loans, etc. Third, bands use their capital moneys, such as bonuses and royalties, for capital development on the reserve—the cost of which otherwise would be paid out of general public funds. Fourth, bands use revenue moneys such as rents for general purposes that also offset funds normally received from public funds. Fifth, when bands decide to distribute some of the capital moneys on a per capita basis, the welfare authorities apply rigid "means test" principles in welfare applications. Finally, the provinces and Canadians as a whole benefit from the infrastructure and spin-off effects of oil and gas developments on reserves.

Mr. Deputy Speaker: Order, please. It being six o'clock, the hour provided for the consideration of private members' business has now expired. I do now leave the Chair until eight o'clock, at which time, if I may remind hon. members, there will be consideration of the ways and means motion by the Minister of Finance (Mr. Chrétien).

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Jean Chrétien (Minister of Finance) moved:

That this House approves the budgetary policy of the government.

He said: Mr. Speaker, the purpose of my budget tonight is to take positive and responsible action to deal with the problems which face the Canadian economy in a very troubled world. These problems are complex and difficult. We are being held back by serious unemployment and inflation, and we must do all we can to deal with them. But we also face longer-term problems and opportunities calling for structural adjustment in many industries, sectors and policies. These were the challenges brought out very clearly by the recent Conference of First Ministers.

In the past days and weeks I have sought the advice of many individual Canadians. I have spoken to all provincial finance ministers. I have benefitted from vigorous public discussion of our economy. My cabinet colleagues and I have considered briefs from groups large and small, national and regional.

Many of the suggestions made to me for this budget would be popular politically but unwise economically. I will not follow such suggestions. I believe this is time for Canada to face our problems critically and realistically. If we do, we can turn the tide against inflation and unemployment. The measures of this budget should secure and reinforce the progress we have already made.

It is now clear that many of our current difficulties have their roots in the period of extraordinary growth Canada experienced between the mid-1960s and the mid-1970s. With the great advantage of hindsight, we can see that we did not always use our good fortune wisely.

Our economy boomed. The world environment was good to us. Canadians enjoyed a very large increase in their standard of living.

But we all came to expect too much of the economy. Governments increased their spending too quickly. The money supply was increased too fast.

Too much was asked and given at the wage bargaining table. Other forms of income also rose too rapidly. Too little attention was paid to the long-run efficiency of the Canadian economy, and its ability to compete.

And so Canadians were not well prepared to deal with the shocks of the early 1970s. Sharp increases in the price of oil, food and other major world commodities speeded up our inflationary spiral.

World recession arrived and compounded our loss of competitiveness. A large deficit opened up in our balance of payments. Our growth slowed down. The loss of sales meant the loss of jobs.

At the same time, we experienced more conflict and confrontation in Canada. Conflict between the provinces and Ottawa. Conflict between separatist and federalist forces. Conflict between employers and employees. All of these things breed uncertainty and weaken the economy.

[*English*]

The Signs of Progress

By the fall of 1975 it was clear that strong economic action had to be taken. The anti-inflation program launched at that time has made a major contribution in turning our situation around.

The expenditures of all levels of government in Canada have since been brought under better control. In our own case we have cut back the growth in our total outlays from 26 per cent in 1974-75 to 18 per cent in 1975-76 to 10 per cent or less since then.

The Bank of Canada has brought down the rate of increase of the money supply in line with its announced targets for continued growth and declining inflation.

Wage increases have returned to more realistic levels. New settlements came down from 17 per cent in 1975 to 10 per cent in 1976 and under 8 per cent in 1977. They are now down to the guideline of 6 per cent.

The underlying rate of inflation has also been reduced. We can see this in the trend of non-food prices which has been improving steadily. Another indication is the fact that the average price of all the goods and services which Canada produces rose only by 6.5 per cent last year, compared with 9.5 per cent in 1976 and 11.2 per cent in 1975.

• (2012)

The controls program has played a key role in these developments. Controls over prices and incomes cannot succeed unless they are supported by the right setting of fiscal and monetary policy. But the underlying rate of inflation would not have been brought down so quickly without the controls. Without their help, we would have had less growth and more unemployment.

Given the erosion that our competitive position suffered over several years, it was inevitable that an adjustment of the exchange rate would be required sooner or later. That adjustment has taken place in several stages. The government has permitted it to occur by allowing the exchange value of the

Canadian dollar to move in response to changes in the balance of supply and demand in the foreign exchange market. That continues to be our policy.

It also continues to be our policy to intervene directly in the market to moderate short-term fluctuations in the rate of exchange. This intervention dampens the more erratic short-term movements. It also provides resistance to appreciable movements of the rate in either direction. The intervention does not prevent the exchange rate from moving in response to the market situation. It moderates the speed of change.

Such intervention gives rise to changes in Canada's official reserves. In the event of a sustained declining trend in the exchange rate, such as we have been experiencing, the drain on the official reserves can be considerable. In such circumstances it is prudent for the government to replenish the foreign exchange component of reserves by borrowing foreign currency. As hon. members know, we have been following just such a policy.

Changes in the official reserves arising from exchange market interventions reflect the over-all balance in Canada's international payments. When, as at present, we have a deficit in the current account of our balance of international payments, changes in official reserves can be regarded as adjusting the net inflows of capital that finance the current account deficit.

In recent months the net inflow of capital to Canada, particularly that arising from the usual foreign borrowing of Canadian provinces, municipalities and corporations, has been low in relation to the size of the deficit on current transactions in goods and services. For seasonal reasons, this deficit is normally much larger in the first several months of the year than in the other months. In these circumstances the Government of Canada has used exchange reserves to supplement the inflow of capital. The Bank of Canada has raised the bank rate on two recent occasions to encourage Canadian borrowers to raise funds abroad. In summary, it is our policy to undertake such foreign borrowings as are required to replenish our reserves and to provide assurance that the government is in a position to supplement the net inflow of capital to Canada.

With our costs now under better control and a lower exchange rate, we have become more competitive internationally. This has helped us to turn around our trade balance from a deficit of $500 million in 1975 to a surplus of almost $3 billion in 1977.

In other ways, our progress has been no less important, but perhaps harder to measure. Expectations have changed. Hopefully they are more realistic. Some of the divisions in our society have been narrowed or closed.

We have also seen a remarkable improvement in relations between labour and management. In 1976 we lost 11.6 million man-days in strikes. Last year that number fell 70 per cent to only 3.4 million man-days. More important, labour and business are talking to each other about their common problems.

There is also a more effective dialogue among governments and between governments and business, labour and other groups in our society. It is not a matter of choice whether we pursue this dialogue. We must achieve more agreement on economic issues and find more ways to co-operate, or we cannot get the best out of our economy.

[*Translation*]

The Challenge of Structural Reform

The federal government discussed co-operation and structural change in the paper entitled *Agenda for Co-operation*. The first minister's conference was a milestone in federal-provincial relations both in terms of the range of policy agreement and the commitment to structural reform. A comprehensive work program is now underway as a result of the meeting. For example, studies are proceeding with the private sector in 22 manufacturing industry categories. A major effort is underway to cut down the burden of government regulation. Measures have been taken to help arrest and reverse the tourist deficit. Food and agricultural policies are under review. We are looking forward to developing the potential created for our fisheries by the 200-mile limit.

For my part, I can encourage useful structural adjustment as minister responsible for tariffs and tax policy.

Commercial Policy and the Tariff

The multilateral trade negotiations now taking place in Geneva have longer-range potential for the productive sectors of our economy. We are participating actively in the talks, and seeking reductions in both tariff and non-tariff barriers to give us better access for our exports, especially highly processed resources and manufactured goods. We will also be prepared to reduce Canadian tariffs, but only in return for concessions of real value. Canada's development in the 1980s will depend very largely on the ability of our industries to grasp significant new export opportunities and compete more effectively against imports at home. As First Ministers have urged, we will be ready to support the private sector adjustments that will be needed for our success in the trading environment of the decade ahead.

The Geneva talks are moving ahead quickly and we hope for a successful conclusion in the coming months. In the meantime I am not submitting any major amendments to the Customs Tariff. However, I am proposing tonight that most of the temporary tariff reductions introduced in 1973 on a broad range of consumer products be extended for another year beyond their scheduled expiry date of June 30. The extension will contribute, as it has in the past, to our efforts to minimize inflation.

I am also proposing to withdraw the British Preferential rate from certain goods imported from Britain and Ireland, including certain diesel engines, radio and television apparatus, truck-mounted cranes, knitted goods and confectionery products.

To assist Canadian producers, increases in the MFN rates are being proposed for certain chemicals and industrial tires and tubes.

I have received a number of inquiries about implementation of the Tariff Boards's proposals for changes in the tariffs on fruits and vegetables. We have notified our trading partners that we intend to renegotiate certain GATT commitments which currently prevent us from increasing existing rates of duty on products covered by the Board's report. The government will try to conclude these negotiations as soon as possible and then introduce legislation to provide for a new schedule of rates for fresh and processed fruits and vegetables.

[*English*]

The Tax Structure

Our tax system is another instrument which can support innovation and change. I want to proceed immediately with major structural changes in three areas of industrial policy highlighted by First Ministers. They are research and development, transportation and energy.

Research and Development

We must continue to encourage Canada's research and development efforts. An adequate level of R&D is crucial to achieve gains in productivity and to strengthen Canada's position in an increasingly competitive world. At present, corporations are allowed to write off immediately 100 per cent of all R&D capital and operating expenditures. Last year these outlays also became eligible for the federal investment tax credit of from 5 to 10 per cent. In many cases they also qualify for direct assistance under significant federal grant programs.

● (2022)

I now propose that for 10 years starting tonight, taxpayers be allowed to deduct from their income a further 50 per cent of additional R&D expenditures. The deduction will apply to both current and capital expenditures to the extent that they exceed the average amount over the preceding three years. This means that there will now be a special incentive for companies to *expand* their R&D. I want to emphasize that this special allowance comes on top of the incentives already in place.

The new allowance will make Canada's tax treatment of research and development one of the most generous in the world. The after-tax cost to companies of one dollar's worth of additional expenditure will be reduced to as little as 20 cents. I hope this incentive will lead to significant improvements in R&D performance by the private sector. And I look to companies to ensure that the resulting new technology is used within Canada to create new jobs.

Railway Investments

Discussions at the First Ministers' conference underlined the importance of transportation for industrial and regional development in Canada. Railways continue to be a crucially important mode of transportation, particulary for long hauls and heavy commodities. Recently, the government has announced significant changes in the organization of the CNR to improve the efficiency of its operations. Measures were introduced in the last budget to encourage track and grading investments by railways. Looking to the medium term, major new investments are needed in this sector if efficiency and productivity gains are to be captured.

I am therefore proposing a significant increase in the capital cost allowance for railway investments. This will take the form of an additional depreciation allowance of 6 per cent per year for five years for most capital expenditures of a railway. It will apply to investments undertaken after tonight and before 1983. The measure will help improve the railway system in all regions of Canada and will be of benefit to suppliers of railway equipment.

Energy Development Incentives

We must also continue to place high priority on our national energy policy, and in particular the need to extend self-reliance for oil and gas. We are fortunate in our existing and potential resources, and many tax incentives and other measures have been put in place to encourage their development. But increasing attention is now focussed upon the heavy oil reserves and oil sands deposits of the western provinces which can be tapped only by advanced technology and multi-billion dollar investments. These are projects requiring long lead times for planning, organization, design and construction. It is important to get them moving now, and I have concluded that some modification and clarification of their tax treatment can be helpful in that regard.

First, I want to make clear that the up-grading plants to process the heavy oil produced from wells into a type of oil similar to conventional crude will be treated as a manufacturing facility, eligible for fast write-offs and the reduced tax rate.

Second, it will be important to extract as much oil as technologically possible from all deposits. It has already been established that enhanced recovery systems can greatly increase total production. After today, therefore, special machinery, equipment and other facilities acquired for enhanced recovery systems—specifically, so-called "tertiary" recovery—will be able to earn depletion at a rate of $1 for every $2 of expenditure as compared to the normal earning rate of $1 for $3.

Finally, earned depletion may be applied at present only to reduce taxable resource profits, and only up to a ceiling of 25 per cent. This provision will be significantly improved. Effective immediately, corporations may deduct depletion earned through certain qualifying investment in non-conventional oil projects up to the extent of 50 per cent of total income—both resource and other profits. The qualifying investment will include expenditures on tertiary recovery equipment and certain depreciable property acquired for use in a bituminous sands mining project.

I am confident that these measures, added to the ones already in place, will in future years help reduce our dependence on imported oil, especially in eastern Canada.

I would like also to say a word about the mining industry. The First Minister's conference directed Finance and Resource Ministers to undertake an early review of the taxation of the mineral industry. The government is proceeding with its review and looks forward to further consultation with the provinces in the near future.

Retirement Income

Almost two million Canadians have Registered Retirement Savings Plans, enabling them to set aside funds to provide income after retirement. The wide range of choice allowed in setting up these plans and the generous tax treatment for contributions have made them very popular.

I have some concern, however, over the limited choice available to RRSP holders when the time comes to turn their savings into retirement income. A taxpayer is now required to invest his RRSP proceeds in a life annuity with an insurance company prior to his 71st birthday. The only alternative he has is to withdraw the funds in a lump sum and pay income tax on this amount in the same year.

I propose to introduce two additional alternatives that will increase flexibility while retaining the basic principle that RRSP funds are intended to be used for retirement income.

The first alternative will allow the purchase of a fixed-term annuity to provide benefits to age 90.

The second alternative will allow the taxpayer to have his RRSP savings placed in a new kind of investment vehicle to be known as a Registered Retirement Income Fund. Each year a set fraction of the total assets in the Fund—capital plus accumulated investment earnings—will be withdrawn and taken into income. This fraction will be determined by a formula designed to provide benefits to age 90. Payments would grow over time at a rate reflecting the investment performance of the Fund and thus provide a degree of protection against future inflation. There will be provisions enabling a taxpayer to manage his investments in much the same way as he can now with a self-administered RRSP.

Institutions with the right to issue RRSPs will be permitted to sell fixed term annuities or retirement income funds. At present this includes mainly life insurance and trust companies.

● (2032)

The transfer of an RRSP into any of the retirement income options must occur between age 60 and age 71.

I am confident that the added alternatives will provide the range of choice that taxpayers desire in planning for retirement. They respond to concerns expressed to me by many Canadians.

Family Law Reform

A number of provinces have introduced fundamental changes in the laws relating to the division of certain properties between marriage partners. These changes in law raise a number of important issues which are far from being resolved. Because they affect several provisions of the Income Tax Act, I am monitoring the developments in this area very closely. In the meantime, I am proposing a change in the provisions so that transfers of property between spouses pursuant to provincial family laws will not give rise to taxable capital gains.

The Ways and Means Motion contains several other important changes. First, the current provisions which permit the transfer of farm land and buildings by a farmer to his children without payment of capital gains tax will be extended to incorporated family farms. Second, single employees will now receive the same tax exemption as married employees on the value of free board and lodging provided at logging camps and other remote work locations. Third, I am proposing certain tax changes to further promote the production of good Canadian films.

Problems of the Past Year

The structural changes in the economy which these measures will encourage will help us achieve the growth we need over the next four or five years. I have also had to consider what measures would be helpful in dealing with the immediate problems which confront us.

[*Translation*]

Although the prices of the things we produce continued to slow down last year, the prices of the things we consume have risen more sharply. There were two major factors—higher prices of imported foods and the decline in the exchange rate. I do not believe the price surge will last. I believe the direct impact of our dollar's decline is now largely behind us. Further, an improving supply situation should help to slow the rise in food prices.

The growth of output was disappointing last year. The rate dropped from about 5 per cent in 1976 to 2.6 per cent in 1977, according to the preliminary estimate. The most unfortunate consequence was the rise in unemployment. Unemployment has reached unacceptable levels despite a substantial increase in the number of Canadians who are working. Employment has increased more than 3 per cent in the past year. Almost 300,000 more Canadians are working today than one year ago. But our labour force has also been growing rapidly, much more rapidly than in other countries. Since 1970, our labour force has increased by about 3½ per cent a year, compared with 2 per cent in the United States and well under 1 per cent in the United Kingdom, France and Japan. In Germany, the labour force has actually dropped over this period.

An important reason for the growth of our labour force has been the growing number of Canadian women who are working. Since 1970 the number of adult women in the labour force has increased from 1.9 million to 2.7 million, a rise of more than 40 per cent. There has also been a surge of young people coming into the labour market. This surge will not last; in many schools, there are now empty desks. But the immediate challenge is to create enough jobs for all our young people. Youth unemployment is one of our most serious problems. It cannot be dealt with only by general economic policies. Our

manpower training and direct job creation programs are pointed specifically to this problem.

In 1978-79 a total of $458 million will be spent for the Canada Works, Young Canada Works and other continuing job creation programs. Some of these programs, notably Young Canada Works, Summer Job Corps, Youth Apprenticeship and Job Experience Training are directed exclusively to young people. However, this does not represent our total effort in favour of young people. I must stress that the young also have complete access to our general programs such as Canada Works and the Canada Manpower Training Program where they represent roughly half of the clientele. I estimate our job creation effort for young people under these programs to be over $225 million.

Further, an additional $150 million is being provided for seasonal works projects with a high employment content in high unemployment areas. The new employment credit will directly stimulate private sector employment.

The stimulus will be especially strong for jobs which young people are most likely to fill. We are also making a manpower training investment of the order of $500 million, about half of which is to be spent on youth.

Mr. Speaker, if I may summarize, we are going through a difficult period of adjustment, with some recent factors working against the pace of our recovery. Forecasts for 1978, including my own, have been shaded down. But the recovery is proceeding. Employment is rising. Confidence is improving, although not as quickly as I would like to see. The question now is whether the gradual recovery that has been established should be given an added push from policy. I have decided that it should.

The size of such a push must take into account the forces of expansion that are already in place. Much of the tax action I took last winter has not yet worked through the system. Moreover, the decline in the exchange rate over the past year, by improving the competitiveness of our exports and domestic industry, will have an impact of major dimensions—provided we do not waste it through cost increases. Very large resource projects lie ahead of us. So while further action is desirable, it must be responsible action, and action aimed at the right target.

The Action We Need Now

Any further stimulus should obviously be fast-acting. It should encourage consumer spending, not more spending by government. It should offset some of the temporary factors which are pushing up prices. This is particularly important now, on the eve of the start of decontrol.

A reduction of retail sales taxes fits these requirements best, and has the added advantage of benefitting all those who spend in Canada, even those who do not pay income tax. It will stimulate retail sales and therefore benefit, among others, the many small businessmen in this sector. The idea has been advocated widely by economists, business associations and others. Indeed, I made a proposal to the provinces last fall under which the federal government would compensate them for half of the cost of reducing retail sales taxes by two percentage points. Most provinces were unable to accept the proposal at that time in view of their fiscal positions, and I therefore proceeded with an income tax cut of up to $100 per person for January and February of this year.

Tonight I want to announce that I have made a broader proposal to my provincial colleagues.

I have offered to compensate them for a reduction of two percentage points in their retail sales taxes for a period of six months. In return, I have asked them to bear the cost of either a further one percentage point for the same period, or an extension of the two-point cut for a further three-month period.

● (2042)

[*English*]

I recognize that the Atlantic Provinces are less able than the other provinces to bear this additional cost. I have therefore offered to compensate them for the full cost of three percentage points for six months.

To focus the tax cut on essential items, the reductions will not apply to amusements, tobacco products and alcoholic beverages for home consumption.

The federal compensation to the provinces will be made in the form of a temporary transfer of $800 million in personal income taxes, with small balancing payments in cash where necessary. Equalization payments will be insulated from the impact of the retail sales tax and the personal income tax changes.

Alberta does not have a sales tax and therefore does not benefit in the same way as the other provinces. However, the fiscal position of Alberta is very strong as a result of its oil and gas revenues and this has permitted significant further cuts in other provincial taxes. The government of Alberta has raised no objection to our proceeding with the proposed arrangement.

Mr. Speaker, this measure can be an outstanding example of federal-provincial fiscal co-ordination and I want to express my deep appreciation of the co-operation I have received from my provincial colleagues. If all provinces accept the federal offer, this will mean a tax cut to the economy of about $1.1 billion. About one-third would be paid for by the stronger provinces, about a third by federal deficit financing, and about a third by a cut in federal expenditures to which I will refer in a moment. The measure will boost real income by holding prices below the level which would otherwise be expected. The impact on the average price level should be about one per cent for the period the cut is in effect. This cut provides a specific incentive to consumers to take advantage of temporarily lower prices. Its impact will be reflected in an early stimulus to retail and wholesale business, a call on output from the production line, and a lowering of tax cost on business.

With this measure now officially committed in the budget tonight, I am glad to report that I finally contacted all provincial ministers of finance this afternoon and that the four Atlantic provinces—which I will come back to later—Ontario and Manitoba all propose to reduce their retail sales tax rates by three percentage points for six months. The provinces of British Columbia and Saskatchewan propose to apply the federal compensation to a two-point reduction for the first six months and to make their own contributions over subsequent periods.

[*Translation*]

As for the province of Quebec, it is still studying the federal offer. I asked my Quebec colleague to let me know his decision in the next few days and he has agreed to do so.

[*English*]

Under these cooperative arrangements, provincial governments respectively will take steps to reduce retail sales taxes from 11 per cent to 8 per cent in Newfoundland; from 8 per cent to 5 per cent in New Brunswick, Nova Scotia and Prince Edward Island; from 7 per cent to 4 per cent in Ontario; from 7 per cent to 5 per cent in British Columbia; from 5 per cent to 2 per cent in Manitoba; and from 5 per cent to 3 per cent in Saskatchewan.

Fiscal Position and Outlook

Mr. Speaker, I would like now to table the Notice of Ways and Means Motion, projections of the government's revenues and expenditures, and supplementary information outlining details of the measures proposed tonight. This material also provides background to the tables on the government's accounts and information on the relation between domestic borrowing, foreign borrowing and our financial requirements.

I would also like to ask for the consent of the House to include in *Hansard* the usual tables on the government's accounts together with the usual notes.

Mr. Speaker: The minister has the right to table documents but needs the consent of the House to include them in *Hansard* as if they were printed as part of *Hansard*. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

[*Editor's Note: For notices of ways and means motions and tables referred to above, see appendix.*]

Mr. Chrétien: On the basis of close to final information, financial requirements excluding foreign exchange transactions totalled $8.5 billion in 1977-78. This is $300 million less than I forecast recently, mainly because it now appears likely that our total outlays were $200 million below the budgeted amounts, and I would like to thank the President of the Treasury Board (Mr. Andras) for that.

[*Translation*]

For 1978-79, we have reduced our expenditure ceilings by $350 million below the total announced by the President of the Treasury Board when he tabled the main estimates. This will require very tight control over spending under existing programs and over the introduction of new programs. Taking last year together, our financial requirements will be $550 million lower than they would otherwise have been as a result of these expenditure savings.

Taking into account the measures announced tonight, which will reduce revenues for this year by some $900 million, I now expect 1978-79 financial requirements to total about $9.5 billion if one excludes the $2 billion of accrued interest on Canada Savings Bonds which will be encashed this year. While the total requirement of $11.5 billion is large, I am confident it can be financed without creating undue pressures on markets, particularly in light of our very large cash balances at the present time.

The revenue side of the 1978-79 fiscal outlook is based on a forecast increase in total ouptput in current dollars of about 11 per cent.

I expect about 6 per cent of this increase to consist of price changes, as measured by the price index of total gross national expenditure, and close to 5 per cent of growth in real output. This rate of real growth should bring about some modest decline in unemployment. Whether we in fact obtain as much output growth and as little price increase will be influenced by wage and price behaviour in the decontrol period, as well as by international developments. The increase in the consumer price index is likely to be about 7 per cent because it includes import prices which are directly affected by higher food prices and the decline in the exchange rate.

[*English*]

Conclusion

In summary, this budget is aimed at creating the proper conditions for a strong and prosperous economy. In conjunction with the provinces, in the short term I have taken steps to increase consumer demand and to lower consumer prices; in the medium term, I have put into place tax changes designed to meet some of the major challenges of the future—in energy, transportation and research and development. In doing these things, my objective has been to strengthen the private sector without government interference.

● (2052)

Mr. Speaker, I am convinced that Canada has a potential for economic growth and higher living standards second to none in the world. We have the skills, the natural resources and the proven ability to work together in solving our problems.

To translate promise into reality we must meet certain conditions.

First and foremost, we must keep Canada united.

Second, we must carry through structural reforms in the Canadian economy to make it more efficient and competitive.

Third, we must restore reasonable cost and price stability. The experience of recent years has made it very clear that inflation is the enemy of growth, because it weakens consumer and business confidence and erodes our ability to compete in world markets.

Individual Canadians must accept the need to be reasonable in their wage and salary demands at a time when the issue for more than a million Canadians is not getting a pay increase but getting a job. There will be times when we will have to pay more for some of the things we buy without expecting any offsetting increase in our incomes. It is futile and damaging to try to compensate ourselves for the higher costs of imported goods.

I look to the business community to explore markets aggressively and demonstrate the faith in Canada that is merited by its great material and human resources and its sound institutions.

Governments must pursue with discipline the policies that will encourage as much growth as possible at declining rates of inflation. We shall continue to restrict the growth of our own spending to less than the trend growth of the gross national product. In doing so, we will continue to pursue greater efficiency in government. In setting the wages and salaries of our own employees, we will follow—not lead—the private sector.

If we all play our part, we can advance into the 1980s with rising investment, declining unemployment, an improving balance of payments and strong growth in all parts of this country.

There is only one way to get out of our difficulties and that is for all Canadians to apply themselves diligently to build a better future for our children and our grandchildren. It is through hard work, imagination, determination and discipline that we will succeed.

Tonight, despite the prospect of an early election, I have refused to make iresponsible promises to the people of Canada because I respect the intelligence of those who will be choosing the next government. The theme of the budget which I have brought down tonight is responsibility, and responsibility is what Canadians deserve.

Some hon. Members: Hear, hear!

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, as hon. members of the House know, this is the first budget brought in by this Minister of Finance (Mr. Chrétien). The minister has been in office for seven months, and frankly I believe most feel that we were entitled to a better effort tonight than we have just received.

Some hon. Members: Hear, hear!

Mr. Stevens: I sincerely hope that this minister will be a little better at skate boarding than he has been in preparing a budget, or he is going to damage himself very cruelly. Let us face it, this budget tonight is another example of the half measures that this government has been offering to the Canadian public for ten years, half measures which have caused the number of unemployed in this country to rise from 375,000 to over one million today and caused inflation to more than double in the ten years that the Prime Minister (Mr. Trudeau) has led this country. I say "half measures" because if we add up the total revenue stimulant offered by this minister to trigger the proper reaction in the Canadian economy at the present time, it totals $900 million. That figure is not half of what is needed to trigger our economy into the exciting growth that Canadians frankly deserve from any government that wishes to lead them to the prosperity which can be theirs.

We have said that we believe in one form of tax cut or another designed to trigger consumer confidence and consumer buying again in Canada. At least this government should be willing to give up $2.2 billion.

Some hon. Members: Hear, hear!

Mr. Stevens: When I say "$2.2 billion", it is because we can pinpoint enough fact, as well as sloth on the part of this government, to save well over $2 billion for the Canadian public. I do not know how the minister could read those words into the record with a straight face, namely that he has been following a policy of restraint.

I refer hon. members to the budget given by the previous minister of finance, Mr. Macdonald, in this House on March 31, 1977, at which time he indicated that for fiscal 1978 the total spending, as far as his estimate was concerned, would be $41,900 million. Tonight we learned that estimate was $1.1 billion out of whack alone.

Mr. Andras: That is absolutely incorrect, absolutely inaccurate.

• (2102)

Mr. Stevens: Mr. Speaker, the President of the Treasury Board (Mr. Andras) says "incorrect". I would recommend that right now he pull out the March 31 budget of Donald Macdonald where he will see the figure in Table 1.

One of the serious problems of this country today is that this government does not believe the facts. We have a budget tonight full of half measures. Frankly, I believe the government has become an administration full of half measures.

We recall that on October 20 the concept of an employment tax credit was announced. We gave support to that concept in the earnest hope that it might get some Canadians back to work who otherwise would not be gainfully employed. We supported it and gave it one day passage in this House. What has happened since? It now turns out that the government proposes to tax back a good proportion of that tax credit. Not only does it propose to tax it back, the program is not completely operational even to this date, April 10, 1978, after being announced on October 20, 1977.

I could also refer to many other things. Most Canadians are humiliated to see our dollar fall and fall in value. Frankly, that dollar would not have fallen as low as it has today had it not

been for the sheer mismanagement and inept handling of the foreign exchange situation in Canada by this Minister of Finance.

In this regard let me refer to two specific things. When it was clearly understood that the bank rate should be raised one point, this government raised it half a point. As a result this had little effect and the government had to raise it an additional half point, without realizing that in the world of international finance an increase of two one half points within three weeks would undermine confidence as opposed to renewing the confidence of international financiers in the Canadian economy.

In addition, Mr. Speaker, the government went into the international market and borrowed $750 million to help prop up the dollar which the government said was floating. That was at a time when the government was told it should raise at least $1.5 billion to $2 billion. Having followed that half measure this government is now faced with the unique situation of having our dollar fall out of bed, and the government still has to go back to the trough for more money. The government has to go back to that trough now when even more of the confidence once held by those international financiers has been lost.

One of the clear examples of a half measure tonight is the government's approach to the provincial sales tax reduction. This is an example of a good idea. It was a good idea when Darcy McKeough first advanced it in Ontario, and the way he set the mechanism in place was good. He did it at a crucial time in respect of unemployment in Ontario.

What has this minister done? First of all, it has apparently taken him seven months to fiddle around trying to get his plan into position and apparently talk from time to time with the provinces, yet tonight we understand he still has not got it operational in the sense that all provinces have agreed to go along with it. We find it is a program that starts tonight and runs for about six months until October, just before the wintery months when unemployment will begin to soar again. What totally inept handling of the situation.

To go further, Mr. Speaker, what will the effect be? Hopefully it is going to stir up some demand. We have advocated that this approach should be taken, but to put this into a six month time frame ending next October or November will telescope orders into the summer period, and in all likelihood these orders will be filled by plants working over-time during summer months. When we need the orders to alleviate the unemployment situation next winter the money will be gone and the program will be over.

Clearly there was another motive behind the minister's timing tonight in respect of that provincial sales tax reduction and the six month limitation. That motive clearly indicates that, as far as this government is concerned, political expediency comes first and economic reality comes second. In short, one million unemployed Canadians are tonight being sacrificed on the altar of political expediency.

[Mr. Stevens.]

Let me touch briefly on some of the things I think should have been included in this budget tonight. First, we must accept the fact that consumers in Canada have lost confidence. They are no longer willing to purchase to the extent we would like in order to trigger a more buoyant economy. We on this side of the House believe it is a must that those consumers are triggered once again to continue buying as in other years, to ensure that our factories are producing once again and that Canadians are put back to work in factories as they should be. What is contained in this budget tonight will not ignite the Canadian consumer. His confidence must be restored.

Let us think of the infrastructure that is needed in this country. Think of what our fishermen need on the Atlantic and Pacific coasts in order to ensure that they can fish at least up to their allotments. Think of what the grain growers in the Canadian west need to facilitate the delivery of their product. Think of what we need in certain urban areas—Toronto, for example, which is starved for good urban transportation facilities. These infrastructures must be put in place.

I find it difficult to understand why this government should say it has no loan money available for this type of project, but that it has, through the Export Development Corporation, lots of money available to help build pulp and paper plants in Poland, to help Iran with its forestry industry, to give lines of credit to Cuba and to build, if you can imagine, Mr. Speaker, steel factories in New Jersey to help the United States with its unemployment situation there, even though unemployment is lower there than here at home.

Mr. Gillespie: Jobs for Canadians.

Mr. Stevens: Mr. Speaker, the Minister of Energy, Mines and Resources (Mr. Gillespie) in his usual fashion says "jobs for Canadians". Let me suggest to that minister that we should have jobs for Canadians building what Canadians need in Canada.

Some hon. Members: Hear, hear!

Mr. Stevens: The third thing this budget should have done tonight was trigger more productivity among Canadian workers in our plants. We will be enunciating a program to do that, and I sincerely hope it will be embraced by the majority of Canadians. Having witnessed the government's performance and realizing the impact of its ever increasing spending, is it any wonder that our dollar now trades at a 16 per cent discount compared to the US dollar? Is it any wonder that it costs us 60 per cent more to buy a Swiss franc than it did in October, 1975 when the government brought in its so called anti-inflation program? Is it any wonder that it costs us now 42 per cent more to buy the German mark and 51 per cent more to buy the Japanese yen, if we compare today's price with what it was when this Prime Minister brought in his anti-inflation program?

• (2112)

We were told we would have restraint with regard to the public service. When this Prime Minister took office the

strength of our public service in Canada was 221,000 and he said he would reduce it. On the last recorded entry, Mr. Speaker, with respect to our total federal civil service, we find that there are 580,000 employees in the federal government.

Let me put it another way: just before the Prime Minister took office there was one federal employee for every 30 taxpayers in this country. Today it is one federal employee for every 15 Canadian taxpayers. If we express it yet another way, Mr. Speaker, in spite of the fact that the taxpayers of this country have increased by only about 50 per cent, the total number in the bureaucracy employed by the federal government has gone up by 155 per cent. That is why it is important to reduce the size of the public service by allowing attrition to take hold.

We believe that it is time to stop filling the vacancies that occur in the public service so that the government may get that service down to a more manageable level. That is why the Conservative party has advanced the idea that it is time to have zero base budgeting and sunset laws in Canada to review various programs.

I have said certain critical things about the budget. I would like hon. members to know that we welcome the 150 per cent increase that has been put into this budget in regard to research and development. Frankly, Mr. Speaker, we are disappointed that the minister did not go further. As the minister probably knows, he has merely brought his government back to the point that the Diefenbaker government already had us in in the 1960s with regard to research and development. The Liberal government cancelled that program in 1965.

We are pleased that the budget now allows the family farm to include corporate family farms where capital gains are concerned. It is a good move, and I am pleased that the government have responded to those requirements. I am also pleased that the registered retirement savings plans have been made a little more flexible to deal with the moneys that people have accumulated in anticipating retirement. Those are good measures.

Generally speaking, we must accept that this budget is a patch up job. The government has taken a line from here and a line from there. Do you know, Mr. Speaker, that the government has even taken a line from Edgar Benson's old budget, and that is going back a few years. In short, this budget tonight is not relevant to the critical economic situation Canada is in today. It has been framed by those whose thinking is rather stale, and who, in fact, have a vested interested in previous mistakes. I do not doubt that within three months this budget will be completely forgotten by all, with the possible exception of those who wrote it.

In considering this budget, let us not forget that it would likely not be before us tonight had it not been at the insistence of Washington. This budget is a necessary preliminary to the filing of a further prospectus in Washington which must reveal the fiscal 1979 figures for this government. In other words, it is not the tragic unemployment situation in Canada that has triggered the budget; it is not our inflation figures, our falling dollar or our lack of real growth. It is simply a budget that has been dictated by Washington to meet the requirements of the Wall Street barons who might be asked to lend further money to this government.

I hope to be given an opportunity, Mr. Speaker, to continue with certain further remarks concerning this budget at a later date. At this point, it can be summed up by simply noting that with the size of the deficit put before the House tonight, the government has revealed that, based on its estimates for the deficit for 1978, it is 43 per cent out. In short, the deficit that we have now as revealed tonight for 1978 is 43 per cent higher than we were led to believe on March 31, 1977. Who could afford such miscalculation?

If I may, Mr. Speaker, I would like at this moment to move, seconded by the hon. member for Halifax (Mr. Stanfield):

That the debate be now adjourned.

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

Some hon. Members: Agreed.

On motion of Mr. Stevens the debate was adjourned.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I should like to move:

That this House do now adjourn.

Motion agreed to.

Mr. Speaker: Accordingly, this House stands adjourned until tomorrow at 2 p.m.

On motion of Mr. MacEachen the House adjourned at 9.19 p.m.

Notice of Ways and Means Motion
Income Tax Act

Notice of Ways and Means Motion to Amend the Income Tax Act

That it is expedient to amend the Income Tax Act and to provide among other things:

Remote work sites

(1) That for the 1978 and subsequent taxation years, an individual be entitled to exclude from income the value of board and lodging received in respect of employment at a remote work site at which he could not reasonably be expected to maintain a self-contained domestic establishment.

Shareholder loans

(2) That a loan made by a corporation after March 31, 1977 to an employee to enable him to purchase from a related corporation fully paid shares of its capital stock, not be included in income.

Interest on policy loans

(3) That for the 1978 and subsequent taxation years, the rules relating to the deductibility of interest on policy loans made after March 31, 1977 apply to all policy loans.

Additional allowance for scientific research

(4) That for taxation years ending after 1977 and before 1988, in computing its income from a business carried on in Canada, a corporation be permitted to deduct an extra allowance equal to 50% of the amount by which its qualified current and capital expenditures on scientific research in Canada exceed the average of such expenditures made by it during a base period and that for the purposes of the allowance

(a) the base period in respect of a year be the three immediately preceding taxation years or such lesser number of years as ended after 1976,

(b) the deduction for the 1978 taxation year be calculated by reference to the number of days in the year after 1977, and

(c) rules be provided to determine the amount of the deduction where the corporation is a member of an associated group and to recapture an appropriate part of the allowance when a research property is disposed of.

Family farm corporations and partnerships

(5) That where, after April 10, 1978, a taxpayer transfers to his child resident in Canada shares of a qualifying farm corporation or an interest in a qualifying farm partnership, substantially all of the assets of which were used in the business of farming in Canada, any capital gain that would otherwise arise be

(a) deferred, in the case of a transfer on death, and

(b) determined on the basis of the lesser of the proceeds actually received and the fair market value, in the case of an *inter-vivos* transfer.

Transfers of property pursuant to provincial legislation

(6) That for the 1978 and subsequent taxation years, the provisions of section 73 of the Act relating to the transfer of property by a taxpayer to his spouse be extended to apply to transfers of property under provincial legislation relating to marital property.

Agricultural quotas

(7) That the rules in subsection 73(3) of the Act applicable to the *inter-vivos* transfer of property by a farmer to his child be extended to apply to the transfer after April 10, 1978 of agricultural quotas and other eligible capital property.

Employee loans

(8) That for the 1979 and subsequent taxation years, subsection 80.4(2) of the Act be amended:

(a) to extend the definition of "excluded loan" and "housing loan" to include a loan received by an employee from a person other than his employer, and

(b) to extend the definition of "housing loan" to include a loan made to an employee who has moved from a location outside Canada.

Reduction of capital

(9) That any amount paid by a public corporation after April 10, 1978 as a reduction of paid-up capital in respect of a share of its capital stock be treated as a dividend unless the amount was paid on the redemption or cancellation of the share, on the winding-up of the corporation or in the course of the reorganization of the capital stock of the corporation.

Non-arm's length sale of shares

(10) That the rules in sections 84.1 and 212.1 of the Act be modified to apply to a non-arm's length sale of shares of the capital stock of a corporation after April 10, 1978 to another corporation with which it is connected within the meaning of section 186 of the Act as modified by paragraph (18) of this Motion.

Losses of certain insurers

(11) That, for the purpose of computing the taxable income of a life insurer for its 1978 and subsequent taxation years, its non-capital loss for the 1977 taxation year be determined as the amount, if any, by which its 1977 carry-forward deduction exceeds the aggregate of the amounts referred to in subparagraphs 138(4.2)(a)(i) and (ii) of the Act.

Northwest Territories

(12) That sections 120 and 124 of the Act be amended effective January 1, 1978 to recognize the introduction of an income tax by the Northwest Territories.

Abatement for provincial sales tax reduction

(13) That for the 1978 taxation year the tax otherwise payable by an individual resident in a prescribed province on December 31, 1978 be reduced by $100.

Cumulative deduction account

(14) That in computing the cumulative deduction account of a Canadian-controlled private corporation, no deduction be made in respect of a dividend paid after April 10, 1978 to another corporation (other than a corporation associated with it) with which it is connected within the meaning of section 186 of the Act as modified by paragraph (18) of this Motion.

Cost basis of life insurance policy

(15) That in computing the adjusted cost basis of a life insurance policy after March 31, 1978, the premium paid on the policy exclude any interest paid before 1978 on a policy loan.

Registered retirement savings plan

(16) That after Royal Assent to any measure giving effect to this paragraph,

(a) a registered retirement savings plan shall mature only after the annuitant attains 60 years of age and before the end of the year in which he attains 71 years of age;

(b) benefits under a registered retirement savings plan that matures after April 10, 1978, may be received as

(i) an annuity for life,

(ii) an annuity for a fixed term equal to the number of years remaining before the annuitant attains the age of 90, or

(iii) an annuity under a new plan to be known as a registered retirement income fund out of which payments shall be made to the beneficiary in each year equal to the fraction of the value of the property of the fund at the beginning of the year that one year is of the number of years then remaining before the annuitant attains the age of 90; and

(c) except where the spouse is the beneficiary, benefits pursuant to a registered retirement savings plan shall be required to be commutable at death and the annuitant shall be deemed to have received the value thereof immediately before death.

Penalties

(17) That the penalty provided in subsection 163(2) of the Act for a false statement or omission made by a person after April 10, 1978 be calculated by reference to all unreported income or overstated expenses.

Part IV tax

(18) That subparagraph 186(4)(b)(ii) of the Act be deleted with respect to dividends received after April 10, 1978.

Interest on Part X tax

(19) That for the 1972 and subsequent taxation years, interest on the refundable portion of the Part X tax on non-qualified investments of a deferred profit sharing plan not accrue after the plan disposes of the non-qualified investment.

Insurers branch tax

(20) That for the 1978 and subsequent taxation years,

(a) subsections 219(5) and (6) of the Act be deleted, and

(b) the rules in subsection 219 (4) of the Act be amended to limit the amount by which a non-resident insurer may reduce its Canadian investment fund by paying the 25% tax to the portion of its surplus that exceeds a minimum required level to be prescribed by regulation.

Notice of Ways and Means Motion
Customs Tariff

1. (1) That *An Act to amend the Customs Tariff (No. 2)*, being c. 14 of the Statutes of Canada, 1976-77, be amended, except with respect to tariff items 805-1, 810-1, 825, 8901-1, 9001-1, 9002-1, 32606-1, and 93402-1 listed in subsection 3(1) thereof, by deleting all references in subsections 7(3) and 7(4) thereof to the year 1978 and replacing them with references to the year 1979.

(2) That Schedule A to the *Customs Tariff* be amended by striking out tariff items 805-1, 810-1, and 825-1 and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting in Schedule A to the said Act the following items, enumerations of goods and rates of duty:

Tariff Item	Description	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to February 20, 1973		
					B.P. Tariff	M.F.N. Tariff	General Tariff
805-1	Canned pork	15 p.c.	15 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.
810-1	Canned hams	15 p.c.	15 p.c.	35 p.c.	15 p.c.	20 p.c.	35 p.c.
825-1	Canned meats, n.o.p.	15 p.c.	15 p.c.	35 p.c.	15 p.c.	20 p.c.	35 p.c.

2. That Schedule A to the *Customs Tariff* be amended by striking out tariff items 2300-1, 7802-1, 7804-1, 14100-1, 18405-1, 40960-1, 42701-1, 42815-1, 44043-1, 44047-1, 44205-1, 44533-1, 44540-1, 56805-1, 61810-1, 68205-1, 85000-1, and 91510-4, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting in Schedule A to the said Act the following items, enumerations of goods and rates of duty:

Tariff Item	Description	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget B.P. Tariff	M.F.N. Tariff	General Tariff
2300-1	Preparations of cocoa or chocolate, n.o.p., and confectionery coated with or containing chocolate	10 p.c.	15 p.c.	35 p.c.	10 p.c.	15 p.c.	35 p.c.
	Except that in the case of any such goods that are the growth, produce or manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or Eire, the Most-Favoured-Nation Tariff applies.						
7802-1	Gladiolus corms, *n.o.p.*	15 p.c.	17 1/2 p.c.	25 p.c.	15 p.c.	17 1/2 p.c.	25 p.c.
7804-1	Hydrangeas and other pot-grown plants, n.o.p.; rose stock and other stock for grafting or budding, n.o.p.; bulbs, corms, *including gladiolus corms*, tubers, rhizomes and dormant roots, n.o.p.; dwarf polyantha rose bushes;						
	All the foregoing for use by florists or nurserymen for bona fide forcing purposes or growing on prior to disposal	Free	Free	20 p.c.	Free 15 p.c.	Free 17 1/2 p.c.	20 p.c. 25 p.c.
14100-1	Sugar candy and confectionery, n.o.p., including sweetened gums, candied popcorn, candied nuts, flavouring powders, custard powders, jelly powders, sweetmeats, sweetened breads, cakes, pies, puddings and all other confections containing sugar	12 1/2 p.c.	20 p.c.	35 p.c.	12 1/2 p.c.	20 p.c.	35 p.c.
	Except that in the case of any such goods that are the growth, produce or manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or Eire, the Most-Favoured-Nation Tariff applies.						
18405-1	Periodical publications, *bound* or unbound, printed and issued at regular intervals, not less frequently than four times a year, and bearing dates of issue	Free	Free	25 p.c.	Free	Free	25 p.c.

Tariff Item	Description	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					B.P. Tariff	M.F.N. Tariff	General Tariff
40917-1	*Articles of any material designed to be ejected from aircraft for use as markers in crop spraying or crop dusting operations*	Free	Free	Free	15 p.c.	17 1/2 p.c.	35 p.c.
40960-1	Roofs, chutes, ladders, wall sections with or without doors incorporated therein, materials and parts; all of the foregoing for the construction or repair of silos for storing ensilage	10 p.c.	10 p.c.	25 p.c.	10 p.c.	10 p.c.	25 p.c.
42701-1	Articles which otherwise would be classified under tariff item 42700-1, namely: compressor sets, electricity generating sets, fork lift trucks, front-end loaders or tractor shovels, gear reducers, pumps and pump sets, motor operated valves, positive displacement blowers and vacuum pumps, metal working lathes, metal working milling machines, cutting tools for use with metal working machines, *articulated folding boom-type cranes designed for mounting on trucks*; accessories, attachments and control equipment for use therewith; parts of the foregoing	2 1/2 p.c.	15 p.c.	35 p.c.	2 1/2 p.c.	15 p.c.	35 p.c.
	Except that in the case of any such goods that are the manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or Eire, the Most-Favoured-Nation Tariff applies.						
	Except that in the case of the importation into Canada of any goods enumerated in this item, the Governor in Council on the recommendation of the Minister of Industry, Trade and Commerce may, whenever he considers that it is in the public interest and that the goods are not available from production in Canada, remit the duty specified in this item applicable to the goods, and subsections 17(2), (3), (4), (5) and (8) of the *Financial Administration Act* apply in the case of a remission granted under this provision.						

80033—61½

Tariff Item	Description	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget B.P. Tariff	M.F.N. Tariff	General Tariff
42815-1	Diesel and semi-diesel engines, *of a class or kind made in Canada,* and parts thereof, n.o.p.	Free	15 p.c.	30 p.c.	Free	15 p.c.	30 p.c.
	Except that in the case of any such goods that are the manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or Eire, the Most-Favoured-Nation Tariff applies.						
42816-1	*Diesel and semi-diesel engines, of a class or kind not made in Canada, and parts thereof, n.o.p.*	Free	15 p.c.	30 p.c.	Free	15 p.c.	30 p.c.
	Aircraft, not including engines, under such regulations as the Minister may prescribe:						
44043-1	When of types or sizes not made in Canada	Free	Free	27 1/2 p.c.	Free	Free	27 1/2 p.c.
	on and after July 1, 1979	Free	7 1/2 p.c.	27 1/2 p.c.	Free (on and after July 1, 1978)	7 1/2 p.c.	27 1/2 p.c.
	Aircraft engines, when imported for use in the equipment of aircraft:						
44047-1	When of types or sizes not made in Canada	Free	Free	27 1/2 p.c.	Free	Free	27 1/2 p.c.
	on and after July 1, 1979	Free	7 1/2 p.c.	27 1/2 p.c.	Free (on and after July 1, 1978)	7 1/2 p.c.	27 1/2 p.c.
44205-1	Materials, including all parts, wholly or in chief part of metal, of a class or kind not made in Canada, when imported for use in the manufacture of goods entitled to entry under tariff items 41100-1, 41105-1, 41110-1, 42723-1, 42726-1, 42729-1, 42732-1, 42733-1, 42741-1, 42805-1, 42815-1, *42816-1*, 42817-1, 44037-1, 44040-1, and 44705-1, under such regulations as the Minister may prescribe	Free	Free	10 p.c.	Free	Free	10 p.c.

Tariff Item	Description	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget B.P. Tariff	M.F.N. Tariff	General Tariff
44503-1	*Parts of electric light fixtures and appliances which would otherwise be classified under tariff item 44500-1, but not including electric cords, plugs, sockets, switches, connectors, high intensity discharge ballasts, or assemblies incorporating any of the foregoing*	15 p.c.	15 p.c.	30 p.c.	17 1/2 p.c.	20 p.c.	30 p.c.
44533-1	Radio and television apparatus and parts thereof, n.o.p. Except that in the case of colour television receiving sets having an overall diagonal measurement across the picture tube of sixteen inches or more that are the manufacture of any country, colony, protectorate or territory to which the benefits of the British Preferential Tariff have been extended, the Most-Favoured-Nation Tariff applies until December 31, 1979. *Except that in the case of television apparatus and parts thereof, for use in community antenna television transmission lines, that are the manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or Eire, the Most-Favoured-Nation Tariff applies.*	Free	15 p.c.	25 p.c.	Free	15 p.c.	25 p.c.
44540-1	Loudspeakers; audio-frequency electric amplifiers; parts thereof, n.o.p. *Except that in the case of audio-frequency electric amplifiers and parts thereof, for use in community antenna television transmission lines, that are the manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or Eire, the Most-Favoured-Nation Tariff applies.*	Free	15 p.c.	25 p.c.	Free	15 p.c.	25 p.c.

Tariff Item	Description	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					B.P. Tariff	M.F.N. Tariff	General Tariff
56805-1	Knitted garments, knitted fabrics and knitted goods, n.o.p.	20 p.c.	27 1/2 p.c.	55 p.c.	20 p.c. or 25 p.c.	27 1/2 p.c.	55 p.c.
	Except that in the case of any such goods that are the manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, *or Eire, the Most-Favoured-Nation Tariff applies.*						
61810-1	Tires and tubes, wholly or in part of rubber, for equipment of the agricultural implements and agricultural machinery specified in tariff items 40904-1, 40906-1, 40908-1, 40910-1, 40912-1, 40914-1, 40916-1, 40918-1, 40920-1, 40924-1, 40928-1, 40932-1, 40936-1 and the tractors provided for in tariff items 40938-1 and 40940-1 *when such tractors are used for farm purposes only*	Free	Free	Free	Free	Free	Free
68205-1	*Articles and* materials for use in the manufacture or repair of the goods specified in tariff item 68200-1	Free	Free	Free	Free Various	Free Various	Free Various
68705-1	*Catgut, n.o.p.*	Free	Free	Free	15 p.c.	17 1/2 p.c.	25 p.c.
	Materials of all kinds for use in producing or manufacturing the products of heading 93811, when imported exclusively for such use, whether or not otherwise enumerated in Schedule A, subject to such regulations as the Minister may prescribe:						
85001-1	*Other than the following*	Free	Free	Free	Free	Free	Free

Tariff Item	Description	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget B.P. Tariff	M.F.N. Tariff	General Tariff
85002-1	*2,4 dichlorophenoxyacetic acid, 2 methyl – 4 chlorophenoxyacetic acid, and their esters and amine salts*	10 p.c.	15 p.c.	25 p.c.	Free	Free	Free
	91510 – Industrial mixtures, including reaction blends, of fatty acids not containing 90 per cent or more by weight of any one acid; acid oils from refining, n.o.p.; industrial mixtures, including reaction blends, of fatty alcohols not containing 90 per cent or more by weight of any one alcohol:						
91510-4	Higher fatty alcohols, unsulphated, for use in the manufacture of *the goods enumerated in tariff item 93402-1*	Free	Free	25 p.c.	Free Free	Free 15 p.c.	25 p.c. 25 p.c.
	93811 – Chemicals for use exclusively as, and preparations compounded exclusively for use as disinfectants, insecticides, fungicides, herbicides, anti-sprouting products, rodenticides, or otherwise in combatting pests of a plant or animal nature; all the foregoing subject to such regulations as the Minister may prescribe:						
93811-3	*2,4 dichlorophenoxyacetic acid, 2 methyl – 4 chlorophenoxyacetic acid, and their esters and amine salts, when in packages exceeding 3 pounds each gross weight*	10 p.c.	15 p.c.	25 p.c.	Free	Free	Free

3. That the Schedule to subsection 3.1(3) of the *Customs Tariff* be amended by striking out tariff item 52306-1 and the enumeration of goods and the rate of duty set opposite that item, and by inserting in the Schedule to the said subsection the following item, enumeration of goods and rate of duty:

Tariff Item	Description	General Preferential Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	General Preferential Tariff
52306-1	Industrial shop towels, hemmed but not bleached or dyed except for identification markings, not less than 17 inches nor more than 22 inches in width and not less than 17 inches nor more than 24 inches in length, made from woven fabrics wholly of cotton or of cotton and man-made fibres in yarn counts from 6 to 14, either single-ply or double-ply, and having not less than 20 yarns nor more than *32* yarns per inch in the warp and not less than 20 yarns nor more than 22 yarns per inch in the weft and weighing not less than 4 ounces nor more than 6 ounces per square yard	Free	22 1/2 p.c. 22 1/2 p.c.	22 1/2 p.c. 22 1/2 p.c.	35 p.c. 35 p.c.	Free —

4. That Schedule B to the *Customs Tariff* be amended by striking out item 97056-1 and the enumeration of goods and the rate of drawback of duty set opposite that item, and by inserting therein the following items, enumerations of goods, and rates of drawback of duty.

Item	Goods	When Subject to Drawback	Portion of Duty Payable as Drawback
97012-1	*Costumes or parts thereof, designed or decorated in a manner reflecting a specific ethno-cultural heritage.*	*When for the use of bona fide ethno-cultural groups, who are recognized as such pursuant to regulations established by order of the Governor in Council, and who require such costumes for the public manifestation of their ethno-cultural heritage, under such regulations as the Minister may prescribe*	*99 p.c.*
		Any goods which are sold or otherwise disposed of within twelve months after drawback has been claimed under this item are subject to the duties otherwise prescribed.	
97056-1	Materials, including all parts, wholly or in chief part of metal, of a class or kind not made in Canada.	When used in the manufacture of goods entitled to entry under tariff items 41100-1, 41105-1, 41110-1, 42723-1, 42726-1, 42729-1, 42732-1, 42733-1, 42741-1, 42805-1, 42815-1, *42816-1,* 42817-1, 44037-1, 44040-1 and 44705-1	99 p.c.

5. That any enactment founded upon subparagraph 1(2) of this motion shall be deemed to have come into force on the 1st day of July 1978, and to have applied to all goods mentioned in the said paragraph imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

6. That any enactment founded upon subparagraph 1(1) and paragraphs 2, 3 and 4 of this motion shall be deemed to have come into force on the 11th day of April, 1978, and to have applied to all goods mentioned in the said paragraphs imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

7. That any enactment founded upon subparagraph 1(2) of this motion shall expire on the 30th day of June, 1979, and all rates of customs duty established by such enactment shall be deemed to be restored on the expiration thereof to the rates that were in effect immediately prior to the 20th day of February, 1973, and such restored rates shall thereupon, subject to the *Customs Tariff,* apply after the 30th day of June, 1979, as they applied immediately before the 20th day of February, 1973.

8. That where, as a result of an amendment made to Schedule A to the *Customs Tariff* by an enactment founded upon subparagraph 1(2) of this motion, a rate of duty on any goods is reduced from the rate applicable thereto immediately prior to the 20th day of February, 1973, the Governor in Council, at any time during the period commencing with the coming into force of the enactment and ending on the 30th day of June, 1979, may by order restore the rate applicable in the case of the goods to the rate that was in effect immediately prior to the 20th day of February, 1973, and such restored rate shall thereupon, subject to the *Customs Tariff,* apply thereafter as it applied immediately before the 20th day of February, 1973.

Table 1
Government of Canada
Summary Statement of Transactions
Public Accounts Presentation

	1976-77 Actual	1977-78 Estimate(1)	1978-79 Forecast(1)
		($ millions)	
Budgetary transactions			
Revenues	32,640	32,700	36,000
Expenditures(2)	-38,930	-43,000	-46,900
Surplus or deficit (-)	-6,290	-10,300	-10,900
Non-budgetary transactions			
Loans, investments and advances(2)	-2,148	-1,250	-1,550
Annuity, insurance and pension accounts	2,368	1,570	2,250
Other transactions	676	1,480	-1,300
Net source or requirement (-)	896	1,800	-600
Financial requirements (Excluding foreign exchange transactions)	-5,394	-8,500	-11,500
Foreign exchange transactions	1,122	1,170(3)	
Total financial requirements	-4,272	-7,330	

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.
(2) Total outlays are composed of budgetary expenditures plus loans, investments and advances.
(3) This figure reflects actual transactions to the end of fiscal year 1977-78. No forecast is made of foreign exchange transactions in fiscal year 1978-79.

Table 2
Government of Canada
Fiscal Position
Public Accounts Budgetary Revenues

	1976-77 Actual	1977-78 Estimate(1)	1978-79 Forecast(1)
		($ millions)	
Personal income tax	14,620	13,575	14,915
Corporation income tax	5,377	5,775	6,270
Non-resident tax	451	500	540
Customs duties	2,097	2,280	2,660
Sales tax	3,929	4,355	4,905
Other duties and taxes	2,681	2,465	2,325
Total tax revenues	29,155	28,950	31,615
Non-tax revenues	3,485	3,750	4,385
Total budgetary revenues	32,640	32,700	36,000

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.

Table 3
Government of Canada
Summary, Extended National Accounts Presentation

	1976-77 Actual	1977-78 Estimate(1)	1978-79 Forecast(1)
		($ millions)	
Current transactions			
A. Revenues	36,599	36,400	40,525
B. Expenditures	-40,458	-45,200	-49,775
Surplus or deficit (-)	-3,859	-8,800	-9,250
Loans and other transactions			
A. Loans, investments and advances	-2,030	-1,375	-1,150
B. Cash vs accrual	486	1,325	-1,225
C. Other transactions	9	350	125
Net source or requirement (-)	-1,535	300	-2,250
Total financial requirements (Excl. foreign exchange transactions)	-5,394	-8,500	-11,500
Foreign exchange transactions	1,122	1,170(2)	
Total financial requirements	-4,272	-7,330	

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.
(2) This figure reflects actual transactions to the end of fiscal year 1977-78. No forecast is made of foreign exchange transactions in fiscal year 1978-79.

Table 4
Government of Canada
Revenues and Expenditures
National Accounts Basis

	1976-77 Actual	1977-78 Estimate(1)	1978-79 Forecast(1)
		($ millions)	
Revenues			
Direct taxes, persons	18,535	17,455	19,305
Direct taxes, corporations	5,810	5,685	6,320
Direct taxes, non-residents	522	555	625
Indirect taxes	8,596	9,090	9,820
Other current transfers from persons	9	10	10
Investment income	2,611	3,015	3,780
Capital consumption allowances	516	590	665
Total revenues	36,599	36,400	40,525
Expenditures			
Current goods and services	10,139	11,300	12,400
Transfer payments to persons	11,803	13,400	14,650
Subsidies	2,431	2,500	2,400
Capital assistance	312	400	525
Current transfers to non-residents	574	675	775
Interest on the Public Debt	4,672	5,425	6,650
Transfers to provinces	9,048	9,750	10,475
Transfers to local governments	197	350	375
Gross capital formation	1,282	1,400	1,525
Total expenditures	40,458	45,200	49,775
Surplus or deficit (-)	-3,859	-8,800	-9,250

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.

Table 5
Government of Canada
Revenues, Public Accounts and
National Accounts Reconciliation

	1976-77 Actual	1977-78 Estimate(1)	1978-79 Forecast(1)
		($ millions)	
Budgetary revenues –			
Public Accounts	32,640	32,700	36,000
Deduct			
Post Office revenues and deficit	-1,103	-1,240	-1,310
Deficit of government business enterprises(2)	-144	-175	-130
Excess of accruals over collections			
Corporate income tax	496	-30	110
Oil export charge	-64	-40	-20
Add			
Government pension and social security receipts(3)	4,676	5,310	5,900
Capital consumption allowance	516	590	665
Miscellaneous adjustments(4)	-418	-715	-690
Total revenues –			
National Accounts	36,599	36,400	40,525

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.
(2) In the Public Accounts, deficits of government business enterprises are a charge to budgetary expenditures whereas in the National Accounts, these deficits are deducted from remitted profits of other government business enterprises.
(3) In the Public Accounts, these government pension and social security receipts and disbursements are treated as non-budgetary transactions whereas in the National Accounts, these transactions are included in government revenue and expenditure.
(4) These miscellaneous adjustments arise as a result of conceptual differences between the two forms of presentation. These items represent, for example, the proceeds from the sales of existing capital assets; budgetary revenue items offset against budgetary expenditures; imputed items; and, an adjustment for the treatment of revenue in the supplementary period.

Table 6
Government of Canada
Expenditures, Public Accounts and
National Accounts Reconciliation

	1976-77 Actual	1977-78 Estimate(1)	1978-79 Forecast(1)
		($ millions)	
Budgetary expenditures –			
Public Accounts	38,930	43,000	46,900
Deduct			
Transfers to funds and agencies(2)	-2,896	-2,885	-3,475
Post Office expenditures	-1,103	-1,240	-1,310
Deficit of government business enterprises(3)	-144	-175	-130
Add			
Expenditures of funds and agencies(2)	1,500	1,510	2,065
Government pension and social security disbursements(4)	4,115	5,130	5,450
Capital consumption allowance	516	590	665
Miscellaneous adjustments(5)	-460	-730	-390
Total expenditures –			
National Accounts	40,458	45,200	49,775

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.
(2) In the National Accounts, budgetary appropriations to various funds and agencies are replaced by the expenditure actually made by the funds and agencies.
(3) In the Public Accounts, deficits of government business enterprises are a charge to budgetary expenditures whereas in the National Accounts, these deficits are deducted from remitted profits of other government business enterprises.
(4) In the Public Accounts, these government pension and social security receipts and disbursements are treated as non-budgetary transactions whereas in the National Accounts, these transactions are included in government revenue and expenditure.
(5) As in the case of revenues, the miscellaneous adjustments arise as a result of conceptual differences between the two forms of presentation. These items represent, for example, reserves and write-offs; purchase of existing capital assets; budgetary revenue items offset against budgetary expenditure; expenditures of reserve accounts and revolving funds; imputed items; and, an adjustment for the treatment of expenditures in the supplementary period.

Table 7
Government of Canada
Non-Budgetary, Public Accounts and
Extended National Accounts Reconciliation

	1976-77 Actual	1977-78 Estimate(1)	1978-79 Forecast(1)
		($ millions)	
Non-budgetary transactions –			
Public Accounts	896	1,800	-600
Deduct			
Loans and advances to funds and agencies	118	-125	400
Government pension and social security accounts	-2,366	-1,585	-2,190
Excess of accruals over collections			
Corporate income tax	-496	30	-110
Oil export charge	64	40	20
Miscellaneous adjustments(2)	249	140	230
Loans and other transactions –			
Extended National Accounts	-1,535	300	-2,250

(1) Numbers in these columns should be interpreted as mid-point of ranges of estimates.
(2) As in the case of revenues and expenditures, the miscellaneous adjustments arise as a result of conceptual differences between the two forms of presentation. These items represent, for example, the adjustments for the treatment of revenues and expenditures in the supplementary period; the change in the reserves and revolving funds; and the adjustment required to bring financial requirements of entities included in the national accounts government sector in line with the requirements of these entities which are met through the Consolidated Revenue Fund.

Notes to Fiscal Tables

Status of 1977-78 Figures

Although the fiscal year ends on March 31, the books remain open for some time to permit payments made up to April 30 in discharge of debts incurred before March 31, together with receipts in transit at March 31, to be included in the accounts for the fiscal year. Since the books are not yet closed, the 1977-78 figures in the fiscal tables should be regarded as estimates. The government's preliminary financial statement for 1977-78 will be published this summer in The Canada Gazette.

Fiscal year-end levels of cash balances are already known and the preliminary data on debt and foreign exchange transactions should be subject to only minor revisions. Thus, close to final figures for "Total Financial Requirements" and "Financial Requirements (excluding foreign exchange transactions)" may be derived. Budgetary revenues and expenditures, the resulting budgetary deficit, and the figures for non-budgetary transactions are based on actual data for the first 11 months of the fiscal year, estimates for March, and forecasts for the supplementary period.

Differences from Forecast in October Economic and Fiscal Statement

The current estimate of 1977-78 budgetary revenues is $350 million lower than the forecast provided in the October 20, 1977 Economic and Fiscal Statement of the Minister of Finance. The individual revenue category showing the largest difference is personal income tax revenue which is $525 million below the October forecast. Of this reduction, $260 million reflects a transfer to the provincial tax collection account in respect of 1976 assessments. Adjustments in respect of prior years' entries to this account are calculated every January when data from individual tax returns for the taxation year which ended 13 months earlier become available. While reducing budgetary revenues, this transfer does not increase financial requirements as it constitutes a non-budgetary source of funds. The remaining part of the reduction in personal income tax revenues reflects a slightly lower tax base growth than expected earlier and the latest available collections information.

Total outlays, i.e., budgetary expenditures and non-budgetary loans, investments and advances, are now estimated to total $200 million less than the target level of $44,450 million established last March and restated in October. Budgetary expenditures on certain statutory programs, such as public debt charges and payments to provinces under the new Established Programs Financing arrangements, were higher than originally expected but more than offsetting reductions occurred in the loans, investments and advances categories. In addition, it was decided to provide budgetary appropriations to write off loans totalling $444 million to the Canadian Dairy Commission and Atomic Energy of Canada Limited, and to forgive

loans totalling $232 million to least developed countries under the foreign aid program. These additional increases in budgetary expenditures resulted in no increase in total outlays, as they gave rise to corresponding reductions in net loan requirements.

The decrease in budgetary revenues and the increase in budgetary expenditures resulted in an estimated budgetary deficit which is $1.1 billion higher than the deficit forecast in October. The reduction in loan requirements and the increase in non-budgetary receipts turned out to balance this increase in the budgetary deficit, leaving financial requirements at the same level as in the October forecast.

Foreign Borrowing, Foreign Exchange Transactions and Domestic Borrowing

There was a significant amount of foreign borrowing in 1977-78 for the first time in several years. The following table shows how such borrowing is reflected in the Summary Statement of Transactions (Table 1), and also provides summary information on the domestic borrowing record.

Financial Requirements and Debt Transactions

	1976-77	1977-78
	($ millions)	
Financial requirements		
(Excl. foreign exchange transactions)	-5,394	-8,500
Foreign exchange transactions		
Unmatured debt outstanding – payable in foreign currency (increase (+)/decrease-)	-2	850
Other	1,124	320
Total	1,122	1,170
Total financial requirements	-4,272	-7,330
Unmatured debt transactions (increase (+)/decrease-)		
Marketable bonds	2,270	3,443
Treasury bills	1,760	3,040
Canada Savings Bonds	787	1,747
Total	4,817	8,230
Change in cash balance	545	900
Cash balance at end of period	3,597	4,497

Foreign currency borrowing is shown under "Foreign Exchange Transactions". At the time of the borrowing, assuming the funds are not immediately converted into Canadian dollars, there are two offsetting entries: a positive entry under the "Unmatured Debt Outstanding — Payable in Foreign Currency" sub-heading which represents the Canadian dollar value of the foreign currency borrowed, and a negative entry included in "Other Foreign Exchange Transactions" which reflects the 'use' of the funds to add to our foreign exchange reserves. The $850 million positive entry shown for "Unmatured Debt Payable in Foreign Currency" in 1977-78 represents the value, in Canadian dollars, of the $750 million U.S. drawing in 1977-78 under the standby credit facility with the Canadian chartered banks. (The recent borrowing of $750 million U.S. through an issue of marketable securities dated April 1, 1978 will appear in this category in 1978-79.) The $320 million shown for "Other Foreign Exchange Transactions" in 1977-78 is the net result of the source of funds which arose from exchange market intervention and other transactions, and the 'use' of funds corresponding to the replenishment of the reserves from the foreign currency borrowing.

"Total Financial Requirements" represents the total requirements for Canadian funds arising from budgetary and non-budgetary transactions and foreign exchange transactions. These requirements are equal to the increase in unmatured debt less the increase in cash balances.

Direct Borrowing by Government Agencies

Direct market borrowings, of $463 million in 1976-77 and some $350 million in 1977-78, by agent Crown corporations, specifically Petro-Canada, the Export Development Corporation, and Eldorado Nuclear, which have been authorized to borrow under their respective statutes, are not included in Government of Canada financial requirements. In the projection of financial requirements for 1978-79, it is envisaged that such direct borrowings by agent corporations will continue, and that in particular the Export Development Corporation will raise the bulk of its requirements through direct borrowing. In addition, the 1978-79 requirement for loans to Central Mortgage and Housing Corporation is reduced due to the anticipated sale of mortgages by CMHC from its existing holdings.

Canada Savings Bond Interest and Financial Requirements in 1978-79

Provision for interest on Canada Savings Bonds, including an allowance for the accumulating liability under the compound interest and bonus interest features of bonds issued prior to 1974, is made each year on an accrual basis and forms part of the "public debt charges" component of total budgetary expenditures. To the extent that interest accruals exceed interest actually paid in a particular year, because some holders of Canada Savings Bonds allow coupons to accumulate uncashed and/or because the compound coupon or the bonus payment do not come due in that year, the government is provided with a source of funds which is included in "Other non-budgetary transactions" in Table 1. The accumulated amounts

of "interest accrued" and "interest due and outstanding" are recorded as components of the public debt in the statement of the government's assets and liabilities.

In a year in which the compound interest coupon and/or bonus interest payment on a Canada Savings Bond series come due, cash interest payments will exceed interest accruals on that series; there is then a use of funds under "Other non-budgetary transactions". There is a corresponding reduction in the "interest accrued" and "interest due and outstanding" components of the total public debt.

The SR series of Canada Savings Bonds (issued May, 1968, $120 million estimated outstanding) and the large S24 series (issued November, 1969, $2.5 billion estimated outstanding), mature in 1978. Both series have compound interest provisions and are eligible for bonus interest. It is estimated that in 1978 compound interest coupons and bonus interest totalling $850 million will be paid on these series, together with $1,450 million in regular interest coupons. Only $300 million will correspond to interest accruing on these bonds during fiscal year 1978-79. Thus, unlike recent years in which the excess of interest accruing over interest encashment on these two series provided a substantial source of funds (some $350 million in 1977-78), in 1978-79 the excess of encashment over accruals gives rise to a requirement of some $2 billion. On other series of CSBs, accrued interest continues to exceed cash payments. Overall, the interest accounts switch from giving rise to a source of funds of almost $800 million in 1977-78, to giving rise to an estimated requirement of $1,300 million in 1978-79.

The unusually high level of interest encashment in 1978-79 affects financial requirements but not the budgetary deficit. Nor does it affect the National Accounts deficit (Tables 3 and 4) as interest on the public debt is also treated on an accrual basis in the National Accounts.

Supplementary Information

Research and Development Costs

There has been growing concern in recent months about the adequacy of scientific research and development activity in the Canadian industrial sector, given the importance of R&D as a contributor to long-run economic performance.

At the conclusion of the federal-provincial Conference of First Ministers in February a statement was issued announcing, among other things, that joint steps would be taken to improve the tax incentives or credits to private industry for R&D activities.

Since 1961, the Income Tax Act has allowed a 100 per cent write-off of current and capital R&D expenditures in the year they are made. This fast write-off was supplemented last year by an investment tax credit on current and capital R&D outlays varying by region from 5 to 10 per cent.

As an added stimulus, it is now proposed to introduce for a 10-year period beginning in 1978 a special allowance of 50 per cent of the increase in R&D activity. The allowance, which is deductible in computing income, would apply to the amount by which a company's R&D expenditures in a year exceed the company's average R&D expenditures over the previous three-year period. The effect would be to reduce a company's after-tax cost of each additional dollar spent on R&D to as low as 20 cents.

Because of the incremental nature of the new incentive, its impact on tax revenues will depend upon the extent to which industry responds. However, it is estimated that in the initial years the reduction in federal revenue will be about $50 million a year. Provincial tax revenue would also be reduced in those provinces that have tax collection agreements with Ottawa and those outside the collection agreement who decide to adopt these new provisions.

Energy

Additional tax incentives are being introduced to stimulate the production of energy, in the immediate as well as long term, particularly by new methods that increase the rate of recovery from known oil deposits. Two changes are made in the depletion allowance.

First, the cost of machinery, equipment and other facilities acquired after tonight for use in an enhanced or "tertiary" recovery system will be eligible to earn a depletion allowance of $1 for each $2 of expenditure as compared to the normal depletion allowance earning rate of $1 for $3. An enhanced recovery system is one that uses new technology to recover additional marketable oil from either conventional or heavy oil fields. Depletion is a special allowance, deductible from taxable income, based on the eligible costs of recovering minerals and petroleum.

Second, the amount of the depletion allowance that may be claimed each year will be increased for depletion earned on certain investments in non-conventional oil. At present the maximum deduction for depletion is limited to 25 per cent of resource profits. This limit will be increased, effective this year, for depletion earned on certain eligible expenditures to 50 per cent of total taxable income — that is, resource profits and any other profits of the corporation. For this purpose eligible expenditures will include investments in machinery and equipment forming part of an enhanced recovery project and depreciable property in class 28 that is acquired for a bituminous sands mining project.

For tax purposes, plants established to upgrade heavy oil, other than those established in connection with a bituminous sands mining project, will be treated as manufacturing and processing facilities. This will place them on the same tax footing as oil refineries and other manufacturers. These plants process the heavy, thick types of oil that cannot be sold now in volume, and turn them into a marketable form.

Rail Transportation

Major investments are needed in the railway transportation system to improve efficiency and restrain cost increases. More modern equipment is required in many areas of railway operations including signalling, track and equipment maintenance, motive power and rolling stock.

An additional straight line capital cost allowance of 6 per cent will be provided on all railway system assets (other than certain non-rail automotive assets) acquired after April 10, 1978 and before 1983. This additional allowance will be available in the year of investment and in each of the four subsequent years.

For example, signalling equipment now qualifies for an allowance at a rate of 4 per cent a year on the reducing balance. The special depreciation will permit a further deduction of 6 per cent of the original cost of the equipment in the year in which it is purchased and the following four years.

New investment stimulated by this measure will benefit suppliers of railway equipment, including Canadian producers of rail locomotives and cars, strengthening output and employment in this important manufacturing sector.

Certified Canadian Films

To assist the financing and development of the Canadian film industry, the tax law provides a special write-off for investment in certain Canadian motion picture films or video tapes certified by the Secretary of State. The budget proposes a number of changes to this incentive designed both to improve the quality of Canadian film production and to eliminate abuses.

Under the present capital cost allowance system, the incentive is technically available for a taxation year only if the film or tape is brought into existence by the end of the year. This has tended to rush the completion of the photography, at a sacrifice of quality in many cases. To allow for a more orderly pace of production, a change will be made to permit the deduction to be taken under certain circumstances even though principal photography was not commenced until after the end of the year. This special rule, applicable to the 1978 and subsequent taxation years, will allow the incentive claim provided principal photography of the film is completed within 60 days after the end of the year.

Changes are also necessary to curtail the use of this incentive provision as a device for the undue deferral or avoidance of tax. The principal area of abuse involves a special guarantee arrangement the purpose of which is to increase the amount that an investor may deduct beyond his investment in the film. To curtail abuse, the amount deductible by an investor will be limited to the amount he has at risk. Effective for the 1978 and subsequent taxation years, the amount deductible will be reduced by any revenues or repayments that have been guaranteed.

The Registered Retirement Savings Plan

The Income Tax Act now requires a taxpayer, prior to reaching age 71, to use the funds accumulated in a Registered Retirement Savings Plan (RRSP) to purchase a life annuity from an insurance company. The annuity benefits are then taxable as they are received. The only alternative now available is to withdraw the full amount of the RRSP and become liable to pay income tax on it in the same year.

There have been many complaints that this compels holders to buy a life annuity and denies the holders any control over the investment of funds from RRSPs.

The budget of March 31, 1977 referred to this situation and reported that the government was examining the matter. As a result of that examination, it has been decided to add two alternatives for providing retirement income from RRSP funds:

1. A fixed-term annuity may be purchased to provide benefits to age 90.
2. The savings may be transferred into a new kind of investment vehicle — a Registered Retirement Income Fund (RRIF).

Financial and other institutions that are now eligible to issue RRSPs will be permitted to offer the new options. At present, these are mainly life insurance and trust companies. Under the second, or RRIF, option, a specific fraction of the total assets in the fund — capital plus accumulated earnings — would be withdrawn each year by the holder to provide annual income to age 90. The fraction will be related to the age of the taxpayer in the year and will simply be equal to one divided by the number of years remaining to age 90.

As an example, for a purchaser aged 70 an RRIF would run for 20 years. In the first year, with 20 years remaining, the holder would be required to take into income 1/20th of the total value of the plan at the beginning of the year. After another year 1/19th would be withdrawn, a year later 1/18th, and so on until the final year, when the taxpayer reaches age 90, withdrawal would exhaust the fund. A table at the end of this section shows the results for each $1,000 of investment in a typical RRIF.

The essential purpose of the RRSP, with its exceedingly generous tax treatment, is to provide income in retirement. Since more than 40 per cent of men and more than 50 per cent of women at age 70 would, for example, live longer than to age 85, retirement income must be assured well beyond that age. The new alternatives assure retirement income to age 90 which covers the retirement span of most Canadians.

A taxpayer will be limited to ownership of one RRIF. But he may, if he chooses, allot only a portion of his RRSP accumulations to the establishment of an RRIF and invest the remainder in any number of fixed-term or life annuities.

A taxpayer may base the term of an annuity or RRIF on the age of a spouse, if the spouse is younger, thus securing benefits to age 90 for the spouse. Should a person die before age 90, the benefits under the new options, as well as life annuities with a guaranteed term, could be transferred to the spouse. Otherwise, the value of any remaining benefits must be included in the person's income in the year in which he dies.

The current requirement that an RRSP be matured before attaining age 71 will be modified to require that it be matured during the calendar year in which the holder reaches age 71. This will allow the taxpayer more time to choose the combination of options best suited to his retirement income needs. A new provision will stipulate that a taxpayer may transfer an RRSP into any of the retirement income options, including a life annuity, only after reaching the age of 60.

An RRIF owner will be allowed to manage his own investments through directions to the trust company holding his funds, similar to the existing provision for a self-administered RRSP. There will be a wide variety of qualified investments available, matching those allowed under RRSP investment rules. These include stocks, bonds, bank certificates, savings bonds and mutual funds.

The changes proposed will be effective from the date of Royal Assent. There will, however, be a special provision for taxpayers who reach age 71

between the date of the budget, April 10, 1978, and 60 days following the date on which the enabling legislation receives Royal Assent. If such taxpayers choose to withdraw funds from their RRSPs prior to attaining age 71, they may do so without incurring a tax liability to the extent the amount withdrawn is invested in any of the permissible retirement income options within 120 days of the legislation receiving Royal Assent.

The following table illustrates the characteristics of the RRIF and how it would operate. It shows the annual payments that would be received on a $1,000 investment in an RRIF assuming 5 per cent and 8 per cent rates of interest. Payments under an RRIF grow from year to year at the rate of return on investments in the fund. To the extent that the rates of return reflect price increases, this will tend to protect the real value of the benefits over time. Indeed, if the rates of return exceed the rate of inflation, this will enable the pensioner to improve his real standard of living along with other Canadians.

Payments Under a Registered Retirement Income Fund for Each $1,000 Investment by a Taxpayer at Age 70

Taxpayer's age on Jan. 1	Fraction of plan assets to be paid	5% Interest		8% Interest	
		Balance at start of year	Payments during the year	Balance at start of year	Payments during the year
70	1/20	$1,000.00	$50.00	$1,000.00	$50.00
71	1/19	997.50	52.50	1,026.00	54.00
72	1/18	992.25	55.12	1,049.76	58.32
73	1/17	983.98	57.88	1,070.76	62.99
74	1/16	972.40	60.78	1,088.39	68.02
75	1/15	957.21	63.81	1,102.00	73.47
76	1/14	938.07	67.00	1,110.81	79.34
77	1/13	914.62	70.36	1,113.99	85.69
78	1/12	886.47	73.87	1,110.56	92.55
79	1/11	853.23	77.57	1,099.45	99.95
80	1/10	814.45	81.44	1,079.46	107.95
81	1/9	769.65	85.52	1,049.24	116.58
82	1/8	718.34	89.79	1,007.27	125.91
83	1/7	659.98	94.28	951.87	135.98
84	1/6	593.98	99.00	881.16	146.86
85	1/5	519.73	103.95	793.04	158.61
86	1/4	436.57	109.14	685.19	171.30
87	1/3	343.80	114.60	555.00	185.00
88	1/2	240.66	120.33	399.60	199.80
89	1	126.35	126.35	215.79	215.79

Note: It is assumed that the required withdrawals from the Fund are made at the beginning of the year, that simple interest is credited at year end, and that no change occurs in the market value of the investments.

Family Farms

Changes are proposed to broaden the special rules that permit the tax to be deferred on a transfer of farm property by a farmer to his children. This is generally referred to as a tax-free rollover and now applies only to the transfer of farmland and depreciable farm property owned by a farmer. It will be made to apply to an incorporated family farm effective immediately.

The rollover will cover transfers to children of shares in qualifying farm corporations and of interests in qualifying farm partnerships. To qualify, the farm corporation or partnership must be carrying on a farming business in Canada, substantially all of its assets must be used in the business and one or more members of the farmer's family must be actively engaged in running the farm. The rollover will also be extended to cover transfers of agricultural quotas.

Family Law Reform

Several provinces are enacting important basic changes in their laws relating to the division of certain properties between parties to a marriage. In some provinces the new laws for the division of property will apply to all married couples, while in others they will relate to property division only in the case of a marriage breakdown.

Although property law is a field entirely within provincial jurisdiction, these changes affecting marital properties give rise to a problem in the application of federal Income Tax Act provisions relating to capital gains.

Technical changes will be made to the Income Tax Act to facilitate the division of property between spouses without incurring a capital gains tax liability. No tax would arise on the original transfer. On a subsequent sale of the property, each spouse would report an equal share of any capital gain.

An example would be a cottage (other than a principal residence) originally bought by a husband in Ontario for $10,000 and valued at $25,000 at the time of a divorce or legal separation. Under the existing Income Tax Act, the husband would be deemed to have disposed of a one-half interest in the property. The difference between the fair market value of his half-interest ($12,500) and his cost thereof ($5,000) would represent a capital gain of $7,500 and the husband would be liable to tax on half of that amount. Since the taxpayer's wife would not have paid anything for her interest in the property, she would have no cost. This means that on a later sale of the property, she would be required to treat her full share of the proceeds as a capital gain and would be required to bring one-half the proceeds into her income.

The change proposed ensures that a capital gain will not arise on the division of the property. The husband will be deemed to transfer his half-interest in the cottage for $5,000. On any subsequent sale of the property, both the husband and wife would include one-half the gain in income.

Federal Compensation for Provincial Retail Sales Tax Reductions

The federal government has offered to compensate provinces to effect a temporary reduction in their general retail sales tax rates.

This offer to finance the provincial reductions takes the form of full compensation for a reduction of three percentage points for six months in the Atlantic Provinces. In all other provinces except Alberta where no retail sales tax is imposed, the federal government will compensate for the revenue forgone arising out of a two-point reduction for a period of six months, provided that these provinces agree to effect a further cut of one point. However, these provinces will have the option of reducing their sales taxes by three points for six months or by two points for nine months. In either event, the federal government will compensate these provinces to the extent of a two-point reduction for six months.

The federal share of the provincial sales tax reductions will be provided to the provinces in the form of a transfer of personal income tax room and, where necessary, by an additional cash payment. This transfer will be made through a temporary abatement of federal personal income tax which will reduce every taxpayer's federal tax liability by $100 or net federal tax otherwise payable, whichever is less. Provinces accepting the offer will increase their income tax on each individual by exactly the amount of the federal abatement. In this way there will be no change in a taxpayer's total tax liability. Taxpayers will not be burdened by any extra calculation when they file their returns since the necessary adjustments will be made by Revenue Canada. In provinces where the amount of the federal reduction of income taxes is not sufficient to fully compensate the province for the agreed level of sales tax revenue forgone, the federal government will make a supplementary cash payment. Similarly, where the federal transfer results in over-compensation, a recovery will be made from the province.

The federal abatement and provincial income tax increase will not apply to residents of the Yukon and Northwest Territories since, like Alberta, these jurisdictions do not levy a retail sales tax.

The accompanying table shows the forecast values of the provinces' retail sales tax reduction and associated federal-provincial financing arrangements.

Estimated Federal Compensation for Provincial Retail Sales Tax Reductions

Province	Present provincial retail sales tax rates	Reduced provincial retail sales tax rates	Value of sales tax reduction
	(%)	(%)	($ millions)
Newfoundland	11	8	24
Prince Edward Island	8	5	5
Nova Scotia	8	5	28
New Brunswick	8	5	27
Quebec	8	6 or 5*	340
Ontario	7	5 or 4*	433
Manitoba	5	3 or 2*	62
Saskatchewan	5	3 or 2*	53
British Columbia	7	5 or 4*	176
Total			1,147

(*) These provinces have the option of reducing their sales tax rates by 3 points for 6 months or 2 points for 9 months.

Proposed Method of Financing Sales Tax Reductions

Province	Federal share			Provincial share	Total
	Tax abatement	Cash payment	Total		
			($ millions)		
Newfoundland	15	9	24	–	24
Prince Edward Island	3	2	5	–	5
Nova Scotia	27	1	28	–	28
New Brunswick	22	5	27	–	27
Quebec	222	5	226	113	340
Ontario	346	-57	289	144	433
Manitoba	37	4	41	21	62
Saskatchewan	28	7	35	18	53
British Columbia	102	16	117	59	176
Total	801	-8	793	354	1,147

Note: Totals may not add due to rounding.

Employees at Remote Work Sites

The Income Tax Act specifies that free board and lodging provided to an employee is a benefit subject to tax. However, it allows an exemption for persons working at remote locations far from their homes who have married or equivalent status. Single persons in similar circumstances are deemed to have a taxable benefit. Typical remote work sites are logging camps, construction projects and drilling locations.

It is now proposed to apply the exemption to all workers at remote sites.

Part IV Tax

Another budget measure concerns the special Part IV tax — that is, the tax of 25 per cent on intercorporate dividends. To assist small business financing and joint venture operations, the 1977 budget removed this tax from dividends received on any shareholding that represented an interest of more than 10 per cent in a corporation provided that the investor corporation's cumulative deduction account did not exceed $750,000. A change is proposed to eliminate the Part IV tax on all dividends received by a private corporation from another corporation in which it has an interest in excess of 10 per cent.

The change described above would by itself permit an inappropriate increase in the amount of business income that qualifies for the special low rates of corporate tax. To prevent such an unintended increase, a consequential change is proposed that will prevent the deduction by a payor corporation in determining its cumulative deduction account of dividends paid by it to any other corporation (other than an associated corporation) that owns more than 10 per cent of its shares.

Deferred Profit-Sharing Plans

The Income Tax Act imposes a special refundable tax on the acquisition by a deferred profit-sharing plan of certain non-qualified investments. Interest is charged where the tax is not paid at the time the investment is made. A change will ensure that interest on any such unpaid taxes ceases to accrue on the refundable portion of the tax as of the date the non-qualified property is disposed of.

Employee Loans

Rules were introduced in 1977 to treat as taxable the benefit an employee enjoys on loans that do not require him to pay a reasonable rate of interest. Certain housing loans and loans to enable an employee to purchase shares were exempted from these new rules. However, the exemption for such loans was available only if the loan was made by the employer. A change will ensure that the exemption will apply on loans made by a person other than the employer. This is needed because in

some provinces companies are prohibited from making such loans directly and must do so through a financial institution. Another change will exclude any benefit on housing loans made to persons moving from a location outside Canada.

Surplus Stripping

The Income Tax Act contains special provisions designed to prevent surplus stripping — that is, the tax-free distribution of corporate earnings through a series of transactions involving the sale of shares. One of the rules applies on the sale of shares of one corporation to another by shareholders who act in concert to control the purchasing corporation. The rule presents a number of problems from the point of view of administration and compliance. A change is proposed to eliminate the "acting in concert" rule. The existing provisions relating to surplus stripping will be extended to those situations in which, immediately following a non-arm's length sale of shares, the purchasing corporation owns more than a 10 per cent interest in the corporation whose shares it acquired.

Reduction of Capital

To prevent the possibility of an unintended tax deferral on distributions by public corporations, a change is proposed to treat as a dividend a payment made to a shareholder as a reduction of capital except where the capital reduction takes place on the redemption or cancellation of the share, on the reorganization of the capital, or the winding-up of the corporation.

Insurers Branch Tax

A special 25 per cent branch tax applies to non-resident insurance companies carrying on business in Canada. To implement a change announced in the March 31, 1977 budget, the branch tax provisions are amended to limit the amount by which an insurer can reduce its Canadian investment fund — that is, the assets producing income subject to Canadian corporate tax. Thus an insurer will only be able to reduce his Canadian investment fund to the extent his surplus exceeds a level to be prescribed by regulation. This change is designed to bring the tax treatment of non-resident insurers into agreement with that accorded resident insurers.

Life Insurance Company Losses

A change is proposed to deal with losses of certain life insurance companies. The existing provisions in the Income Tax Act deny the carryforward into 1978 of losses and deductions from prior years to the extent that they arose as a result of the deduction of certain reserves in those years. The technical formula by which this is achieved produced a

harsh result for certain small insurance companies that have suffered losses. The proposed change provides relief for losses in those cases where the losses and deductions of prior years exceeded a company's reserves.

Insurance Policy Loan Interest

Loan Interest Paid in 1978 and Subsequent Years

Two changes are proposed relating to life insurance policy loans. The first relates to the deductibility of interest. A policy holder who uses the proceeds of a policy loan to earn income can deduct the interest he pays from his income for tax purposes. However, he must have the insurance company verify that such interest has not been added to the cost of the policy. A change is needed to ensure that such verification is made for loans taken before April 1, 1977 as well as after.

Loan Interest Paid Prior to 1978

The Income Tax Act also provides that all interest paid prior to 1978 is included in the cost basis of an insurance policy. Because the records needed to establish amounts paid in previous years frequently do not exist, a change is required to ignore this interest paid before 1978.

Loans to Shareholders

Amendments were made in 1977 to broaden the rules relating to the inclusion in income of certain loans by corporations to shareholders. An exception was provided for loans to an employee of a corporation where the funds were to be used to acquire shares of the corporation. A further technical amendment is to be made to provide a similar exception for loans made after March 31, 1977 to an employee to assist him in acquiring shares of a related corporation.

Northwest Territories

Effective in 1978, the Northwest Territories introduced its own income tax. Consequential changes are introduced in this budget to provide for a corresponding reduction of the federal tax. The changes ensure that the Northwest Territories is treated on the same basis as the provinces, which already impose their own taxes. This does not result in any change in the level of tax paid by individuals or corporations in the Northwest Territories.

Penalties

The Act will be changed to correct a technical deficiency in the wording of Section 163 that leaves some categories of unreported income outside the

calculation of the penalty that applies when a taxpayer has made a false statement on his income tax return.

Customs Tariff Reductions

Temporary tariff reductions on a wide range of goods, initially introduced as an anti-inflationary measure in the 1973 budget and scheduled to expire June 30, 1978, are being extended to June 30, 1979. Exceptions to this extension are canned and frozen asparagus and frozen Brussels sprouts for which the Tariff Board has recommended increased protection, glass tableware which a Canadian manufacturer intends producing in increased quantities if the pre-1973 rate is restored, and surface-active agents or synthetic detergents which are now being imported in such increased quantities as to threaten continued expansion of production in Canada. The temporary rate of 10 per cent on certain canned meats will also expire at the end of June; it will be replaced by a 15 per cent rate, which is more in line with the rates on other meat products and the needs of the industry but still substantially lower than the pre-1973 rates.

Importations of the products on which tariff reductions are being continued were valued at about $1.5 billion in 1977. The main trade items are raw sugar, motor vehicle parts, cameras and films, vacuum cleaners, pharmaceuticals, chinaware, bottles and hand tools. It is again proposed to have Order in Council authority to withdraw any reduced rates that adversely affect employment or production.

The temporary duty-free provisions covering aircraft and aircraft engines of types or sizes not made in Canada initially established in 1952 and scheduled to expire on June 30, 1978, are to be continued for another year. Free entry is also being proposed for markers used in the aerial spraying or dusting of crops and for catgut used mainly for stringing sports racquets. An existing free-entry provision for fatty alcohols for synthetic detergents is being extended to cover fatty alcohols used to make all kinds of surface-active agents.

A reduction from 20 per cent to 15 per cent is proposed for certain parts for electric light fixtures to help Canadian manufacturers compete with imports.

A few amendments of a more technical nature are being introduced as a consequence of those outlined above or to broaden the coverage of existing duty-free provisions (e.g., for gladiolus corms, and certain periodical publications).

Customs Tariff Increases

It is proposed to withdraw the benefits of the British Preferential Tariff from certain goods imported into Canada from the United Kingdom and Ireland. These goods include confectionery, cranes for mounting on trucks, certain diesel engines, certain apparatus used in community antenna

television transmission lines, and knitted garments. The main reason for this action is to assist Canadian manufacturers who are operating at below capacity or who have lost significant business to imports from the United Kingdom and Ireland. These imports will now be dutiable at Most-Favoured-Nation rates of duty. Since Britain and Ireland ended Canada's preferential access by joining the European Economic Community, Canada no longer has an obligation to extend preferential tariff treatment to British and Irish goods. Many of the remaining margins of preference will disappear as a result of tariff reductions made in the multilateral trade negotiations.

An amendment is being introduced to exclude tires for non-agricultural tractors from duty-free entry. This change is to assist Canadian manufacturers of industrial tractor tires and to correct an anomaly whereby tires used on the tractor portion of some equipment are free of duty while the same tires used on the non-tractor portion are subject to duty.

An amendment is also being proposed to impose a tariff on two basic chemicals used in the manufacture of pesticides. This action will result in substantial investments being made in expanded production of these chemicals and will help ensure a reliable Canadian source of supply. Formulated pesticides used in agricultural and other applications are now free of duty and will continue to be so.

Effective Dates of Budget Measures

Jan. 1, 1978 — Special allowance to permit deduction from taxable income of 50 per cent of the costs of increases in research and development activity.

Jan. 1, 1978 — Rules on tax incentives for Canadian films certified by the Secretary of State modified to allow additional time for completion of photographic work.

Jan. 1, 1978 — Federal income tax rates reduction in the Northwest Territories to facilitate introduction of a territorial income tax with no tax increase for individuals or corporations.

April 10, 1978 — Costs of machinery, equipment and other facilities for enhanced oil recovery systems become eligible to earn depletion allowances of $1 for each $2.

April 10, 1978 — Limit on the deduction of depletion earned on certain expenditures on non-conventional oil projects increased to 50 per cent of total profit.

April 10, 1978 — Tax-free rollover provisions apply to incorporated family farms.

April 10, 1978 — Plants established to upgrade heavy oil deemed to be manufacturing and processing facilities.

April 10, 1978 — Additional capital cost allowance provided on depreciable railway system assets acquired by railways before 1983.

April 11, 1978 — Tariff changes.

July 1, 1978 — Tariff reductions on a wide range of consumer goods, due to expire, renewed for one year. Duty-free entry of aircraft and aircraft engines of types not made in Canada, also due for expiry, continues for another year. Other tariff changes take effect April 11, 1978.

Upon Royal Assent — Changes relating to retirement income options for owners of Registered Retirement Savings Plans. A special provision will allow RRSP owners reaching age 71 after April 10, 1978 to make use of the new options proposed.

HOUSE OF COMMONS

Tuesday, April 11, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ORDER PAPER—ERROR IN DISPOSITION OF BILL C-45

Mr. Speaker: Before calling motions pursuant to Standing Order 43, may I inform hon. members that yesterday, under Introduction of Bills, Bill C-45, an act to provide for the continuation of regular postal service operations, was introduced, given first reading and ordered for second reading at the next sitting of the House. Unfortunately, through inadvertence and through an administrative error on our part, the order for second reading and reference of this bill does not appear under Government Orders on today's order paper.

Therefore, Order No. 45 under Government Bills (Commons) which should have been printed on today's order paper should read as follows:

No. 45

April 10, 1978—Second reading and reference to the Standing Committee on Labour, Manpower and Immigration of Bill C-45, an act to provide for the continuation of regular postal service operations.—The Minister of Labour.

Accordingly, I have directed that the order paper be corrected by the addition of order No. 45.

May I also point out to hon. members the presence of a film camera in the gallery. This relates to a film which we began last summer when we had under transformation the entire House of Commons in respect of seating and the introduction of broadcast and television facilities. For posterity, we began to record on film all of the operations at that time. I think that film will be a very useful addition to the Archives of Canada.

Upon request of the editors of the film, and after consultation with the House leaders of all parties, I have agreed that the termination of that film ought to be an episode about the chamber as it is now. I have, therefore, agreed that the cameras be put in under limited use for that purpose for today only.

LABOUR CONDITIONS

ENTRANCE OF WOMEN AND YOUNG PERSONS INTO WORK FORCE—MOTION UNDER S.O. 43

Mr. David MacDonald (Egmont): Mr. Speaker, I rise under the provisions of Standing Order 43. Because this government continues to use as scapegoats in its failure to deal with unemployment the entrance of women and young people into the work force, and because in particular last night, in introducing his budget, the Minister of Finance (Mr. Chrétien) when referring to problems of the last year specifically singled out the entrance of women into the work force since 1970, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House once and for all reject the notion that the entrance of women and young people into the work force is a basic cause of unemployment.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

ALLEGATION BUDGET MEASURES DO NOTHING TO IMPROVE SITUATION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under provisions of Standing Order 43. Since last night's budget was introduced, the Canadian dollar has declined in early morning trading, Imperial Oil stocks have increased 50 cents a share, and unemployment has risen to another all-time level with 1.6 million Canadians out of work. For this reason, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the Minister of Finance, who preached responsibility in last night's budget, to practice what he preaches and accept the responsibility for his government creating this mess, and acknowledge that his new budget has already been seen both at home and abroad as a failure in getting us out of this mess.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

LABOUR RELATIONS

REQUEST GOVERNMENT ACT TO PREVENT STRIKES—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, pursuant to Standing Order 43, I request the unanimous consent of the House to present a motion on an extremely urgent and important matter.

Considering that the government has just tabled a piece of legislation which would prevent any postal strike during the electoral campaign so that such a strike would not disturb the basic democratic process; considering that democracy is democracy in name only when citizens are not properly informed; considering that this right to information is particularly important during electoral campaigns and that one seems to be imminent; and considering finally that the three major daily newspapers in Quebec have been paralyzed for six months and are not likely to be in operation during the next electoral campaign, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House inform the owners and unions concerned that it is very much preoccupied by this situation and urge them to show goodwill so as to reach a negotiated agreement as soon as possible.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

NATIONAL RESEARCH COUNCIL

GRANTS TO PROFESSOR KONINGSTEIN—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under the terms of Standing Order 43 concerning Professor Johannes A. Koningstein, Carleton University, resident at 443 Echo Drive, Ottawa, who took a laser device to Moscow against a specific request of the National Research Council and the security services of Canada that he should not do this. I therefore move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

In view of the fact that after this incident the National Research Council granted Professor Koningstein $28,000 in 1976-77, $31,000 in 1977-78, already $32,000 for 1978-79, and authorized an additional $31,000 for 1979-80 for a project involving physical-chemical research into the use of utilizing lasers, that the Prime Minister make an immediate statement as to whether it is the policy of the National Research Council to give thousands of dollars in grants as rewards to those who have in the past freely given, against goverment recommendations, highly developed and sophisticated scientific devices to the Soviet Union.

[Mr. Speaker.]

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

THE CANADIAN ECONOMY

REMARKS OF MINISTER OF INDUSTRY CONCERNING ECONOMIC SITUATION—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the Minister of Industry, Trade and Commerce (Mr. Horner) is now more circumspect in his views and opinions, I move, seconded by the hon. member for Vancouver South (Mr. Fraser):

That this House endorse the statements made by the Minister of Industry, Trade and Commerce in his speech of July 6, 1976, when he accused the Prime Minister of "undermining the monarchy, degrading parliament and placing Canadian society and the economic system in jeopardy" and request the minister to explain why he now aids the said undermining, degrading and placing of our economic system in jeopardy.

Some hon. Members: No.

Mr. Speaker: Order, please. The hon. member for Regina-Lake Centre (Mr. Benjamin).

* * *

TRANSPORT

PROPOSED CLOSURE OF RAIL LINE IN SASKATCHEWAN—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity. The Prairie Rail Action Committee set up by the federal government to subvert the Hall commission recommendations wants to close down the rail line between Liberty and Dilke, Saskatchewan. Since abandonment of this part of the Colonsay subdivision is unacceptable and would have a destructive impact on farmers and the communities of Penzance, Holdfast and Dilke, and since the Hall commission said that the line should be maintained and is required for grain service, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House condemns the Prairie Rail Action Committee for recommending closure of the rail line from Liberty through Penzance and Holdfast to Dilke which the Hall commission said should be maintained and placed under a prairie rail authority, and that this House calls upon the Minister of Transport to reject the PRAC recommendation and to bring forward legislation immediately to set up the prairie rail authority so all lines under its purview can be upgraded and turned over to the basic network to prevent the betrayal of these communities and subversion of the Hall commission report.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

POST OFFICE

LEGISLATION TO PREVENT STRIKE DURING ELECTION CAMPAIGN—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to put a motion regarding a matter of urgent and pressing necessity.

As a bill was tabled yesterday prohibiting any postal strike during the coming election campaign and as the date for the election has not yet been announced, and that this legislation will hinder the negotiations between the Treasury Board and the postal employees, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House direct the government to delay the passage of this bill so that all members of this House as well as all those concerned can discuss the matter in a more relaxed and open climate.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT PROGRAMS TO CREATE JOBS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Minister of Finance. The Minister of Finance will know that thanks to his direction of the economy, for the second month in a row there are now more than one million Canadians out of work in Canada. He also knows, because it is the statement of his own officials, that in order to make any significant change in this respect we must have a real growth rate at a minimum of at least 5 per cent. The minister admitted last night that we are not going to reach that level under the budget he is proposing.

Will the minister tell us whether he intends to introduce any new measures to create jobs in Canada, or is it the plan of the Government of Canada to simply sit back and smile while more than one million Canadians are out of work?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, again the hon. Leader of the Opposition has forgotten to mention that on a year-to-year basis the Canadian economy has created 330,000 new jobs in one year.

Some hon. Members: Hear, hear!

Mr. Hees: You are bankrupt of ideas.

Mr. Chrétien: That is 100,000 more than the average over the last ten years.

An hon. Member: Change the broken record.

Mr. Chrétien: On top of that, the participation rates increased this month and we have now reached the very high level, compared to the previous year, of 62.4—

Mr. Stevens: It is still not as high as the Americans.

Mr. Chrétien: I think the Canadian economy is creating a lot of jobs for Canadians who come into the labour force. Yesterday the budget was aimed at solving part of this problem. I wanted to be responsible, and I am not trying to create false expectations. We have said that the stimulus we provided yesterday in collaboration with the provinces will make the g.n.p. growth in 1978 close to 5 per cent. I maintain that position. If everything works well, we could reach 5 per cent.

• (1417)

Mr. Clark: Mr. Speaker, what the Minister of Finance seems unable to get through his head is that responsibility in government involves helping to create jobs for the more than one million Canadians who are out of work.

Some hon. Members: Hear, hear!

Mr. Clark: The budget he introduced last night absolutely ignores and abandons those one million Canadians. One of the measures the government brought in last night on which the minister has pinned his hopes is a reduction in the provincial sales tax, which reduction, at the government's own direction, will endure for about six months: in other words, the program ends when unemployment becomes most acute.

Will the Minister of Finance explain to the House, to the million Canadians who are out of work now, and to the many more who will be out of work when this stimulus ends in October or November, why this six-month limit was imposed on the provinces and on the unemployed of Canada?

Mr. Chrétien: Mr. Speaker, the very simple reason is that a stimulus of that nature aimed at a period of time will induce Canadians to go and buy now.

Mr. Hees: What will they do then?

Mr. Chrétien: It is a technique used in other jurisdictions in the past which producd good results. I have discussed that procedure with my provincial colleagues and they have agreed to come along. I think it is a novel thing. It is the first time we have managed to put forward measures in conjunction with the provinces. The hon. Leader of the Opposition should read the comments of the minister in charge of the treasury in Ontario, who said it was a very good measure and who supported it all the way.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, what the minister, in his incompetence, does not seem to recognize—

Some hon. Members: Oh, oh!

Mr. Clark: —is the very fact—Mr. Speaker, I will let them attempt to shout me down. My question can wait until members on the other side stop shouting. The Prime Minister is trying to quiet down you fellows. Thank you very much.

An hon. Member: He is not.

Mr. Clark: The precise difficulty with this limitation is that if people go out and buy at all, they will go out and buy now, and spending plans which might have created a demand in October, November or December when unemployment will be high will be bunched into the immediate period. You are creating problems for the fall because the government wants to have an election document now, rather than an economic document for the country.

Some hon. Members: Order.

Mr. Clark: I come back to the Minister of Finance and ask this question: Why did he choose to limit this to six months instead of bringing in at least a year long some more permanent stimulus to the economy? Why is he sacrificing the interests of the unemployed for the electoral interests of the Liberal party?

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, I think this is a novel measure which was agreed to by the ministers of finance of all the provinces except one, and I am awaiting that answer. The political stripes are all over the place and they are not the same as mine. The hon. member should know it is designed to stimulate the economy right now. If we stimulate the economy in a short time, utilization of the capacity in the Canadian industrial sector will be increased. That will induce industrialists to make plans right away to expand that capacity. I think the hon. member should know that.

It is aimed at stimulating the economy in a short period of time. I think it is very novel. It was experienced before in Ontario. When that was done some years ago in Ontario, when its sales tax was cut for a period of time experience proved that it stimulated the economy in Ontario; and with the push they received from the same stimulus, they kept moving after that, using the push they received at the time of the cut.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, the minister well knows the Ontario government introduced its measure in the winter and not in the summer.

Some hon. Members: Hear, hear!

Mr. Clark: The minister is saying that this is a novel approach. Certainly it is a novel approach for the Government of Canada to introduce a measure which will probably make unemployment worse. I am asking the Minister of Finance to tell the House of Commons why he gave us this half measure; why he gave us a six-month measure instead of a measure which could really address the problem of unemployment in the country. Why did he place this limitation on the effectiveness of this stimulus?

● (1422)

Mr. Chrétien: I gave one reason earlier: I wanted to give the economy a push right away. There was another reason we did not go further than that.

Some hon. Members: An election.

Mr. Chrétien: No. It was because we could not afford to go further.

Some hon. Members: Hear, hear!

GOVERNMENT ATTITUDE TOWARD HIGH LEVEL OF UNEMPLOYMENT

Mr. James A. McGrath (St. John's East): A supplementary to the Minister of Finance. Given the fact that the unemployment rate is now running at 8.6 per cent, a figure which was predicted by the Conference Board as likely to be the rate at the end of this year—and we are not even half way there—and given the fact that the measures announced by the minister would reduce unemployment by only .3 per cent, is it the position of the government that one million Canadians should be doomed to unemployment for the rest of this year?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have chosen this incentive so that our economy could improve immediately. This measure has helped the economy out of stagnation and we hope that once the economy is better it will enable us to reduce the rate of unemployment during the coming year. I hope we can achieve a growth rate of 5 per cent this year. This is why I have added another incentive yesterday; it should help us achieve the objectives we set last fall.

[*English*]

MEASURES TO ALLEVIATE UNEMPLOYMENT

Mr. James A. McGrath (St. John's East): My supplementary is to the Minister of Employment and Immigration. Given the fact that unemployment in Canada has risen substantially over the past month and that we are now experiencing the pressures of long-term unemployment—43 per cent of those without work have been unemployed for three months or more—and that the number of jobless is likely to be further increased through the closing of universities for the summer, I ask the minister whether he is prepared to tell the House what new measures or directions he is contemplating in terms of job creation to alleviate this critical situation. Or does he subscribe to the view of his colleague, the Minister of Finance, that we are to have a million unemployed to the end of the year? Is that his view, because if it is, it is time this tired government went.

Some hon. Members: Hear, hear!

Hon. Bud Cullen (Minister of Employment and Immigration): From that diatribe I would think all the politics is on the other side and that all the responsible positions are being taken on this side of the House. The hon. member should recognize, if he has made any study of the statistics at all, that there is normally a peak in March. One notable aspect—it is almost always ignored by the opposition—is that there were 103,000 more people working in the period than there were in the month before. So there is an improvement in the labour market. The labour force participation rate is 62.4 per cent higher than it has ever been in the history of this country; higher, indeed, than in most countries of the world.

We do face a challenge, but we have programs in place at the present time. We did not make them this winter; we made them earlier, last fall, so that we could put 300,000 students to work this summer through our student manpower offices. That is just one illustration.

● (1427)

REDUCTION IN SALES TAX—EFFECT ON EMPLOYMENT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. However, I would like to say at the outset that the Minister of Employment and Immigration is quite right in saying that the government is responsible. It is responsible for creating this hideous mess. It is responsible, all right.

Some hon. Members: Hear, hear!

Mr. Broadbent: Would the Minister of Finance acknowledge publicly, here, what an official in private session admitted yesterday, that this part-time tax cut budget he has brought in will, at the very most, create 40,000 new jobs in Canada, in the context of our learning today that in one month only unemployment increased by 35,000?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I cannot subscribe to that figure. I say that with a 5 per cent growth in the g.n.p. in 1978, the unemployment rate will decrease. But we have to keep in mind that giving a precise figure is very difficult because we are subject to a very big increase in the participation rate in Canada. In the last ten years, the labour force in Canada has increased by an average of 3.5 per cent, per year, compared with 2 per cent in the United States and less than 1 per cent in Great Britain and France. In fact, in Germany there are now fewer people in the work force than there were ten years ago.

Mr. Broadbent: Mr. Speaker, I say, in all seriousness, that I would like the minister to answer. He gave that answer to the Leader of the Opposition and now he is repeating it to me. Is the minister saying that the real reason we have an unemployment problem in Canada is that people want to work? That is what participation in the labour force is all about. If the minister is saying that, does he not realize that it is perfectly absurd and that it is the government's task to create jobs for people who want to work? Does the minister not agree that it is the responsibility of the government to make sure that people who want to work can find work? The answer the minister is giving is no answer.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I said and I repeat that when compared with any other economy in the world at the present time, the Canadian economy creates more jobes. During the last year, our economy has created 330,000 new jobs, which is probably a success second to none since it represents 100,000 new jobs more than the average for the last five years. Some people underestimate that performance. Obviously there are too many unemployed in this country and one of the reasons for that situation is that more people want to work. I will agree about the fact that our economy cannot at the present time produce jobs in sufficient numbers to satisfy all those who want to work. This is obvious. However, hon. members would be well advised to face reality, that is to acknowledge the fact that 330,000 new jobs have been created in the past 12 months. I for one think that Canadians should be proud of such a performance.

[*English*]

Mr. Broadbent: Mr. Speaker, does the minister not realize that other countries do not have to create the same number of new jobs if their labour forces are not increasing? Does he not realize that it is absolutely stupid, economically, to suggest that those other countries should be creating more jobs than they need? The failure of the government has been in not creating the jobs Canadians need. According to his own figures, private investment in 1978 is going to drop from what it was in 1977. And it is investment that creates jobs.

If that is the case and the minister has already said it is the case, could he explain why the government is cutting back on its own public sector investment in the coming year by more than $200 million? Would the minister explain why it makes more sense for the government to pay people $4 billion in

unemployment insurance handouts than it does to use that money to create jobs so that people can work?

Mr. Chrétien: Mr. Speaker, the hon. member always uses epithets which apply to him pretty well.

Some hon. Members: Hear, hear!

Mr. Chrétien: The debate with which we are presently involved has to do with the health of the Canadian economy. We recognize that there are too many unemployed in this land; there is no doubt that. We are doing the best we can.

An hon. Member: You are not.

Mr. Chrétien: At the same time, we have to recognize that this economy performed pretty well in creating 330,000 jobs in the last year. If we want the economy to regain a strong position, we must ensure that Canada is competitive in world markets. If we overburden the public sector now, we will lose our competitive position, we will lose our markets, and whenever we lose markets we lose jobs. We must look at the present situation realistically. I think the people appreciate those who can face these problems and not lose their cool, as the hon. member does.

● (1432)

Some hon. Members: Hear, hear!

[*Translation*]

DISCUSSIONS WITH QUEBEC ON REDUCTION OF SALES TAX

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Finance.

Yesterday morning on my way to Ottawa I heard a comment on radio to the effect that in his budget the Minister of Finance was going to propose reduced tax points on the provincial sales tax. Therefore I would like to ask him the following question: Is he prepared to say to the House whether he had discussions with the Quebec minister of finance and with those of the other provinces and, if so, how long did those talks last? Is he also in a position to tell us whether Quebec, through its minister of finance, will soon give an affirmative answer to that effect?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I spoke to the Quebec minister of finance several weeks ago on the phone about my plans and afterwards I met him in Montreal where we spent several hours discussing the matter. Again, I contacted him last week and yesterday and he assured me that he would probably give me an answer today or in the next few days.

Mr. Lambert (Bellechasse): Mr. Speaker, on a supplementary.

As the minister seems quite convinced that this measure will considerably improve the Canadian economy, can he tell the House whether he expects his forecasts to come true and whether he will be willing after those six months to continue to apply the same policy and make sure the economy really grows strong in Canada?

Mr. Chrétien: Mr. Speaker, to my mind it would be unwise to speculate about the steps the government might take under other circumstances.

Mr. Lambert (Bellechasse): Mr. Speaker, on another supplementary.

I should like to ask the Minister of Finance to kindly answer a very serious question. For two hours last night we met representatives of the officials of the Department of Finance. To my astonishment, at one point I learned that those officials had met the press before meeting the elected representatives of the people. I found that rather bold because, after all, the elected representatives of the people are really the ones who are responsible to the people. I have nothing against the press, but as we were kept waiting for an hour, I should like to ask the Minister of Finance whether he would be willing, next time, to set up a meeting so that it is held at least at the same time with the press and with the members of parliament.

Mr. Chrétien: Mr. Speaker, I am not sure there is a problem in that regard. Yesterday we endeavoured to give explanations to both the press and hon. members of the opposition, as tradition would have it. However, if the hon. member has suggestions to make on how to improve that system, I shall certainly be happy to consider them.

* * *

[*English*]

NATIONAL SECURITY

DISTRIBUTION OF SECRET DOCUMENTS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Solicitor General: it concerns the so-called Top Secret document which received such wide circulation. I ask him first, what is the basis upon which this document was sent to the Deputy Minister of Supply and Services, what interest would he have in this matter to the Assistant Deputy Minister of Finance, to the Assistant Deputy Minister of Employment and Immigration, or to the representative of that department?

I should like to know something of the basis upon which 58 copies of this highly secret document were distributed to these officials, aside from government members of the security committee of the cabinet. It is something that has not been answered yet. I know that the minister is full of information now, in view of the fact that two weeks ago he said he would have no difficulty in getting an answer to that question.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, unfortunately, I was not here on Friday when that question was put pretty well in the same terms by the right hon. gentleman.

However, I have read the reply that was given by the Deputy Prime Minister; I am satisfied with it and have nothing to add.

Mr. Diefenbaker: That is exactly the attitude of this government, to give no information and to be satisfied with the fact that none has been given. I ask the minister, again, to tell me the basis upon which distribution of these copies was made. If he cannot answer that question—and the security of the government would depend entirely on this answer—can he say how many of the 58 copies that floated all over Canada have been searched for, ferreted out and found and are now in the possession of the Solicitor General or the appropriate minister of the government?

Mr. Blais: The question is of the same nature as those asked of me some time ago by the hon. member for Perth-Wilmot. I have nothing to add and no further comment to make.

Mr. Peters: Nothing is nothing.

Mr. Diefenbaker: There is nothing more indefensible than ignorance and refusal to answer. The minister realizes that if he does answer, the truth will be out.

Some hon. Members: Hear, hear!

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THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—GOVERNMENT ACTION TO PREVENT FURTHER DECLINE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. With the dollar this morning touching a new low over the last 45 years, the government having lost $1.5 billion in U.S. reserves, borrowed $750 million in the U.S. market, borrowed another some $700 million from Canadian chartered banks, raised the bank rate one clear percentage point, and having brought in the budget last night, would the minister indicate if the government plans any new steps to prevent a further fall in the Canadian dollar?

Hon. Jean Chrétien (Minister of Finance): The policy of the government was announced yesterday in the budget speech.

Mr. Stevens: Would the Minister of Finance indicate if discussions are now under way with underwriters with a view to placing a further issue on the U.S. market; and does he anticipate that a new registration will be made with the SEC shortly, or has it already been made?

Mr. Chrétien: Whenever we decide to borrow, we make the announcement in the normal fashion, Mr. Speaker.

Mr. Stevens: Having read the minister's remarks in the budget speech last night and having heard his answers today, I ask him to indicate, if the usual market forces—to which he likes to refer—take the dollar down to 85 cents, will he care and will that be all right with him?

Mr. Speaker: Order, please. Obviously, the question is hypothetical.

Some hon. Members: Oh, oh!

Mr. Stevens: Hypothetical?

Mr. Chrétien: You said "if".

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SMALL BUSINESSES

INQUIRY WHY INCENTIVES NOT INCLUDED IN BUDGET

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is for the Minister of State for Small Business. In view of the fact that everyone agrees that small business is the backbone of a free market economy as well as the largest potential employment sector in Canada, can the minister tell us why he was unable to persuade the Minister of Finance to include much needed incentive oriented programs for the small business community in his budget last night?

● (1442)

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, many thousands of small retailers are more than gratified at the cut in the sales tax, which will have a very stimulative effect on that important part of the small business community. Of course, if the hon. member or others do not agree with me, perhaps they will agree with Mr. John Bulloch who strongly endorsed the budget of last night as a real stimulus to small business.

Mr. Jelinek: Mr. Speaker, if this minister is suggesting that he is satisfied with last night's budget in regard to small business, I would suggest he resign and let someone with guts take over.

Mr. Speaker: Order, please.

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INDUSTRY

REDUCTION OF TARIFFS ON COLOUR TVS—DETRIMENTAL EFFECT ON CANADIAN MANUFACTURERS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In view of the information given out by a study done in his department, entitled *Manufacturing Performance*, that this country's manufacturing industry has lost 80,000 jobs in the last four years, and as sales of colour television sets manufactured in Canada dropped 45 per cent last year, and as the closing of Canadian General Electric's television plant in Toronto is the fifth such closing in the past year, could the minister tell the House how this government can possibly justify the negotiating downwards of import tariffs on colour television sets when he knows perfectly well that if carried out,

it will put this once important industry completely out of business?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, when reading that publication put out by my department on manufacturing performance, hon. members will note the comparison between manufacture in Canada and that of other countries. They will see that compared with other countries in the western world in comparison with Japan, we are doing very well in maintaining a high level of manufacturing within Canada.

With regard to the manufacture of colour television sets, we are negotiating on nearly everything in Geneva. We have entered the negotiations in good faith but what we come out with can only be determined by the negotiators there. Certainly, we are well aware of the colour television industry in Canada and the severe competition which television manufacturers face.

Mr. Hees: Mr. Speaker, as the minister's idea of a good performance is to lose 80,000 jobs in the manufacturing sector in the past four years, and as the minister has given no answer at all to my question about the possibility of tariffs on colour television sets—or any other manufactured product, for that matter—is it not obvious that it is "dynamic, imaginative" leadership like this that has caused the economy to be in the mess it is in today. This is the kind of minister who put us there.

* * *

[*Translation*]

FINANCE

INQUIRY WHETHER CARTOGRAPHERS AT SHERBROOKE WILL ENJOY LINGUISTIC PRIVILEGES OF MILITARY

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, my question is for the Minister of Finance. Since the Quebec government proposal to allow the federal public servants who would settle in Sherbrooke a six year maximum during which they could send their children to English schools has been rejected by the Canadian government, and given the fact that a large percentage of the geographical maps drawn and used in Canada are used by the military and civil aviation, could the minister tell the House whether the Canadian government would be prepared to discuss with the Quebec government whether, under the 101 legislation, the cartographers who expect to be moved to Sherbrooke might enjoy the linguistic privileges of the military?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would surely be interested in discussing such a proposal with the Quebec government. I feel it would be very desirable to have a certain number of public servants transferred to Sherbrooke as provided in the decentralization plan.

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ALLEGED DISCLOSURE OF CPIC RECORDS TO DEPARTMENT STORES

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is for the Solicitor General: it concerns recent allegations that the CPIC records of the RCMP are being used by major department stores such as the Hudson's Bay company and are being sold at $12.50 a copy to department stores to assess their personnel and to making hiring decisions. The solicitor general of Ontario is presently investigating this question. Is the Solicitor General of Canada also investigating the allegations, that private and personal records are being sold to major department stores, including juvenile records?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, with reference to the investigation being conducted by the attorney general for the province of Ontario, I do not know the nature of that investigation. That is information that I have gleaned from the press reports as, undoubtedly, has the hon. gentleman. With reference to CPIC information an investigation has been conducted, and I wish to advise the hon. gentleman that there is no indication of any unauthorized release of information from those records by any people within my responsibility or within the RCMP to any unauthorized individuals.

Mr. Leggatt: Mr. Speaker, would the Solicitor General confirm whether or not he has interviewed Rosemary Morgan, the person who made these very specific allegations? Have his department or the people under his jurisdiction actually inquired of the person making the allegations and determined who had access to the records, since there is no dispute that the records were delivered? The only question is how they were obtained. Thirdly, has he considered referring the whole matter to the McDonald inquiry, to put something else on their plate? Since they have such a big job, they should have this one as well.

Mr. Blais: Mr. Speaker, with reference to the last point, I have had an investigation conducted and I am satisfied that there was nothing untoward in the conduct or the activities of any member of the RCMP or any individual relating to the control of CPIC records themselves within the RCMP. The hon. gentleman, of course, knows how the information is made available to various police forces throughout the country in accordance with very specific, formal arrangements and procedures. Indeed, in terms of the provision by the RCMP of that information, we have been assured there is no leak.

We are satisfied that a proper investigation is being conducted with reference to the locale from which this information is alleged to have been leaked, and undoubtedly a report will be forthcoming. There is no control that we can exercise over the use of that information by the departments which are using it.

THE CANADIAN ECONOMY

THE BUDGET—STIMULUS FOR CONSTRUCTION INDUSTRY

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is to the Minister of Finance: it has to do with the near record depression levels in the construction industry. Keeping in mind that each month the construction industry in this country loses 10,000 jobs, I am wondering if the Minister of Finance can tell the Canadian people why his budget of last night had no measures whatever to stimulate the construction industry, considering that new house sales are not subjected to provincial sales tax and therefore the sales tax reduction will be negligible where they are concerned.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the best way to stimulate the construction industry is to have investment and growth in Canada. The policies we put forward last night are to achieve a potential growth of close to 5 per cent for 1978. In this way we hope to stimulate the construction industry.

Mr. Whiteway: In view of the fact that any kind of economic recovery in this country is critical to the construction industry, would the minister explain to the House why there were no measures in the budget to offset the higher interest rates on residential mortgages as a result of his economic policies and, in particular, why there was no interest rate deductibility for residential mortgages?

Mr. Chrétien: Mr. Speaker, I have two points: the first point is that the interest rate in Canada at the present time is lower than it was a year and a half ago; secondly, the increase in the bank rate by one point in the last month has not resulted in an equivalent increase in the mortgage rate. In fact, when we raised the bank rate the first time by half a point, there was no change in the level of interest rates for mortgages. When it was increased by another half point, the mortgage rate increased by only a quarter of a point, not a point.

● (1452)

[*Translation*]

ALLEGED DEFICIENCY OF BUDGET TO COMBAT UNEMPLOYMENT

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is for the Minister of Finance.

Considering that, according to the figures announced today, 1,045,000 people are officially without work in Canada, and more particularly that in Quebec we have 17,000 more people out of work than the previous month, and that the unemployment level is now more than twice as high as in two of the Atlantic provinces, I ask the Minister of Finance why in his budget he did not come to grips with the sad and serious unemployment situation with precise measures throughout Canada and more particularly in Quebec.

Hon. Jean Chrétien (Minister of Finance): If the hon. member listened carefully to the speech I made yesterday, he heard the reasons I gave concerning the budget I brought forward. I gave an incentive of $200 million to the economy this year through which we hope to reach a rate of growth of 5 per cent, thereby reducing the unemployment level.

I would like to tell the hon. member that a 5 per cent increase in the gross national income will be one of the best performances of all countries in the western hemisphere.

Mr. Grafftey: Mr. Speaker, I have a supplementary question and a most explicit one. Considering that today's unemployment in the province of Quebec is largely due to the fact that many labourers have been fired, for instance in the textile, clothing, furniture and footwear industries as well as in other secondary industries, I ask—yes I said "fired"—

[*English*]

I do not take any partisan delight in putting these questions to the worst government since confederation.

[*Translation*]

I ask the minister why the budget does not contain any measure specifically aimed at helping these industries and stimulating the economy, particularly in the province of Quebec where the unemployment situation is so serious today?

Mr. Chrétien: If the hon. member actively follows the trend in Quebec's secondary industry, he will see that the measures we have taken about 15 months ago concerning textiles and some six months ago concerning footwear have given very positive results. It is common today to read that there is a recovery in this sector of the economy. So I do not see why we should add to a set of measures which seem to give good results right now.

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[*English*]

NORTHERN DEVELOPMENT

REASON DEPARTMENTAL ESTIMATES NOT BROUGHT BEFORE STANDING COMMITTEE

Mr. Bob Brisco (Kootenay West): Mr. Speaker, in the absence of the Minister of Indian Affairs and Northern Development, I would address my question to his parliamentary secretary. Can the parliamentary secretary explain why the department's expenditures for the province of Saskatchewan are several million dollars over the appropriated funds for the past fiscal year, and is this one of the reasons the minister's estimates have not been brought before the Standing Committee on Indian Affairs and Northern Development?

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, we are concerned about budgeting and the Saskatchewan allocation and the fact that it is over. It is one of the issues we have been discussing with the regional director this past while. We hope that when the estimates are considered by the committee,

we will be able to discuss that matter fully with hon. members opposite.

Mr. Brisco: A supplementary question, Mr. Speaker. Will the parliamentary secretary confirm or deny that his minister has accepted the single agency concept put forward by the Federation of Saskatchewan Indians, and can he confirm or deny that they are planning to enter into an agreement with the FSI to the tune of $500 million?

Mr. Milne: Mr. Speaker, to the best of the knowledge I have, I would deny that.

* * *

THE CANADIAN ECONOMY

SUGGESTION INCREASED NUMBER OF WOMEN IN WORK FORCE CONTRIBUTING FACTOR IN HIGH UNEMPLOYMENT

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is addressed to the Minister of Finance. In view of the fact that today's figures show that unemployment among women has jumped to 10 per cent, the biggest upsurge in some months, the fact that this could very well be a result of the minister's earlier statements about the increased number of women in the work force being a cause of high unemployment, and considering that last night the minister again pursued this tactic by referring to the growing number of women in the labour force as "one of the problems of the past year", I should like to ask the minister when he is going to stop this reprehensible practice of making a correlation between women in the work force and unemployment, a practice which is making it much more difficult for women to find work?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if the hon. lady has listened to me—

An hon. Member: Hon. member.

Mr. Chrétien: —yesterday, I said in my speech that I do not quarrel with the fact that women have joined the labour force. What I want to illustrate is that there was an increase of almost 900,000 women in the labour force in the last seven years. That is a fact, and I am not blaming it on the situation. I welcome women participating in the economy, but I want to illustrate the fact that it is one of the new components of the economy of Canada.

We have to cope with this problem, and that is why I have to refer to a fact. I do not know that there is anything wrong when I say there are more women in the labour force. We welcome women in the labour force but, of course, that is extending the difficulty because we have to create sufficient jobs to accommodate everybody.

Miss MacDonald: Mr. Speaker, I should like to point out to the minister that there are four million women working in this country because of necessity, not because it is a luxury. There are 20,000 more women out of work this month than last month; 430,000 women, in total, are unemployed. Many of these are single, widowed or divorced and have to work.

I should like to ask the minister if he is really sincere in saying that he is no longer going to make women in the work force the scapegoat for unemployment. Will he tell me why he found it necessary last night to refer to the growth of women in the labour force as one of the problems of last year? Why?

Mr. Chrétien: Mr. Speaker, I was not referring to a problem; I referred to a fact. I tried to explain why we have such a growth in the labour force in Canada. I said that society is changing for the good, but there are 800,000, almost 900,000, more women in the labour force now than in past years. I referred later to the problem of young people coming into the labour force. I referred to the fact that in years to come, because there is less enrolment in the schools, the problem will stabilize.

I do not think anyone should be offended just because I refer to the facts of life. I was very cautious in saying in my remarks that I did not blame it on the women. I just said that it is a fact of life that the labour force is increasing because of the young people who have come into the marketplace, and more women than ever; that is all.

* * *

MANPOWER

REQUEST THAT PROGRAMS BE ESTABLISHED TO CREATE JOBS FOR YOUTH

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to address a question to the Minister of Manpower and Immigration. In view of the fact that each time we ask questions of this minister, he reiterates the old, tired youth programs which have not done the job of reducing youth unemployment, in view of the fact that last night's budget did not announce any new stimulus or proposals to encourage youth employment, and acknowledging the announcement of Statistics Canada this morning which indicates that youth unemployment is now up to 15.1 per cent—an all-time high—which means that half a million young people are out of work, instead of blaming Canada's young and the so-called baby boom which he could have seen from Statistics Canada figures ten years ago, will the minister tell the House when he is going to start fulfilling his mandate by creating programs and an environment in which young Canadians can find work, and meaningful work?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, once again the hon. member is playing with words and twisting them. The fact is, we did try an innovative program, a job experience training program, which was objected to by members of the opposition. It went from 1,000 to 15,000 participants. We tried to bring in work sharing and job creation. Amendments were moved to the act to withdraw those innovative measures, but we stuck to our guns and we have them in place and are making them applicable.

Of the Canada Works Program, some 40 per cent of the people who participated are young persons. In the training programs there is heavy emphasis on young people. We are endeavouring to meet that particular challenge. This year, $96.2 million will be spent directly in creating 60,000 jobs for young people, and we will be placing 250 million people through Manpower. So we are doing our share of the job.

Mr. Dick: Mr. Speaker, it is interesting to know that the Minister of Employment and Immigration is so uninformed and unknowledgeable that he does not even know we do not have 250 million Canadians, let alone that he is able to place that many. He has just confirmed that they are spending less money and hiring fewer young people this year than they have in any year since 1972, with the exception of 1976.

• (1502)

Because of past and present failures to address the youth unemployment problem, will the minister reassess the current youth employment proposals so that they may be made effective? On the last occasion I questioned the minister concerning this matter, he said that the youth advisory board had met twice. Has the advisory board yet made any recommendations and, if so, will the minister share these recommendations with parliament and with Canadians by tabling the recommendations, together with any other advice given by the youth advisory board?

Mr. Cullen: Mr. Speaker, because we have so many excellent programs in place, I think it is appropriate that the National Youth Advisory Group should at least be given an opportunity to study them. They are not studying them on an ad hoc basis; they have set up a schedule of meetings so that they will be in a position to concentrate on the various programs which we have in place, how they might be made more effective, how the job experience training program might be made even more effective than it is at the present time, the employment tax credit program and what impact that has on youth unemployment. There is a whole series of things. These people are there to advise me so the youth of this country can derive tremendous benefit from people who are prepared to volunteer their efforts in this regard.

Mr. Dick: Will you announce them?

An hon. Member: Are you waiting until the election to make the announcement?

EFFECTIVE DATE OF SALES TAX REDUCTION

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Minister of Finance. Would the minister please elaborate—because last night it was not clear—as a result of the agreements with the provinces, which of the agreements with regard to the sales tax are effective immediately, and which must await action by the provinces?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as it is a cut in the provincial sales tax, it is up to each legislature to decide when it will become effective. I understand most of the provinces issued statements yesterday that the sales tax would become effective as of last night.

Mr. Lambert (Edmonton West): As a result of what the minister indicated in his speech, in his last-minute discussions with the provincial ministers of finance will he indicate to us which provinces are prepared to have their agreements effective as of today, and which will take legislative action which may take them some time in the future? The minister should know that precisely and be able to tell the House.

Mr. Chrétien: Mr. Speaker, I cannot speak for the ministers of finance of the provinces who make their own announcements. All provinces agreed to participate in the program on the basis that we were to pay two points out of three for the cut in sales tax. But we have made a special offer to the maritime provinces. As it was sales tax, according to their own legislation they have to make their own announcements. Most provinces made the announcement yesterday that it was to be effective immediately.

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PRIVILEGE

MR. BROADBENT—ALLEGED LEAK OF BUDGET DETAILS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I gave you notice yesterday that information which was contained in the Saturday, April 8, edition of the Toronto *Star* indicated, in its language by the way it was written, that a leak had taken place concerning information about the budget.

We heard the budget last night, and the precise information which was conveyed in the Toronto *Star* article was actually to be found in the budget. Having advised you yesterday, sir, that if such a leak had transpired I would rise today to pursue the question of privilege, I now find that I am under an obligation to do precisely that. Not only was the information contained in categorical language in the Toronto *Star* found in precise detail in last night's budget, but I would also like to draw to your attention that since looking at the Toronto *Star* of Saturday, April 8, I have had brought to my attention a column in the same newspaper of the previous day, by Mr. Dalton Camp, who also outlined in precise detail the content of the budget as it pertained to tax changes as it affected a number of provinces.

I want to stress that the information was not given in general terms, that this would be the general direction of the budgetary proposal, it was given in both instances in precise detail. Variations of tax rates as they would affect different provinces were shown. That information is to be found in the column by Dalton Camp in the Toronto *Star* for Friday, April 7, and as well in a news report in the Toronto *Star* for Saturday, April 8.

I learned yesterday that the CTV "National News" on Sunday, April 9, contained not only the same detailed information about the budget as it pertained to changes in the sales

tax as it would affect the various provinces, but in addition the same news broadcast on CTV referred categorically to the fact that there would be changes in research and development benefits for corporations. It was also indicated that there would be a $1 billion stimulus provided in the budget for the economy. These were alleged to be facts in the news report. I stress again these items were not put forward in conjectural language, that these might be in the budget, were rumoured to be in the budget, or in language of that kind; it was categorically asserted that this information would indeed be found in the budget.

All three reports, the Toronto *Star* of April 7 and April 8, and the CTV "National News" on Sunday, April 9, made absolute assertions about factual details which were to be included in the budget, and which we found last night were indeed there.

I would like to make it clear that my concern about the budget leak is not based on any misguided concern about perpetuating old traditions. There are a lot of traditions certainly worth keeping, but I am not among those who believe that anything that has gone on in the past should be infinitely perpetuated into the future. The essence of the argument, as I understand it, the traditional parliamentary concern about budget secrecy, pertains directly to avoiding the possibility of private gain being made, or corporate gains being made, as a result of obtaining premature information contained in the budget.

I want to say to you, Mr. Speaker, and through you to the Minister of Finance (Mr. Chrétien), that there was indeed important corporate information in last night's budget. It contains, among other proposals, further tax concessions that are to be made to the oil industry of Canada. With so much obvious detail having been leaked, and in my judgment that is beyond question, about the budget as it affected tax changes, the sales tax levels in the provinces, and as it affected stimulus in the economy and as it affected other matters to which I have already alluded, the question then remains that if the people who found out about these proposals got that information so readily, perhaps they found out also there was to be a special tax concession to the oil industry. The immediate consequence of that would be to cause changes in the stock market.

Mr. Speaker, the stock market changed this morning. The value of Imperial Oil went up on the stock market today. Imperial Oil was one of the principal beneficiaries of last night's budget. Therefore, the issue for me is not merely an abstract concern about maintaining an old budgetary tradition of secrecy. In this case the secrecy pertains very much to the importance of parliamentary government, of maintaining by severe restriction all budgetary information to the minister and his officials in order to avoid the possibility of people cashing in, as a result of the budget, in a significant way.

● (1512)

There is the very strongest indication, whatever its source, that there was a budget leak of major proportion. In my judgment, very substantial parts of last night's budget were in fact made available, whatever the source, to a number of news sources. Perhaps one news source received that information and spread it to another news source. The important point is that a leak has taken place.

I should like to refer to two precedents in modern history of parliamentary government. They took place in 1936 and 1947 in Great Britain. As soon as the evidence became very clear that there had been a leak, in one case the minister resigned, because inadvertently he had slipped out the information to a journalist on the evening of the budget. Thus, he resigned forthwith. In the other instance, when the evidence was brought to the attention of the minister in 1936 that it looked like a leak had taken place, automatically he ordered a formal inquiry, because he recognized the fundamental importance of the question of budget secrecy. Prompt, responsible, and thorough action was taken in both cases.

Because the budget contains information which affected very directly the value of the stocks of Imperial Oil, as well as perhaps of other companies, and the fact that we have had clear evidence of the possibility of a leak of budgetary information, we have to face the clear possibility that some people might have bought stocks of Imperial Oil just a few days ago in clear anticipation of a budget which would increase the value of those stocks, therefore raising the possibility of thousands of dollars of windfall profits to those individuals within a period of days or hours. It is a serious issue.

Unless the Minister of Finance announces his intention this afternoon of ordering a thorough inquiry and naming specific individuals to conduct this inquiry, then I have no other course of appropriate action, following Your Honour's ruling that I have a prima facie case, than to suggest that the matter of a possibility of a leak of information in last night's budget be referred to the Standing Committee on Privileges and Elections for investigation.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, of course when I was made aware of the story in the Toronto *Star*, I was a bit preoccupied; but I should like to give some information to the House which probably will clarify the situation.

First, I talked about this proposition of a sales tax cut in which we were to share in the cost. I made it clear to the provincial ministers of finance some weeks ago it was always a hypothetical possibility. I went to them, and we discussed all sorts of matters such as the dollar, the monetary and fiscal policy of the government, what we should do, and what were their views. In the discussions, I discussed that possibility. I said to them that there was some interest in that, and that I was just trying to find out if they would be interested in participating.

All along I said that they would learn by the night of the budget if we were going or not going. That was discussed as a possibility. I was very frank with them, because when one discusses something with the provincial ministers of finance, it is a noble attitude to express to them what one feels about it.

Personally I was interested in putting it forward, but I always said to them that "it will depend on the response I have from the other provinces." All along I said to them that I was not sure to go. So, this week the ministers of finance of the provinces knew that it was a possibility. At no time did they know I had the intention of going. In fact, when it was written in the paper, no provincial ministers of finance knew, because even at that time I was not sure that I would be able to proceed.

It was a working hypothesis which we utilized. In sending the documentation in relation to that, always I was very careful to say, "if we go along". Thus, at no point could one conclude that I was to go. Particularly in my case it is quite evident that I have not leaked to Dalton Camp, because I do not know the gentleman and he does not come into Liberal circles too often. I just want to say that I take it lightly, because it was only yesterday afternoon after two or three o'clock that I started to talk to some of the ministers. First I talked to the minister in Alberta, who was not really involved. After that I went across the nation and I reached all of them, but one. The one I have not talked to had told me in previous conversation that if I were to go, he had no problem with it and he would come along. Always I said to them that they would have a definitive answer just before the budget. Some of them were making contingency plans in order to be ready.

Two of the provinces brought down their budgets last night. The minister of finance for British Columbia learned definitely of it some hours before the House knew. When he got up in the legislature in Victoria, he cut his own sales tax by two points, but did not refer at all to the contribution which the federal government was to make. This is that part of the story.

Of course we are running the risk, in discussions with the provinces, that sometimes these things can get out. I was very aware of it. I remember the many debates in the House about the too great secrecy there is in this land about the budget.

An hon. Member: About a lot of things.

Mr. Chrétien: Yes, about a lot of things. I am trying to do something in my own field. I talked to them, knowing there was some danger. I am very grateful the provincial ministers of finance collaborated and dealt with this proposition in a hypothetical way.

This was a suggestion which I made public myself as a possibility, in October, to the provincial ministers of finance meeting. Again it was raised at the ministers of finance meeting in January. So, a lot of economists, political commentators and so on were writing about it. They indicated that probably it is the best mechanism we can use to make sure that any tax cut will go into the hands of those who spend their money, and that it will not go into savings.

An hon. Member: As well as some hon. members of the opposition.

Mr. Chrétien: Yes, some members of the opposition made that suggestion often. I just worked on that hypothesis. So, I do not think I should be too embarrassed by this story. In fact, the other article referred to R and D. I do not know the term they used regarding the R and D decision, but it was something about a tax credit. I did not go for tax credit. I chose another vehicle to stimulate R and D in Canada. Who would be surprised that I moved into R and D? At the first ministers' conference it was one of the recommendations of the first ministers. It was quite evident that anybody in his senses ought to listen to what the premiers and the Prime Minister (Mr. Trudeau) had to say.

● (1522)

A lot of groups were asking that something be done about research and development. I listened to them, but no one knew exactly what I would do. In fact, I did not take the route of tax credits. I chose another route. So I do not think I ought to be embarrassed about it at this moment. I checked with my officials—and very few of them were involved—to see whether any of them had been responsible for a leak. I asked them, although, of course, I would not expect them to tell me if any one of them had been responsible. The precautions concerning budget secrecy have been taken in my department.

Of course, I did discuss with provincial colleagues in a hypothetical way the possibility of action along the line I eventually took. But going over debate in this House and the precedents which have been cited, I can assure the hon. member that there is no leak from the department and that I have not talked to the individual who wrote the story in the Toronto *Star*. Where he got it from, I don't know. This presents a difficult problem because the proposition had been discussed with the cabinets of all the provinces to find out whether they were willing to accept that hypothetical suggestion of mine, or not.

Should we now hold an inquiry and call in the ministers of all the legislatures? Perhaps one of them has spoken. Perhaps officials in other departments of finance in the provinces have done so. I have tried to work with the finance ministers in all the provinces, ministers of differing political stripes, in an attempt to come to an arrangement which would make sense to all of us. I do not think I should apologise for doing so. The reality of the economic situation in Canada today is that 60 per cent of the tax "take" goes to the provincial and municipal treasuries, leaving only 40 or 42 per cent for the federal treasury. We try to work in close co-operation with the provinces so as to harmonize our tax policies. I believe the House should welcome this new approach.

I am willing, Mr. Speaker, to make a reference to a committee so that members might look at some of the taxes proposed before a budget, and could recommend to me what action I might take. Of course, I cannot undertake to accept those recommendations; ministers do not always accept recommendations made by committees. But I think I would gain a great deal if a standing committee were able to look at specific proposals and make recommendations to me before I reached a decision. I want to take a noble approach and to engage more

people in the elaboration of the government's approach to economic policy.

As to the other matter, I am satisfied that I am not responsible for any leak, nor is any member of my department, to the individual who wrote the article in the Toronto *Star*. It was a rumour, and it was a rumour on the wrong wicket, because I did not choose tax credits but another avenue. So I do not see why an inquiry is needed at this time. As I say, it could involve all the ministers of finance. Would it be reasonable to ask me and all the provincial ministers to resign? We do not know who it was and, in fact, it was not a federal tax which was cut yesterday; it was a provincial tax. It is not my tax. I do not have any sales tax under my control.

Mr. Hnatyshyn: You have nothing to do with it, then?

Mr. Chrétien: No.

Mr. Hnatyshyn: Of course you have something to do with it.

Mr. Chrétien: I am very pleased hon. members have shown such concern about this matter because we should all be careful to guard against budget leaks and make sure that no one makes a buck out of budget preparations. Consider what has been done with regard to oil and gas, the tar sands, in terms of tertiary recovery. There was no mention of that at all.

As a result of the budget, the value of some stock went up today on the market. Now, Mr. Speaker, if the stock had gone up yesterday, perhaps the hon. member would have a case. But today, he has no case, in my judgment.

I have tried to be as candid as possible with the House. I want to say to the hon. member that I do not feel guilty of any wrongdoing. I am satisfied I have acted in the best interest of the nation and I do not have any intention of resigning, because you know how much I like being a member of parliament and a member of this government.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the statement made by the hon. member for Oshawa-Whitby (Mr. Broadbent) was at best speculative, but I think it was proper it should have been made yesterday because of the story which appeared, and I think it is proper that the minister should have returned to the subject today by making a statement, to which I have listened with great care.

The minister has told the House that there has been no leak, and the House is bound to accept that statement from him.

Mr. Chrétien: From our level.

Mr. Baker (Grenville-Carleton): From the level of the federal government. The minister has also told us that, if there were discussions, they were discussions at federal-provincial conference meetings between finance ministers with regard to matters of a hypothetical nature. I accept that. If that is the extent of it, and that is what the minister has told us, then I do not think this constitutes a leak in the classic sense.

It is interesting to examine the precedents for this kind of thing. The precedents cited by the hon. member for Oshawa-Whitby arose in a unitary state where there was no mixture of taxation authority, no sharing of authority or possibility of one level upsetting the tax proposals of another. In that context the possibility of discussion even in a hypothetical way takes on a completely different sense. As we move ahead and rationalize relationships between the provinces and the federal government, in order to bring the provinces into the federal picture in a way which has been denied them during the last ten years there must be increasing use made of this kind of hypothetical discussion, otherwise the two levels of government would find themselves working, as it were, in a vacuum.

The minister has told us he is open to consider some changes in our procedure. I would be the last to argue that parliament should involve itself in the budget-making process as such. That is an executive function. Nevertheless, the executive functions leading up to the budget are not an exclusive jurisdiction enjoyed by members on the treasury benches opposite and, in my judgment, this parliament has a long way to go before a satisfactory mechanism for dealing with this question is found. The minister's predecessor made some suggestions for procedural improvement, and I recall that the hon. member for Eglinton (Mr. Sharp), when he was House leader, also made certain proposals. None of them have been acted upon, though.

If the minister is, indeed, serious, we must pay more than lip service to the idea that before the finalization of the budget by the executive branch, parliament should be allowed an opportunity to make its contribution based on specific proposals. What ought it to be based on? First, it ought to be based on the documents governments prepare to advise themselves with respect to options. Second, it ought to be based on pre-budget submissions which are made by manufacturers' associations, labour unions, and trade associations and others. Those submissions ought not to be made only to the government; they ought to be tabled in the House of Commons in the ordinary way so that they are part of the process.

• (1532)

Certain changes must be made with respect to the budget-making process. It has to be more open not only in the executive function but also in those parts leading up to that function, because what happens in terms of budgets is that the government takes a position in parliament, but that position is not tempered in any way by any prior intervention by members of parliament who, as representatives, are just as concerned about the form of budgets as are others.

As I said at the outset, there may be differing views, and I respect them, but I listened carefully to what the minister said, and as a member of parliament he undertook that there had not been a leak.

The minister stated that he had not told anyone in advance what was going to be in the budget which he presented to the House last night. He said he had hypothesized about things which might have been in it. If that is the case, I think members of this House must accept the representation of the minister. There may be some questions about his wisdom in

doing that, but in the traditional sense I do not think there has been a leak.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise on the same question of privilege. The hon. member for Oshawa-Whitby (Mr. Broadbent) raised the matter of what was in the budget regarding resource industries and tax measures regarding the oil industry in particular.

I wonder if the Minister of Finance (Mr. Chrétien) would not agree that he should at least check into trading on the stock market on Friday and yesterday prior to his budget. This morning's *Globe and Mail* shows yesterday's trading in Imperial Oil A stocks at 92,000 shares, which is highly unusual compared with the rest of the page. I notice that the volume for Consolidated Gas is 20,000 shares, and for Pacific Petroleum it is 13,500. Dozens of other companies which are not in the resource or petroleum business experienced share trading which seems to be nominal or insignificant. I think it is reasonable to suggest to the Minister of Finance that he and his officials look into that.

The *Globe and Mail* says the following:

> Imperial Oil A rose 12 cents on 92,013 . . .
>
> Among the bigger gains: Texaco Canada . . . Ram Pete and Canadian Superior . . . Union Oil Canada . . . Pan Canadian Pete . . .

—which is CPR.

All made big jumps yesterday in the market. I am no expert on this, but it seems to me that it is worth looking into. It seems to me that the volume of trading in the shares of those particular oil companies was higher than one would expect on an average day, and I think the minister, if not yourself, Mr. Speaker, should look into that.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I confess I must express some surprise at the statement made by the hon. member for Grenville-Carleton (Mr. Baker). I do not disagree with his contention that we have to accept the word of the Minister of Finance (Mr. Chrétien) that he did not leak any of the information in last night's budget, but to move from that to the assertion that there has been no leak strikes me as preposterous. The fact of the matter is that material which was in last night's budget was printed in newspapers two or three days ago.

Let it be said again quite clearly that what we are discussing is not speculation. The stories were not written in those terms. The stories were written in very firm terms as to what would actually happen.

Mr. MacFarlane: What do you want to do? Send them to jail and make them reveal their sources?

Mr. Knowles (Winnipeg North Centre): When it turns out that statements in the press as to what would happen were confirmed by the announcement last night—and, as I say, we can accept the word of the Minister of Finance that he did not do the leaking—certainly there has been a leak. It seems to me that in the interests of the whole budgetary process this matter should be thoroughly investigated.

The Minister of Finance today, as the President of the Privy Council (Mr. MacEachen) did yesterday, made allusions to discussions which have been taking place about some possible changes in our budgetary procedures. I think there is merit in the idea that perhaps there should be a discussion of economic matters in which all members participate before a budget is drawn, and there are other changes which might well be made.

As my leader has said, just because something is traditional, we do not have to stay with it forever, but surely, no matter how far we might go in making procedural changes, we should not abandon the principle that information should not get out in advance of the presentation of a budget which would permit individuals or corporations to make private gains. That is the reason for all this. It is not just because of some tradition, something we should stay with, for the fact of the matter is that if the information which is in a budget is out a few hours or a few days ahead, it puts some individuals or companies in a position to make windfall gains. Therefore we feel that what has happened is indeed serious and should be investigated. The point made by the hon. member for Regina-Lake Centre (Mr. Benjamin) is well taken. I think it is something which should be part of any investigation.

When he was on his feet the Minister of Finance said that if there had been stock market increases yesterday, that would have been something to worry about. We would not have expected any stock market changes yesterday; the stock market would have had to wait until the budget was announced. However, if it is true that there was a run on Imperial Oil stocks yesterday, that would add weight to the proposition that perhaps someone knew what was going to take place with respect to the budget last night.

These are reasons why, in my view, the matter ought to be investigated. I realize that it gets a bit awkward when the minister has to tell us that hypothetical discussions took place with the provinces and when he says that so far as he can ascertain nothing wrong was done among those under his control. It is a bit awkward when we start inquiring about others, but if there are going to be federal-provincial discussions about tax matters, we still must maintain the principle that individuals should not be able to make special gains because of leaks that they get.

I noticed that the story which appeared in the Toronto *Star* on Saturday was very specific in terms of what would happen in Ontario. It said that the sales tax in Ontario would be reduced from 7 per cent to 4 per cent and that that would result in a certain reduction in the total price of cars in Ontario. I admit that that throws suspicion somewhere else and not here. It throws suspicion on those in Toronto who may have known, but just because that is uncomfortable or embarrassing, that is no reason for us to stay away from an inquiry when something as important as budget secrecy has been broken.

I say to the minister, to Your Honour, and to the hon. member for Grenville-Carleton that, notwithstanding the speech the hon. member for Grenville-Carleton made, there has been a leak, and it is a serious matter.

● (1542)

I think that my friend, the hon. member for Oshawa-Whitby (Mr. Broadbent), is quite correct in what he has requested. I notice that yesterday he made quite a bit of the precedents in the United Kingdom, and while he did not call for this minister to resign, he pointed out that there have been ministerial resignations. I believe he has taken a very responsible attitude today in admitting that there is probably nothing that the minister did that is wrong and in not calling for his resignation. But the other thing that has not happened which should have happened is the investigation, and I regret very much that the Minister of Finance tried to dismiss this matter so easily. I think it is serious, and I hope that the House will insist that there be such an investigation.

Mr. Speaker: Order, please. The hon. member for Oshawa-Whitby (Mr. Broadbent) gave the Chair notice of his intention to raise this question of privilege. He put forward a motion at the conclusion of his remarks today, and I will take the matter under consideration.

There are, however, some remarks that should be made now. It is a matter of course under our practices that any budgetary leaks are considered very serious. Two examples in the British precedents were put forward in support of the notion that a minister who assumes responsibility for any complicity in a budget leak should resign, and that an investigation should take place. In fact, I think it will be interesting for the House to know that in both of those precedents in the United Kingdom that matter was not treated as a matter of privilege. In fact, what happened was an agreement in the House that some investigation in each case would take place; in one case there was the resignation of the minister, and a committee of the House examined the matter, and in the other case a judicial committee was set up. But it is interesting to note that in neither of those cases was the matter treated as privilege.

In addition, we do not have in this situation an acceptance of responsibility. We have an argument which begins with the publication by a newspaper over the weekend or before the weekend. So one of the ingredients that exists here and that did not exist in the U.K. examples is the fact that we have to argue from the very presentation of a newspaper as to whether or not that can be taken as speaking for itself, and therefore leaving the very conclusion which would indict either a minister in the House or someone on his staff who might be responsible. In other words, there is a chain of events that seems to be missing here, and that is something to which I must give consideration.

Furthermore, there is an extraordinary situation related to this budget, and that is, as the minister developed today and as hon. members know, we are not dealing with federal tax cuts; we are dealing with provincial tax cuts. Indeed, it would not have been possible for the minister to come to the House last night without having had some prior consultation, I assume, with his provincial counterparts with whom he was collaborating in effecting some sales tax cuts.

[Mr. Knowles (Winnipeg North Centre).]

That being the case, the federal Minister of Finance (Mr. Chrétien) was in a rather extraordinary position in relation to this particular budget. He was not coming to the House to announce tax cuts only in his own jurisdiction; he was announcing tax cuts on which he had elicited co-operation in prior consultations with provincial ministers. The minute the minister is under obligation to consult with some of his colleagues across the country, there is the risk and danger that the information has gone beyond their ears to other sources because, by the very terms of the budget, he had obviously started some sort of consultation which had not been the practice in previous budgets because there had not been the need for this kind of interprovincial and federal co-operation. That is another ingredient which I want to examine.

Finally, the Minister of Finance made this afternoon a most significant revelation, namely, that the original article which gave rise to the question of privilege yesterday raised by the hon. member for Oshawa-Whitby was an article which appeared in the Toronto *Star* on Saturday afternoon. The Minister of Finance indicated here this afternoon, in the argument, that his final decision in respect of the reduction of the sales tax could not have been taken until he had the accord of his provincial counterparts, which he did not have until late yesterday afternoon.

Some hon. Members: No.

Mr. Speaker: That is exactly what the Minister of Finance said. Therefore, his own final decision could not have been made until yesterday. Therefore, the possibility of a positive, confirmed revelation, in advance of a decision taken in respect of the budget, as early Friday or Saturday seems to me to be a logistic impossibility. However, once again let me say that I will have to examine the record to see exactly what the minister said. That is an argument that I must take into account.

These are four very significant aspects of the situation before us which did not exist in the U.K. precedents, and therefore I will give the matter serious consideration before coming down with a final decision.

Mr. Chrétien: Mr. Speaker, I rise to make a correction. Perhaps I have not been understood correctly. What has happened is that I consulted the ministers of finance of the provinces. During the course of the week I was able to make up my mind. I told them that I was not sure to go, and it was only yesterday that I told them I was going. Of course, at no time did any one of them know precisely if I was going or not going. Of course, they could have guessed that I was interested because I was calling them, but at no time did I say I was going. It was only yesterday that we had an agreement that only a few hours before the budget I would tell them if we were going or not going, and I did it yesterday.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I wonder if the minister would allow a question. I listened to his argument. I am always very impressed by him, and I have said that to him personally and publicly.

I listened today to his explanation and found that the one thing which stands out is that he dealt exclusively with the sales taxes, in other words, with those matters in respect of which he discussed the probabilities and possibilities as to what course would be taken with the provinces. However, he did not refer to the petroleum and gas terms. Did he deal with those matters in his talks with the provinces? That is a simple question. No reference was made by him at all with regard to gas, oil, and petroleum. Naturally one wonders when one hears a good argument which covers everything but the facts which might be embarrassing. Did he discuss with the provinces matters concerning changes in terms regarding oil, petroleum, and mining?

Mr. Chrétien: Mr. Speaker, I did not discuss those matters at all with the provincial ministers of finance. We discussed the general economy, we discussed the situation of the Canadian dollar, and so on. The only specific item that could have been in the budget that I mentioned to them and on which I asked them if they were agreeable, was the sales tax. I did not raise the matter of the RRSP, nor did I discuss with them the questions of oil, gas, and any of the other items. The only specific item that was found in the budget that I discussed in a hypothetical way with the provincial ministers of finance, who, I understand, discussed it with their own cabinets, was the possibility of a joint agreement on the sales tax.

Mr. Diefenbaker: Mr. Speaker, the statement made now by the minister clarifies the situation. Apparently Your Honour was under the impression that the representations or the discussions with the provinces covered the whole gamut. They did not, and the minister frankly said so. Therefore, there was a leak, and it has no reference whatsoever to the discussion with the provinces. That is the point I am making, and I have listened to the minister with great care. He has been frank, and his answer indicates that somebody within the Department of Finance or within the cabinet, or some of the officials, did discuss this matter and did make it available to the press.

I point out that a couple of years ago in 19—

Mr. Speaker: Order, please. The right hon. member for Prince Albert (Mr. Diefenbaker) might have a separate question of privilege. However, I would remind him and the House that we are dealing today with the continuation of the question of privilege raised yesterday by the hon. member for Oshawa-Whitby.

The hon. member for Oshawa-Whitby based his question of privilege yesterday on an article in the Toronto *Star*, which contained in its opening sentence the assertion that in his budget the finance minister would put forward a provision which would enable the provinces to reduce the sales tax—I do not remember the exact wording. The hon. member for Oshawa-Whitby raised yesterday a question of privilege based on a specific assertion in that article which related to an agreement between the federal government and the provinces in respect of the sales tax. If there is another point on other aspects of the budget relating to petroleum or any other features in the budget, in my opinion that is a separate point entirely, which the right hon. gentleman, of course, has the right to deal with as he wishes. However, the argument that the hon. member for Oshawa-Whitby is confined to is the sales tax provision. That was the nature of his argument yesterday, and which was addressed by the Minister of Finance today. It is that point on which I have to make a ruling.

• (1552)

If there is another matter of privilege with respect to the budget, I would be glad to hear it.

Mr. Diefenbaker: If I may complete my remarks, I am glad to have it clarified that we are dealing only with the question of sales taxes. There would be no particular opportunity to make a profit there if the information got out. The essence of the rule concerning budget secrecy was dealt with in 1977 by the seminar held in Ottawa in Canadian Studies. It states:

—no one should be able to gain a private advantage by reason of advance information about matters to be dealt with in a budget.

If it is restricted to the question of sales taxes, I cannot argue that. However, as far as oil companies and mining companies are concerned, they would be in a wonderful position.

We have often wondered in connection with investment if it would be wise to go to fortune tellers to find out what is going to happen. Those who read this article in connection with the oil industry and the like certainly must have had second sight, perfect sight, psychopathic sight, or fortune teller sight.

MRS. HOLT—STATEMENT ON WOMEN IN WORK FORCE

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question of privilege arises out of something that was said during the question period. As one of the few women members in this House I feel obliged to correct a misleading statement—I am sure an inadvertently misleading comment made by the hon. member for Kingston and the Islands (Miss MacDonald). Women are not only in the work force out of need, but also by choice and as a right to share in the building and growth of their country. It is as a result of this government's leadership in recognizing women as vital partners in the economic and social strength—

Mr. Speaker: Order, please.

ROUTINE PROCEEDINGS

[*Translation*]

AGRICULTURE

First report of Standing Committee on Agriculture—Mr. Smith (Saint-Jean).

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

Introduction of Bills

[*English*]

ENERGY

TABLING OF ANNUAL REPORTS OF ELDORADO NUCLEAR LIMITED AND PETRO-CANADA

Hon. Ron Basford (Minister of Justice): Mr. Speaker, may I table in both official languages the annual reports of Eldorado Nuclear Limited and Petro-Canada for the fiscal year ending December 31, 1977.

* * *

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS TO ADMINISTRATOR

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act, I wish to table, in both official languages, copies of four reports sent to the Administrator by the Anti-Inflation Board.

* * *

HUMAN RIGHTS

FREE POLITICAL EXPRESSION FOR PUBLIC SERVANTS

Mr. Stuart Leggatt (New Westminster) moved for leave to introduce Bill C-440, respecting political partisanship.

Some hon. Members: Explain.

Mr. Leggatt: Mr. Speaker, the purpose of this private member's bill is to amend two acts, the Human Rights Act and the Public Service Employment Act. At the present time some 500,000 public servants in Canada are denied the right to participate in the political process as a direct result of section 32(1) of that latter act. The effect of my bill would be to amend those clauses to deny only the deputy heads the right to participate in this process, and to allow those generally employed by the civil service to participate, as we all have a right to do.

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

* * *

TAX REBATE DISCOUNTING ACT

MEASURE TO CONTROL TAX DISCOUNTERS

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs) moved for leave to introduce Bill C-46, relating to the discounting of overpayments of tax under the Income Tax Act and related payments.

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

[Mr. Speaker.]

JUSTICE AND LEGAL AFFAIRS

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

On the order:

Motions—Mr. McGrath:

That the third report of the Standing Committee on Justice and Legal Affairs, presented to the House on Wednesday, March 22, 1978, be concurred in.

Mr. James A. McGrath (St. John's East): Mr. Speaker, this is the fifth day that this motion has been called. By way of a point of order, I would like to point out to the House that my colleagues and I are prepared to allow the motion for the concurrence in the report of the Standing Committee on Justice and Legal Affairs dealing with a number of subject matters from a number of private members' bills, mainly the subject of pornography under the Criminal Code, to go without debate. Our party does this because the recommendations of the committee were unanimous. It is an excellent report, and I commend it to the members of the House.

However, in the event that there is not a disposition to allow the motion to go forward without debate, perhaps then it could be the subject of consultation between the House leaders so that time could be arranged to have debate without taking up a full parliamentary day. I put this suggestion forward by way of a point of order, Mr. Speaker, so that with the limited time we have left in this parliament we will not have to take a full day debating the unanimous report. I commend the member for Windsor-Walkerville (Mr. MacGuigan), the chairman of the committee, on an excellent report. His motion takes precedence over mine, and I allowed that to happen because, after all, he is the chairman of the committee. But I do say that I would like to see concurrence in this motion, and I suggest that perhaps it could form the basis of discussion so that time could be taken—not a full parliamentary day—to deal with it.

Mr. Stuart Leggatt (New Westminster): With regard to the same point of order, Mr. Speaker, I rose in my place several days ago to indicate that there was not unanimous consent that this matter proceed without debate in the House. The hon. member for St. John's East (Mr. McGrath) is perfectly correct in pointing out that it is a unanimous report. However, it is the view of my party that this is a far too important a subject to go routinely through this House without debate. We would agree with the suggestion of my hon. friend of allocating some time. We are not interested in stalling the process of the House for very long, but we think a reasonable time should be set to debate this very important subject that has been raised by the Justice and Legal Affairs committee.

Mr. Speaker: I take it from the intervention by the hon. member for St. John's East (Mr. McGrath) that what he is telling the House is that, since no agreement is present to let the matter go without debate, he is asking that his motion be stood in the hope that consultation might take place on the subject.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 377, 1,078, 1,089, 1,299, 1,317, 1,335, 1,339, 1,411, 1,412, 1,413 and 1,421.

[*Text*]

"OPTION NORTH" PROJECT

Question No. 377—**Mr. McIsaac:**

1. Under the Canada-Saskatchewan Interim Subsidiary Agreement on the Saskatchewan Northlands, what amount of federal funds have been allocated to the "Option North" project?

2. (a) What are the titles of the various sub-projects (b) what amount of federal funds was expended to date, in each case (c) how many persons were assisted under each sub-project (d) what share of the total cost of the sub-projects is represented by the federal contribution?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. Under the Canada-Saskatchewan Interim Subsidiary Agreement on the Saskatchewan Northlands, from April 1, 1974 to March 31, 1977, $951,000 of federal funds has been allocated to the "Options North" Project.

2. The titles of the various sub-projects, the amount of federal funds expended to date, and the number of persons assisted under each sub-project are listed in the following table.

(a) Sub-project Titles	(b) Options North Total Expended April 1, 1974 to March 31, 1977 Federal Funds	(c) Persons Assisted
1. Community College Development	$ 36,058	See Footnote 1
2. Manpower	4,178	See Footnote 2
3. Northern Careers	156,399	120
4. Northern Training Program	42,086	156
5. Training in Government	141,842	30
6. Training Opportunity Program	337,883	439
7. Staff Training Career Counsellors	14,321	5
Total	732,767	750

(d) The federal contribution to each of the sub-projects is sixty per cent.

Footnote 1— Indirect benefit was provided to students of the West Side Community College at Beauval under the Community College Development sub-project. As well, residents of the West Side and LaRonge regions of northern Saskatchewan would receive indirect benefit.

Footnote 2— A study called "Options North—A General Program Outline" was undertaken under this sub-project. The results of the study have an indirect impact on the 750 persons who are directly exposed to the sub-projects on training (items 3 to 7 inclusive).

GRANTS—PLANNED PARENTHOOD FEDERATION

Question No. 1,078—**Mr. Epp:**

Did the government make any grants to the Planned Parenthood Federation and, if so, in what amount, by year?

Hon. Monique Bégin (Minister of National Health and Welfare): The Planned Parenthood Federation has received the following grants:

Year	Amount of Grants
1972/73	$ 500,000
1973/74	498,200
1974/75	600,000
1975/76	785,909
1976/77	448,129
1977/78	600,000
Total	$3,432,238

This includes sustaining and training grants as well as demonstration grants.

PLANNED PARENTHOOD FEDERATION AND SERENA, CANADA

Question No. 1,089—**Mr. Reid:**

1. What are the amounts provided by the Department of National Health and Welfare as (a) sustaining (b) training (c) research (d) printing grants, over the past five years to the Planned Parenthood Federation of Canada, its affiliates and Serena, Canada?

2. If there are differences in the amounts provided in each category in Part 1, what are the reasons and on what policy are such judgments based?

Hon. Monique Bégin (Minister of National Health and Welfare):

	Year	(a) Sustaining	(b) Training	(c) Research	(d) Printing
Planned Parenthood Federation of Canada	1972-1977	2,757,500	34,038	Nil	Nil
Planned Parenthood Federation of Canada-Affiliates	1972-1977	86,694	488,925	103,671	Nil
Serena Canada	1972-1977	852,000	9,079	5,000	Nil

Introduction of Bills

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,299—**Mr. Bawden:**

1. As the government is an investor in the Syncrude project, was Crown Assets Disposal Corporation asked by Canada Bechtel to handle the disposal of surplus assets?

2. Did the Minister of Supply and Services give his approval to Crown Assets Disposal Corporation?

3. What was the estimated recovery value of the assets to be sold?

4. What was the acquisition cost of the assets?

5. Did Crown Assets Disposal Corporation implement the programme and, if not, for what reason?

6. Who is to manage the disposal of the surplus assets?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. No.

2. Not applicable.

3. Not applicable.

4. Not applicable.

5. Not applicable.

6. Not applicable.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,317—**Mr. Bawden:**

What is the policy of Crown Assets Disposal Corporation as to determine the value of merchandise prior to selling, so as to be a guide for the acceptance of bids?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Crown Assets Disposal Corporation investigates the selling price on prior sales of a like material, as well as the current value on the open market, if available.

CROWN ASSETS DISPOSAL CORPORATION—CUSTODIAL POLICY

Question No. 1,335—**Mr. Bawden:**

1. What is the custodial policy of Crown Assets Disposal Corporation when items are missing?

2. What is the policy of the government and the Corporation in cases where major quantities of surplus Crown assets are found to be missing or unavailable at time of delivery to the purchaser?

3. How many claims did Crown Assets receive for non-delivery of goods to bidders in the years 1974 to 1977 inclusive?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. The corporation ascertains from the declaring department the reason for non-availability of the material.

2. After investigation, the corporation negotiates with the purchaser to effect an equitable settlement or refund.

3. The corporation has not set up a system particularly aimed at retrieving this information. To provide an accurate reply would entail a lengthy and costly examination of each Report of Surplus (10,000 a year) which cost in manpower and time would be exorbitant and prohibitive.

[Miss. Bégin.]

DEPARTMENT OF NATIONAL DEFENCE—ENGINEERING SERVICES

Question No. 1,339—**Mr. McKinnon:**

Has Davis, Eryon and Associates Ltd., 2540 Sheffield Road, Ottawa, provided engineering services to the Department of National Defence in the amount of $34,105 and, if so, what were such services?

Hon. Barney Danson (Minister of National Defence): Yes. "Study of Canadian Commercial Options for Replacement of the One-Quarter Ton Truck".

RETIRED ARMED FORCES PERSONNEL ON PENSION

Question No. 1,411—**Mr. Knowles (Winnipeg North Centre):**

1. How many retired Armed Forces personnel are receiving pensions, including their basic pensions and any supplement or supplements added thereto, of amounts within each of the following brackets (a) less than $20.00 per month (b) $20.00 to $29.99 per month (c) $30.00 to $39.99 per month (d) $40.00 to $49.99 per month (e) $50.00 to $59.99 per month (f) $60.00 to $69.99 per month (g) $70.00 to $79.99 per month (h) $80.00 to 89.99 per month (*i*) $90.00 to $99.99 per month (j) $100.00 to $149.99 per month (k) $150.00 to $199.99 per month (l) $200.00 to $249.99 per month (m) $250.00 to $299.99 per month (n) $300.00 to $399.99 per month (o) $400.00 to $499.99 per month (p) $500.00 to $599.99 per month (q) $600.00 to $699.99 per month (r) $700.00 to $799.99 per month (s) $800.00 per month and over?

2. How many widows of Armed Forces personnel or of retired Armed Forces personnel are receiving pensions, including their basic pensions and any supplement or supplements added thereto, of amounts within each of the brackets indicated in the above question?

3. What is the total number of retired Armed Forces personnel and also the number of widows of Armed Forces personnel or of retired Armed Forces personnel presently residing in each province?

4. In respect of how many orphans of Armed Forces personnel are pensions being paid and what is the average amount?

Hon. Barney Danson (Minister of National Defence): 1. As of February 28, 1978 the number of retired Armed Forces personnel receiving monthly pensions totalled 52,500 within the following monthly brackets: (a) less than $20.00, 31; (b) $20.00 to $29.99, 55; (c) $30.00 to $39.99, 131; (d) $40.00 to $49.99, 238; (e) $50.00 to $59.99, 233; (f) $60.00 to $69.99, 178; (g) $70.00 to $79.99, 230; (h) $80.00 to $89.99, 437; (i) $90.00 to $99.99, 437; (j) $100.00 to $149.99, 1,998; (k) $150.00 to $199.99, 4,651; (l) $200.00 to $249.99, 6,856; (m) $250.00 to $299.99, 6,468; (n) $300.00 to $399.99, 9,930; (o) $400.00 to $499.99, 7,234; (p) $500.00 to $599.99, 4,546; (q) $600.00 to $699.99, 2,825; (r) $700.00 to $799.99, 1,864; (s) $800.00 and over, 4,158.

2. Number of widows receiving monthly pensions—5,689. (a) less than $20.00, 26; (b) $20.00 to $29.99, 32; (c) $30.00 to $39.99, 46; (d) $40.00 to $49.99, 29; (e) $50.00 to $59.99, 36; (f) $60.00 to $69.99, 38; (g) $70.00 to $79.99, 77; (h) $80.00 to $89.99, 107; (i) $90.00 to $99.99, 128; (j) $100.00 to $149.99, 1,024; (k) $150.00 to $199.99, 1,151; (l) $200.00 to $249.99, 1,019; (m) $250.00 to $299.99, 658; (n) $300.00 to $399.99, 740; (o) $400.00 to $499.99, 333; (p) $500.00 to $599.99, 137; (q) $600.00 to $699.99, 51; (r) $700.00 to $799.99, 25; (s) $800.00 and over, 32.

3. Retired Armed Forces Personnel and widows residing in each province.

Provinces	Personnel	Widows
Newfoundland	258	15
Prince Edward Island	489	59
Nova Scotia	5,336	512
New Brunswick	2,104	201
Quebec	4,364	596
Ontario	19,821	2,388
Manitoba	2,287	258
Saskatchewan	820	102
Alberta	4,938	403
British Columbia	10,767	975
Northwest Territories	100	5
Outside Canada	1,216	175
	52,500	5,689

4. Number of Orphans 179; Average monthly amount $69.24.

	CFSA
(a) Mar 31, 75	2,116,679,314.41
(b) Mar 31, 76	2,186,562,695.73
(c) Mar 31, 77	2,263,362,998.98

2. Rates of Interest for: (a) 1974-75: 1. Quarter ending June 30, 1974, 1.5642 per cent; 2. Quarter ending September 30, 1974, 1.5900 per cent; 3. Quarter ending December 31, 1974, 1.6259 per cent; 4. Quarter ending March 31, 1975, 1.6363 per cent. (b) 1975-76: 1. Quarter ending June 30, 1975, 1.6612 per cent; 2. Quarter ending September 30, 1975, 1.6724 per cent; 3. Quarter ending December 31, 1975, 1.7109 per cent; 4. Quarter ending March 31, 1976, 1.7209 per cent. (c) 1976-77: 1. Quarter ending June 30, 1976, 1.7471 per cent; 2. Quarter ending September 30, 1976, 1.7488 per cent; 3. Quarter ending December 31, 1976, 1.7707 per cent; 4. Quarter ending March 31, 1977, 1.7891 per cent.

	CFSA
(a) Mar 31, 75	82,790,414.91
(b) Mar 31, 76	85,565,010.91
(c) Mar 31, 77	88,547,963.29

4. Payments out of CFSA during fiscal year ending: (a) March 31, 1975, $154,976,541.24; (b) March 31, 1976, $172,-352,486.95; (c) March 31, 1977, $189,680,605.01.

ARMED FORCES PERSONNEL RETIRED TO PENSION

Question No. 1,413—**Mr. Knowles (Winnipeg North Centre):**

1. In each year 1959 to 1977 (a) how many personnel of the Canadian Armed Forces have commenced drawing pensions under the Canadian Forces Superannuation Act (b) how many widows have commenced drawing pensions under the said Act?

2. In each year 1959 to 1977, how many pensions under the Canadian Forces Superannuation Act to (a) retired Canadian Armed Forces personnel (b) widows of such personnel, have been discontinued because of the death of the annuitant?

3. In each year 1946 to 1977, how many service personnel contributed to the pension or annuity account under the former Part V or under the provisions of the present Canadian Forces Superannuation Act?

Hon. Barney Danson (Minister of National Defence): 1. (a) Personnel of the Armed Forces retired to pension: 1959, 752; 1960, 1,048; 1961, 1,418; 1962, 1,343; 1963, 1,623; 1964, 2,454; 1965, 3,419; 1966, 3,407; 1967, 2,983; 1968, 2,787; 1969, 4,050; 1970, 4,075; 1971, 4,267; 1972, 4,405; 1973, 3,357; 1974, 3,478; 1975, 3,459; 1976, 3,003; 1977, 3,124; (b) Widows who commenced drawing pensions: 1959, 98; 1960, 121; 1961, 166; 1962, 179; 1963, 207; 1964, 208; 1965, 283; 1966, 263; 1967, 303; 1968, 303; 1969, 371; 1970, 323; 1971, 375; 1972, 420; 1973, 441; 1974, 478; 1975, 470; 1976, 554; 1977, 527.

2. (a) Retired pensioners deceased: 1959, 91; 1960, 103; 1961, 114; 1962, 127; 1963, 142; 1964, 169; 1965, 190; 1966, 208; 1967, 243; 1968, 295; 1969, 353; 1970, 356; 1971, 331; 1972, 323; 1973, 379; 1974, 524; 1975, 496; 1976, 513; 1977, 507; (b) Widows of pensioners deceased: 1959, 9; 1960, 12; 1961, 17; 1962, 19; 1963, 26; 1964, 28; 1965, 34; 1966, 39; 1967, 45; 1968, 56; 1969, 50; 1970, 52; 1971, 24; 1972, 11; 1973, 12; 1974, 30; 1975, 39; 1976, 58; 1977, 28.

3. Number of CFSA contributors: 1946, 212,692; 1947, 36,535; 1948, 34,762; 1949, 41,676; 1950, 47,185; 1951, 68,427; 1952, 95,394; 1953, 104,427; 1954, 112,529; 1955, 118,077; 1956, 116,678; 1957, 117,092; 1958, 119,038; 1959, 120,412; 1960, 119,597; 1961, 120,055; 1962, 126,474; 1963, 123,694; 1964, 120,781; 1965, 114,164; 1966, 107,467; 1967, 105,584; 1968, 101,572; 1969, 98,340; 1970, 93,353; 1971, 89,563; 1972, 84,933; 1973, 82,402; 1974, 79,921; 1975, 79,639; 1976, 79,772; 1977, 80,546.

CANADIAN FORCES SUPERANNUATION ACCOUNT

Question No. 1,412—**Mr. Knowles (Winnipeg North Centre):**

1. What was the total amount at credit in the Canadian Forces Superannuation Account as at March 31 (a) 1975 (b) 1976 (c) 1977?

2. What rate of interest has the government paid for the use of this money during the fiscal years ending on the dates noted above?

3. What amount of interest was credited to the Canadian Forces Superannuation Account during the fiscal years ending March 31 (a) 1975 (b) 1976 (c) 1977?

4. What was the total amount paid of the Canadian Forces Superannuation Account during the fiscal years ending March 31 (a) 1975 (b) 1976 (c) 1977?

Hon. Barney Danson (Minister of National Defence): 1. Balance in the Canadian Forces Superannuation Account (CFSA) as at:

	Actuarial Liability Acct.	Total
(a) Mar 31, 75	3,655,541,539.68	5,772,130,854.09
(b) Mar 31, 76	4,270,267,250.56	6,456,829,946.29
(c) Mar 31, 77	4,742,803,872.70	7,006,166,871.68

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3. Amount interest credited to CFSA during fiscal year ending:

	Actuarial Acct.	Total
(a) Mar 31, 75	134,902,988.41	217,693,403.32
(b) Mar 31, 76	157,615,710.88	243,180,721.79
(c) Mar 31, 77	176,486,622.14	265,034,585.43

Order Paper Questions

MANUAL ON ISOLATION TRAINING

Question No. 1,421—**Mr. Jones:**

1. Is the Manual on Isolation Training available to civilian health personnel and, if so, when will it be available?

2. Is the Department of National Defence preparing this bulletin?

3. Does the department feel that a core of isolation trained experts would be advisable in all provinces and territories and, if so, would periodic refresher courses not be required in this regard?

Hon. Barney Danson (Minister of National Defence): 1 and 2. A training manual for the maintenance and operation of the "Containment Bed Isolator" is being written at this time and is expected to be completed by mid-1979. A second piece of isolation equipment, the "Transit Isolator" is being evaluated by DND and a manual will also be prepared for this equipment, however, no date is available for its completion. Both manuals will be available to civilian health personnel.

3. Yes. Until such time as provinces develop their own expertise for local training DND nursing personnel will be available to offer refresher training on an as-required basis to those agencies acquiring isolation equipment.

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURNS

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 135 and 713 could be made orders for returns, these returns would be tabled immediately.

[*English*]

Mr. Speaker: It is proposed that questions Nos. 135 and 713 be deemed to have been made orders for returns, with the returns to be tabled immediately. Is that agreed?

Some hon. Members: Agreed.

[*Text*]

DEPARTMENT OF FISHERIES AND THE ENVIRONMENT—RESEARCH CONTRACTS

Question No. 135—**Mr. Crouse:**

1. Were research contracts undertaken by the Department of Fisheries and of the Environment, Department of Supply and Services or any other department concerning science contracts on behalf of the Department of Fisheries and of the Environment and, if so, what (a) is the name and address of the individual or company carrying out the contract and what are their qualifications (b) was the nature of the work undertaken?

2. What are the names and addresses of the chief officers of any company employed?

3. What were the names of the ships utilized for this work and the number of men employed?

[Mr. Danson.]

4. What was the total amount of the contract awarded to each individual or company employed?

5. How much time was spent carrying out fisheries research?

Return tabled.

MR. T. G. BEYNON

Question No. 713—**Mr. MacKay:**

1. On what date did Mr. T. G. Beynon of Statistics Canada take over the position of Director, Manufacturing and Primary Industries Division, and on what date did he leave the position?

2. Did Mr. Beynon take over the position as a result of a competition and, if so (a) who were the board members and, in each case, what was his/her title, rank and salary range (b) how many candidates were interviewed and how many qualified?

3. What was the salary range of the position on the date Mr. Beynon started to work in the Division and when he left the position?

4. (a) What surveys were conducted by the Manufacturing and Primary Industries Division during the period Mr. Beynon was its director and what (i) was the name of each survey, periodicity of data collection, coverage (description of universe and of each sample, if appropriate, industries covered) (ii) were the names of the resulting publications and/or reports and their periodicity (b) in the case of each survey, were any questionnaires used and, if so, in each case (i) was the content of the questionnaire, when completed, confidential or otherwise restricted under the provisions of the Statistics Act, or any other instrument of the government (ii) what were the questions asked (c) did any of the surveys involve (i) automobile manufacturers (ii) automobile dealerships (d) was Mr. Beynon, by virtue of his position as Director of the Division, entitled to have access to any of the completed questionnaires?

5. Was Mr. Beynon sworn to secrecy under the Statistics Act and/or under the provision of any other instrument of the government?

6. On what date did Mr. Beynon of Statistics Canada take over the position of Director, Labour Division?

7. Was he transferred to the position without competition and, if so, what is the name, title rank and salary range of the individual responsible for such decision?

8. What was the salary range of the position on the date Mr. Beynon started to work in the Labour Division and on November 12, 1976?

9. (a) What surveys were conducted by the Labour Division during the period of Mr. Beynon's arrival to the Division and November 12, 1976 and what (i) was the name of each survey, periodicity of data collection, coverage (description of universe and of sample, if appropriate, industries covered, etc.) (ii) were the names of resulting publications and/or reports and their periodicity (b) in the case of each survey, were any questionnaires, when completed, confidential or otherwise restricted under the provisions of the Statistics Act or under the provisions of any other instrument of the government (ii) what were the questions asked (c) did any of the surveys involve (i) automobile manufacturers (ii) automobile dealerships (d) did any of the surveys involve automobile dealers in (i) Arnprior, Ontario (ii) the Ottawa metropolitan area and, if so, in each case, what was the name of the survey?

10. Did Mr. Beynon, since he became Director of the Manufacturing and Primary Industries Division and until November 12, 1976, have access to other data within Statistics Canada, than those generated and/or stored by the Divisions of which he was (or is) Director, and which were confidential under the provisions of the Statistics Act or any other instrument of the government and, if so, what kind of data were involved?

Return tabled.

[*English*]

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order before we move forward. With respect to the amendments to the Farm Credit Act, a measure which is of interest to the Minister of Agriculture (Mr. Whelan), who is

in the House. I want to tell him that, if he would be prepared to call those amendments, I am advised by the hon. member for Elgin (Mr. Wise), our critic for agriculture, that they could proceed through all stages and we could complete them. I gather there is some anxiety about this because of the necessity for funding the corporation. We regard this as a very important statute.

Mr. Basford: Mr. Speaker, it is not quite clear from the remarks of the hon. opposition House leader whether the agreement was that the bill proceed through all stages without debate. If that is the agreement of the House, that the Farm Credit Act amending Bill be called right now and that it proceed through all stages without debate, I think it could be called now.

Mr. Baker (Grenville-Carleton): Mr. Speaker, if I did not make myself clear, I apologize. That was the purpose of my intervention.

Mr. Munro (Hamilton East): Mr. Speaker, I take it that is agreed with the other parties also?

Mr. Speaker: Is it the disposition of the House to proceed through all stages of the Farm Credit Act amendments without debate? If so, is there a disposition and agreement to call that legislation now? Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

GOVERNMENT ORDERS

[*English*]

FARM CREDIT ACT

MEASURE TO AMEND

Hon. E. F. Whelan (Minister of Agriculture) moved that Bill C-29, to amend the Farm Credit Act, as reported (with amendment) from the Standing Committee on Agriculture, be concurred in.

Motion agreed to.

Mr. Whelan moved that the bill be read the third time and do pass.

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

* * *

POSTAL SERVICE OPERATIONS ACT, 1978

MEASURE TO ENSURE CONTINUATION OF REGULAR POSTAL OPERATIONS

Hon. John C. Munro (Minister of Labour) moved that Bill C-45, to provide for the continuation of regular postal service

operations, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, I wish to make a few brief remarks with respect to this particular bill. As hon. members may have noted, the bill is of a single page so it will not require much analysis other than to indicate that it is to provide for the continuation of regular postal service operations during the period of a dissolution of parliament.

By way of background, may I briefly outline to the House the history of the current round of collective bargaining between the Canadian Union of Postal Workers and the Treasury Board, as employer.

The collective agreement expired June 30, 1977. Direct negotiations did not lead to agreement, and on November 30, 1977, the employer requested the Public Service Staff Relations Board to appoint a conciliation board, in accordance with the provisions of the Public Service Staff Relations Act.

The chairman of the conciliation board, Mr. Louis Courtemanche, was appointed on February 3, 1978, to complete the three-man board which includes Mr. Irving Gaul and Mr. Roy Heenan as members. The chairman of the Public Service Staff Relations Board set out terms of reference for the conciliation board on March 29, 1978, and the board commenced its hearings yesterday, on April 10, 1978.

By introducing this bill I am not attempting in any way to interfere in the process of negotiations by officers of the Post Office and the bargaining committee of the trade unions in the Post Office. Nor do I anticipate that the amendment proposed by the bill would interfere with that orderly process in the future—with the single exception of a breakdown in negotiations that could occur during a federal election.

I would like to assure hon. members that the government continues to rely on the voluntary determination of any new collective agreement by the parties. The officers of the Post Office and the bargaining committee of the post office unions can, and may, reach a collective agreement by their own devices. When the conciliation process is invoked, the parties can, and should, be able to settle any dispute either before or after the chairman of the board of conciliation has delivered the report.

However, there is always the possibility that no settlement will be reached and a strike could occur during an election campaign. I would be among the first to recognize that public employees have normally used their democratic rights as trade unionists wisely and responsibly. Public service unions in Canada have not been strike-happy in the past, and I do not believe they are quick to call a strike at this time. However, during a period in which parliament has been dissolved, a strike in the postal service would put the public at a severe disadvantage. I am also advised, as far as the possibility of an election is concerned that should a strike occur during an election campaign it would be most disruptive and costly as far as the election process is concerned.

It is fair to say also that this could well put postal workers at great disadvantage. The point is that the country's preoccupa-

tion at that time would be with an election campaign, and the possibility of achieving a resolution of a dispute of this kind would be considerably lessened.

Let me remind hon. members that no new principle is involved in the bill. A provision already exists in Part V of the Canada Labour Code. I refer to Section 181 of the Code, which provides that a strike or lockout that would adversely affect the national interest during an election could be deferred until after the return of the writs.

I would also recall for your consideration the references in the Finkelman report dealing with this question. The Finkelman report recommended that the Public Service Staff Relations Act should contain a provision of this character. In addition, the joint Senate-Commons committee which reviewed the Finkelman report endorsed the principle.

Finally, I have reviewed the debate in the House in 1972 when Part V of the Canada Labour Code was passed, and I cannot find any statements which would be opposed to the principle of this bill.

In other words, there was a similar provision in Part V of the Canada Labour Code when it was debated in this House and when it was examined in the standing committee, but there was no antagonistic reference by any of the parties to a provision of this kind including, I might add, the New Democratic Party. I think that indicates that it is not an unusual provision with respect to a deferral of the right to strike during an election campaign or during dissolution.

I should also like to emphasize that this only defers the right to strike and in no way impairs it.

I should also like to refer to a point drawn to my attention by the hon. member for Nickel Belt (Mr. Rodriguez), and I thank him for making the point. There has been some question about whether the existing collective agreement would continue to operate throughout the period during which the right to strike would be deferred. It was thought that this is covered in the bill, but there is some doubt. In order to ensure that there is no doubt and will be no doubt, I propose to move an amendment at the appropriate time that will make it clear the collective agreement does remain in force until the right to strike accrues, or until a new agreement is concluded.

● (1612)

In view of the fact the bill represents reasonable protection for the democratic rights of unfettered elections and only postpones the right to strike during election campaigns, I would urge all members to support this motion and give the bill speedy passage.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, in rising to speak on this bill I want to endorse some of what the Minister of Labour (Mr. Munro) has said, but certain comments must be made.

It is true, as the minister said, that under the Canada Labour Code there already exists provision to deal in advance with situations which might arise during an election period which could cripple the economy of the country, or parts of it.

[Mr. Munro (Hamilton East).]

Without this provision, parliament would find itself helpless to act because there is an election campaign proceeding.

The minister is right when he says that the principle is already in the other statute which governs those workers who come within the federal jurisdiction of the Canada Labour Code. Having said that, there is a strange ironic inconsistency in the government coming to us a couple of days before an election call saying, "Hurry this bill through". We may be caught by the fact that we let months and years go by without addressing ourselves to this problem.

Once again my friend, the hon. Minister of Labour has been thrown into the breach at the last minute. Whatever he might have wanted to do, however he might have wanted to address himself to this problem, he had a cabinet which kept pushing it aside and saying, "Leave it alone, it doesn't have to be dealt with".

I remember that it was only a couple of months ago I was asking the right hon. Prime Minister (Mr. Trudeau) when we would be getting the government's proposals now that the Finkelman Report and the joint House and Senate committee report had been submitted. The Prime Minister said that it was a priority and the government would get to it as soon as it could. There have been many years to do something about this problem. Now the Minister of Labour has come in at the last minute and said, "Please, we really think the public would be terribly inconvenienced if there were a postal strike during the election period."

Where was this government when the public was inconvenienced for nearly 50 days during a postal strike only two years ago? The Prime Minister said in November or December, when being asked about this, that he did not care whether the strike went on till Easter. He said in the House of Commons on November 19, 1975:

. . . we have to realize that a strike is a strike and it hurts people. That is the very nature of a strike.

The reason the minister is here today with his piece of legislation is simple. A strike in the postal service during this campaign will hurt one person a lot more than anyone else, and that is the Prime Minister. That is why the government has come here. Anybody who thinks this is being done now because there is concern for public suffering during a postal strike, just has to go back to the last postal strike two years ago. There was not one bit of sympathy then from this government for the hundreds of thousands of Canadians who were put beyond inconvenience, and suffered social strife and economic loss.

Obviously, this government has postponed coming to grips with the problem of how to handle strikes in the Public Service, in essential services, and in those areas where, because of the ultimate effect of a strike, the House of Commons has to be assembled to do something about it. This government is ten years old and it is ten years tired. During all of those years, and right up until tonight, there has still been no meaningful legislation brought forward to deal with this problem.

The government says over and over again, "Oh, we are not interfering with the right to strike. Heaven forbid, we do not want it on the record that we will ever do that." But it just continues to do it. What ministers will not do is have the common sense to recognize that there are times when there must be mechanisms used on a selective basis to decide whether the public interest is so badly and so seriously affected that some other ordinary rights must be put aside at least on a temporary basis under certain conditions.

There has been an absolute absence on the part of the government to be honest about this. They played the game of trying to say to labour all the time, "Why, we would never take away the right to strike". How many times have they done it since I have been elected to the House of Commons in 1972? There has been a rail strike, a grain strike, the river ports, the traffic controllers—

An hon. Member: How many times did you vote for it?

Mr. Fraser: One of my hon. friends on the other side has asked how many times did I vote for it. Mr. Speaker, the point is that every time I advocated that something should be done, it took the government weeks and weeks to do anything about it. In Vancouver, during the grain strike, there were 85 ships in the Vancouver harbour. Members from the prairies and from my province got up in the House day in and day out and said to this government, "Why will you not do something? When are you going to face up to your responsibilities?"

The government was asked how long it would play this silly game of putting the country and everybody else through endless torment, trouble, and difficulty, when everybody on both sides of the bargaining table knew that sooner or later parliament would be called to step in. The question was asked, which way did I vote? I ask, where was the responsibility on the government side in coming to grips with this matter of putting legislation on the floor of this House to give parliament, government, people, labour and management some reasonable mechanism to solve these problems under the unusual and difficult circumstances that often prevail when they occur?

I want to make it clear, Mr. Speaker, that we will support this legislation because we do not think there should be a strike in the postal service during the campaign. But I want to make it equally clear through you, Mr. Speaker—and the minister has said this, if anyone was listening—that nobody should be under the illusion that this represents a change in attitude on the part of the government. This does not represent any sort of repentance or any changed position. This does not represent the start of a search for some mechanism to solve strikes in essential services that affect the public interest to the point where parliament has to be called to act. This is a piece of "ad hocery". The problem which must be solved on the eve of an election should have been addressed months and years ago. It could have been, if this government had had the courage and common sense to address it.

An hon. Member: Where is the Woods committee report of ten years ago?

Mr. Fraser: As my hon. friend from St. John's East says, in the Woods committee report ten years ago—

Mr. Munro (Hamilton East): No solution.

Mr. Fraser: My friend, the Minister of Labour says there was no solution in the Woods report for this sort of a problem. There was no solution so far as the government had eyes to see or ears to hear. The establishment of a public interests dispute commission has been the policy of this party.

• (1622)

Mr. Munro (Hamilton East): It does not ban the right to strike in the essential services.

Mr. Fraser: Certainly it does not, but it provides a mechanism for those strikes, which are intolerable and which everyone knows will be interfered with by the House of Commons, to be dealt with in advance in a fairer, more proper and more appropriate way than continued ad hocery.

Several years ago the right hon. Prime Minister indicated that if anything is going to be done about strikes in the Public Service, in essential services, or where a strike is so severe that it has to be dealt with by the House of Commons, then the right to strike in the Public Service has to be eliminated entirely. That is the kind of baloney which the Prime Minister has uttered on other issues. Either he should know that is not correct, or else he is doing it mischievously or maliciously with intent.

The entire function of that commission is to avoid taking away the right to strike across the board, and to give the flexibility and the mechanism to deal with those strikes which cannot be tolerated under some conditions and at some times. Sooner or later the issue must be faced. It is not being faced by this piece of legislation.

The hon. minister is correct when he said the provision he seeks tonight is in the Canada Labour Code. In principle, I concede to the hon. minister that it is not an unreasonable provision to be requested, but it is a pathetic plea to come before us a few days before the government wishes to call an election. It is pathetic for the government to say, "Despite the fact that we have been in power for ten years, that we have had two majorities and lots of time to do something about this, would you please help us out now, because it would be an awful shame if some of the Liberal propaganda did not get through the mails in time for election day?"

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the first thing I want to say to the government in connection with Bill C-45 is that this is no time to push the panic button. The Minister of Labour (Mr. Munro) can stand up and say that what he has introduced is a very simple bill because it consists of only one page; but it is a bill which can

do serious damage to labour relations in this country, particularly labour relations in the Public Service.

The bill has an innocuous title, an act to provide for the continuation of regular postal service operations. I suggest to the minister that the accurate title of this bill should be: an act to guarantee a postal strike during the federal general election.

The minister said that the bill does not interfere with negotiations and that it does not place any barrier in the way of the parties reaching an agreement. But surely it is clear that it holds over the heads of the members of the Canadian Union of Postal Workers a very clear threat, namely, if they exercise their right to strike, which is in the Public Service Staff Relations Act, that right will be interfered with. The Minister said that it will only be delayed. I point out that the very terms of the bill make it clear that the purpose would be to delay that strike long enough for a new parliament to be assembled, so that the new parliament could do as parliament has done in the case of so many of these labour stoppages.

I have been here quite a while, long enough to realize that there can be a lot of fine talk about human rights, fundamental freedoms, and the liberties people should enjoy. What counts is to stand by those concepts when the minority is concerned or when unpopular people are affected. It is very nice to talk about the human rights of the majority, whether we are talking about language, race, culture or what have you; but what really counts in human rights is to protect the freedoms of the smallest minority.

I remember my respected colleague of many years ago, Angus MacInnis, standing in just about this seat during the middle of World War II. At that time, because we were at war with Japan, Japanese Canadians were looked upon with suspicion, to the extent that very drastic action was taken against them, even many who were born in this country. It was an unpopular stand that Angus MacInnis, M. J. Coldwell and some of the rest of us took at that time; but I was proud to be a member of a party which was prepared to defend the rights of unpopular people. That is the only way to defend rights. Also one remembers the struggles of the Jehovah's Witnesses in Quebec, one remembers the Duplessis padlock law. One remembers some of those incidents. Now we look back with some pride and approval with respect to those who defended unpopular people like the Jehovah's Witnesses.

This is what we have before us today. We are concerning ourselves about a union which is not the most popular organization in Canada. If one wanted to take a poll about organizations and their popularity, I suppose CUPW would be at the top of the list or the bottom of the list, whichever way the question was set up.

Mrs. Campagnolo: Even within the ranks of the CLC.

Mr. Knowles (Winnipeg North Centre): If I heard the hon. minister opposite correctly, she said even within the ranks of the CLC, CUPW is not the most popular union. That sets out exactly what I am talking about. If rights are rights, they should be protected, even for those whom the country as a whole may not like. If the Public Service Staff Relations Act accords to the Canadian Union of Postal Workers the right to choose the strike route, rather than the arbitration route; and if it accords to that union, having chosen the strike route, when it finds itself dissatisfied with proposals made, the right to go through with that proposal, I suggest to change the rules in the middle of the game, and to indicate to that union that it cannot do so, is to deny all the fine protestations we make about being defenders of human rights, freedoms, and in particular, defenders of the rights which come under collective bargaining.

The Minister of Labour attempted to make a point out of the fact that there is something like this contained in the Canada Labour Code. Even though I do not like it being contained in the Canada Labour Code, I point out to him that what is there is a general proposition applying in advance to any union which might get itself into that kind of situation. The unions under the Canada Labour Code know that that provision is there, but at the moment such a provision is not contained in the Public Service Staff Relations Act.

• (1632)

The negotiations in which CUPW and the Treasury Board have been engaged have been on the basis of the Public Service Staff Relations Act. The government now plans to change the rule in the middle of these negotiations. Not only is this being unfair and undemocratic, not only is it a denial of all the things we profess that we stand for, but it is exploiting the fact that CUPW enjoys a certain amount of unpopularity in Canada. Because of this, whatever I may think about CUPW or about the inconvenience likely to be caused if postal service were interrupted during a general election should a strike come in May or June, I think we have to stand for the rights of people like the members of CUPW when those rights have been given them by legislation passed by parliament. Since that is the situation, we certainly intend to vote against this bill.

The Minister of Labour made reference, of course, to the Canada Labour Code. I think it is a piece of irony that for many years the postal workers under unions of various names have proposed that the Post Office be made into a Crown corporation. I remember on one occasion when representatives of CUPW appeared before a committee and this question of the Post Office being turned into a Crown corporation came up. I put the point to them in these terms: do you want to be a Crown corporation for its own sake or do you want to be a Crown corporation so that you will come under the Canada Labour Code instead of under the Public Service Staff Relations Act? The answer was that their main concern was to come under the Canada Labour Code.

I go back to 1967 when the Public Service Staff Relations legislation was before us in committee. The postal workers, represented by their various unions, appeared before us, and the same issue arose. They talked about wanting a Crown corporation, but when we put the question to them we found they wanted the kind of labour relations available under the Canada Labour Code rather than under the Public Service

Staff Relations Act. The government has refused that request year after year. The unions had to stay with the public service staff relations legislation which is under the direction of the Deputy Prime Minister (Mr. MacEachen). But now—and this is what I find ironical—when an election is coming along, who brings in this bill to amend the Public Service Staff Relations Act? Not the Deputy Prime Minister as President of Privy Council, responsible for the Public Service Staff Relations Act, but the Minister of Labour. He is the minister under whom the postal workers have wanted to be for years. It is he who brings in this bill. Is it to do what they want him to do? No. It is to give them the one provision of the Canada Labour Code which they do not like. It really takes a lot of gall.

The minister is behind the curtain now—I see him smiling at himself—for it really takes a lot of gall to seek to give these workers the one provision under the Canada Labour Code which they do not like. He wants to change the rules in the middle of the game.

CUPW has been a problem. It has seemed to be a nuisance, an inconvenience to the Treasury Board and to the government. Moreover, the public is annoyed when a strike occurs. But what kind of a place is this if we pass rules and then say to minorities we do not like, "We shall not allow you to take advantage of these rules."

If the government thinks this is going to work, it is out of its mind. There is no denying that CUPW is what is described as a militant union. If, in the middle of May or June, the point is reached at which under the old rules the union has a right to strike, and if it is told it cannot do so because of an act passed by this parliament, the likelihood of a wildcat strike is so high that it is a wonder to me the government does not realize that it would have been far better to have dealt with this whole situation on the basis of reason and understanding rather than on the basis of this sword of Damocles. I might add that perhaps that was not the phrase to use, because the sword of Damocles never fell, but this is one which will fall if the union should exercise the right they possessed at the start of the process.

Let me say one other thing about the rule under the Canada Labour Code which is now being transposed into this bill. Under the Canada Labour Code it is a general rule applying to any unions which come under the provisions of that labour legislation. In this case, though, it is a specific clause relating to one specific union and one specific contract negotiation. The bill is designed especially for CUPW in May or June of 1978. I think somebody over there is out of his mind to bring in such legislation at this time.

I know that the special joint committee of the Senate and House of Commons which met for a year and a half and dealt with the Finkelman Report recommended that a general Clause such as the one in the Canada Labour Code be placed in the Public Service Staff Relations Act but, as members of that committee will recall, that was one of the reasons I voted against that report. If I recall correctly, when that report was finally brought to a vote there were 11 votes in its favour and one against. The 11 votes were cast by the Conservative and Liberal members on the committee, and I was the one who voted no.

I have taken the view that the increased penalties, stricter conditions and all the other things that are now in Bill C-28 amounted to a green light to the government to be so severe as to damage irrevocably the whole collective bargaining process available to public service employees. That is one of the dangers I see attached to this bill. I know it is a simple one-page bill. But beware of simple, one-page bills. It is a bill which would put into effect in the case of this union one of the provisions which is contained, along with many others, in Bill C-28.

I feel very strongly about Bill C-28. The things it does to limit the rights of collective bargaining in the Public Service, the exclusion of persons, additional penalties and all the rest, are leading to the point at which we shall see collective bargaining in name only in the Public Service. Mr. Speaker, you may say that Bill C-28 is not before us today. That is so. Instead, we have Bill C-45. It is a beginning. It is a first step.

I am sorry my friends in the Conservative party, who do not like this legislation any more than I do, say they intend to vote for it. In that case we shall have put on the statute books one of the provisions which is contained in Bill C-28 and it is only a matter of time, in my view, until the great principle of collective bargaining which was embodied in legislation under Lester Pearson in 1967 becomes so much form and very little substance. A far better way to deal with this situation would be to continue to rely on the negotiating process of collective bargaining and to continue to rely on an appeal to reason.

• (1642)

For all their militancy, members of the Canadian Union of Postal Workers are Canadian citizens. They are very much concerned about the election process as well, and I think that there just might be a chance, if we do not pass this bill, of appealing to them, if they have a right to strike during the election period, not to do so. The appeal might fail. The strike might come off anyway, but if we do not pass this bill, and if we rely on reason and a sense of fair play, there is a chance that they will not do it. However, if we pass this bill when we try to appeal to the union not to proceed with a strike, how much of a response can we expect to get when the members of that union know that behind all of those appeals to reason will be Bill C-45, which says that they cannot strike anyway.

Decent labour relations are extremely important to our democratic way of life. I cannot go along with some of the ideas my friends to my right have as to how these things might be solved, but I will at least give them credit for thinking about things and trying to come up with something new. However, my friends across the way are not coming up with anything new. They are coming up with something very old, just prohibition. "No, you can't do it, we are boss and it has to be that way". If we do this to one group of employees in the Public Service, other will fear that it is coming their way too, and it will not be long until the whole question of public service labour relations is in a hopeless mess.

I know that a recommendation for a prohibition of strikes during the period of dissolution was in the report of our committee. It was there despite my vote against it. I know that there were many things in that committee's report which went too far and which I certainly cannot support, but I also know that in the report there was a serious—even philosophical—discussion of the whole principle of collective bargaining, including when it results in strikes. There were statistics in that report as to how minimal the strikes really are in the Public Service compared with the number of agreements which are reached without disruption, but the philosophy of that report is that we cannot go back on the principle of collective bargaining, including the choice of arbitration or strike, which was laid down in 1967.

I want to say to the Minister of Labour that he is being used by the government to do the work of the President of Privy Council and to start to break this thing down, and that the end result can be a deterioration in relations between the Treasury Board of Public Service generally. It is also a fact that this will have a very serious effect on what can actually happen during the period when the election is in progress. We could get into a situation in which negotiations break down, the report gets put into the hands of the Chairman of the Public Service Staff Relations Board, a report that does not satisfy the workers, and with this threat hanging over them there could well be a strike. It would not be a legal strike. It would be a wildcat strike. It might not be with the authority of the officers in charge of the union, but it could be just as hard on postal service as if it were a legal strike. Then not only would politicians and the election process suffer, but also the public as a whole would suffer, and one of the reasons would be this very bill, which is a threat which hangs over the heads of postal workers.

I know that it is being argued that it would almost stop the democratic process if there were a postal strike during the election period. I am not convinced of that. We have not had very much evidence of that. It is amazing how much ordinary business and intercourse go on in periods when postal strikes are on. We seem to find ways and means through the use of couriers and other services to get messages transmitted across the country. I am not so sure that in an election period, even if the mails did stop, we could not still carry on the election. Some of the other parties might have to do what we have to do with our literature. They might have to deliver it by hand, door to door.

Mr. Dinsdale: We do that, too.

Mr. Knowles (Winnipeg North Centre): My friend says they do that too. That is good. It is far better, is it not? It is faster, and when it is done with some canvassing, it is more effective. I do not think we would suffer greatly if we had to spend less money on postage to deliver our material to all the people during an election campaign.

As the hon. member for Vancouver South (Mr. Fraser) says, it is the Liberal party which will suffer the most because it has the money to spend on this kind of thing. It is strange that it has pushed the panic button in this particular regard.

I am not standing here defending the obstinacy and the militancy, at times, of the Canadian Union of Postal Workers. Mind you, when you look at some of the conditions they have had to work under, when you look at the Montpetit report and the things which were set out in that document which still have not been corrected, and when you look at the monotony of the work, the hours and all the rest of it, they do have a case for better treatment, and the only way to get better treatment is through the collective bargaining process, not by counting on some benign management to give them their rights. If the Liberals believed in collective bargaining when they brought it in in 1967, I think it should stand. Just because a union which is not popular in the country is threatening, or may threaten, to make trouble, is no reason to bring in this kind of legislation.

The fact of the matter is that there is no threat of a strike yet. It is one thing to call parliament back after a strike has started and to tell the union that it will have to go back to work, but surely it is going a little too far and becoming a little too excited even before it happens to say that if this particular union wants a strike during a certain month, it will have to wait until later when parliament can come back here to put that union back to work.

I think the government is utterly stupid to bring in this bill. I believe the bill will guarantee a wildcat strike during the election period. If that happens and if the government is looking around for someone to blame, it could not blame parliament. It could not even blame the Conservatives because, even if they voted against the bill, it would still pass with Liberal support. The Liberals could blame only themselves for having been so unwise as to bring in this kind of legislation. In the name of the rights of minorities and unpopular people, in the name of the rights we laid down when we accepted the principle of collective bargaining for public servants, and in the name of the principle that we ought not to change the rule in the middle of the game, I say that we ought to vote against Bill C-45. That is what we in this party shall do.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, this bill is entitled "An act to provide for the continuation of regular postal service". My first comment is that this is an objective toward which members of Her Majesty's Loyal Opposition have been aspiring for ten years. I have read the bill and listened to the debate thus far, and that title is wrong in terms of guaranteeing regular service.

I am not going to use this opportunity this afternoon to recite trials and tribulations of the Post Office and the hypocritical postures which have been assumed by the government as it has carefully avoided any advice of the opposition to resolve the continuing and growing problems in the Post Office Department. That has been done here on many occasions, and I do not think there is any necessity at this time to prolong the debate on that score.

Actually, the first initiative to achieve what the bill purports to do came ten years ago from the then postmaster general. I refer to Mr. Eric Kierans, who departed in disgust from the government because he could not get anywhere in his attempts to make rhyme or reason in the Post Office situation.

● (1652)

Just to show that I am not expressing a partisan bias in this regard I will quote from the excellent article covering the Post Office problem written by Mark Nichols in the *Maclean's* magazine of July 11 of last year. It appeared under the title of "Dissatisfaction Guaranteed", and it reads:

> The cure suggested by *Canada Post '75* might be to cut the Post Office loose from Ottawa's close embrace and turn it into a Crown corporation that would be able to function, like any other business, on a profit and loss basis—and without constant bureaucratic intrusions. Eric Kierans, during his stint as Postmaster General between 1968-1970 championed the idea—he told Prime Minister Pierre Trudeau that "if you don't make the Post Office a Crown corporation nothing is ever going to change"—and came closest to bringing it about. He successfully pushed the principle through cabinet, and, by the fall of 1970, a bill was ready to be tabled in parliament. At the last minute, Trudeau backed off, on the grounds that once the bill was tabled, no other legislation would have passed through the Commons during the session. Since then, the idea has been resurrected periodically.

I spoke on this subject as recently as last Thursday in the House and I pointed out that Treasury Board was very concerned about the problem because the report, known as *Canada Post '75*, which was produced by members of the Treasury Board and officials of the Post Office, indicated in one of its recommendations that there must be a further study in this regard if the difficulty were going to be resolved. The Postmaster General (Mr. Lamontagne), who is not with us this afternoon—he was here for a while, but perhaps he does not want to get involved in the discussion today—said that it was not possible to make that report available to other members of parliament because it would be embarrassing to members of the Post Office in that it dealt with internal matters. The document has been leaked, of course, and has been widely circulated since that time. Those of us who have had a chance to read it consider it a searing indictment of management within the Post Office Department.

Remarkably enough, to show that what we are doing here this afternoon is more a political gesture than anything else, a document has been circulated which, I think at this stage of delicate and critical contract negotiations, should be regarded as being in the same category as that in which the department places Canada Post '75, because the document which was circulated, dated April 10, 1978, is the preliminary submission of the employer to the negotiations that are going on now with respect to the dispute with the Canadian Union of Postal Workers. This document, of course, is a searing indictment of the labour side of the conflict, and it is significant that while the government refused to table the indictment of management, it is quite happy to release, while the negotiations are going on, a searing indictment of labour.

Obviously there is not much desire to bring about a reconciliation of the alienation and confrontation that have brought us to the impasse where it becomes necessary for the government to rush through parliament, as the hon. member for Winnipeg North Centre (Mr. Knowles) said, a specific item dealing with a particular area of the problems of labour-management relations in the Public Service; problems which require broad consideration. We had the recommendations of the joint committee which studied the Finkelman report. They have been in the hands of the government for two years and nothing has transpired. As a result, there has been a continuing deterioration in relations between the government and its employees.

As I have already indicated here today, I will not prolong the debate, but I think it should be pointed out that the Canadian Union of Postal Workers is, as the hon. member for Winnipeg North Centre pointed out, a militant union. That is true so far as some of the top leadership is concerned, but there is also a growing movement in CUPW towards a more moderate posture with respect to labour-management relations, realizing that unless there is a reconciliation of the confrontation and polarization which exist at present between management and labour, there will be a complete breakdown in the Post Office service, which is of course essential to the economic well-being of Canada as well as to national unity. This emerged incidentally, during the great crisis to which reference has been made, that is, the 42-day strike in 1975, just before Christmas.

I was involved in the discussions in the early part of the negotiations, and hon. members might recall that just as they reached a critical stage I had to retire from the scene for hospitalization. But before that happened, I sent a letter to the leadership of CUPW which indicated that it was essential for the well-being of Canada, and also in the interests of resolving the growing crisis in labour-management relations, that a strike be avoided at the time. Shortly thereafter my office received a call from the then president of CUPW, the well known Joe Davidson, who asked to speak to me. When he was informed that I was not available, that I was in hospital, he asked, "What is his trouble, is he sick in the head?" That represents the militant side of the postal union.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Simcoe North (Mr. Rynard)—Health and Welfare—Establishment of geriatric chairs in medical schools; the hon. member for Algoma (Mr. Foster)—Health—Availability of saccharin; the hon. member for Victoria (Mr. McKinnon)—National Defence—Government policy on acceptance of neutron bomb.

It being five o'clock, the House will now proceed to the consideration of private members' business.

Mr. Pinard: Mr. Speaker, I am told that after consultation unanimous consent was reached to proceed with Bill S-10 through all stages without debate. If so, then we could proceed with C-233, and I would ask then that the previous bills be allowed to stand with the unanimous consent of the House.

● (1702)

Mr. Baker (Grenville-Carleton): Mr. Speaker, Bill S-10, as I understand it, is in the name of the hon. member for Ottawa West (Mr. Francis) and it involves the Royal Canadian Legion. I am pleased to say that we consent to the procedure as outlined by the parliamentary secretary.

Mr. Peters: We are quite pleased to agree with it, but not without debate.

Mr. Francis: In view of the agreement perhaps the hon. member from Timiskaming (Mr. Peters) might make a short statement at the committee stage.

Mr. Peters: I believe we might.

PRIVATE BILLS

[*English*]

ROYAL CANADIAN LEGION

Mr. Lloyd Francis (Ottawa West) moved that Bill S-10, respecting the Royal Canadian Legion, be read the second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I do not think that that is what the hon. member has in mind. I think that if there is an agreement, it is to pass it and not refer it to the committee, and for this reason I would like to say a few words.

I saw this bill for the first time yesterday. I noted that one of the things being asked for is the inclusion of members other than those initially understood to be eligible for membership in the Canadian Legion. Being a Legion member, and having no other reason, I objected yesterday to that procedure. Since then I have had an opportunity to talk to the Dominion Commander of the Royal Canadian Legion. He indicated to me that he and a lot of other members had the same reservations that I have in not only allowing retired RCMP personnel to be members, but also RCMP who are still in active service.

Normally, Legion members have been retired army veterans, and indeed, that is what the title means. Because of the fortunate circumstance where we have not a war for the last 30 years, it has been obvious—because many of the veterans are getting older—and most of them are my age or more, or at least in their fifties—that membership in the Royal Canadian Legion would run out if it were to depend entirely on veterans. It was decided by the Legion—and it is indicated in the work they have done in the last 20 years in such fields as sports, the training of hockey teams, public speaking debates, community advancement and community assistance—that they would have to take in other members. They originally took in, without any particular objection, sons, daughters, relatives, wives and others closely associated with the veterans, because it was felt that they would carry on the tradition of the Legion. More than that, it would maintain the benefits to older veterans—as a place to go, a place to own, and a place to feel at home with colleagues—in a manner to which they have been accustomed.

Personally, I saw the bringing in of active members of the RCMP, not just retired officers, as something that would change the Legion considerably. I have talked to a number of people and they agree with me. The Legion itself at their last convention had some considerable discussion about this, during which they took into consideration several other facts which were unknown to me and, I suppose to most Legion members.

When the Legion was founded in 1928 they did take in the active members of the RCMP because it was considered a para-military organization, although the impression is that it is less of a para-military organization today than at that time. RCMP officers were brought into the Legion as full members, and this continued until 1948 when they changed from the corporation they had at that time to letters patent. The Dominion President informs me that there was an oversight at that time, and they inadvertently left the RCMP out.

I could say that that would be with some justification, but that probably is not true because I and most other veterans were unaware that they had the right to full membership in the first place. I belong to the Legion, and have done so for many years. I am not particularly active because duties keep me from participating. I am prepared, Mr. Speaker, to accept the decision of the membership of that organization, duly constituted at a convention where this matter was raised to satisfy the problem that they had created of inadvertently removing the RCMP by letters patent to allow the RCMP personnel to become full members again.

I am informed by the Dominion President that the vote was in excess of the two thirds that is necessary to make such a change, and they were instructed by that convention in 1976 to make the change. It is interesting to note that much of the support for the action that they were taking came, I am told, from western Canadians. The RCMP play a much closer role to the average citizen in the small rural communities of western Canada than they do in eastern Canada. The support was very large in western Canada, and they overwhelmingly supported the motion. While I am still not personally convinced that this is the direction in which I would like to see the Legion go, it is the direction which the membership chose.

I am pleased to support the changes introduced by the hon. member for Ottawa West (Mr. Francis) in presenting this bill on behalf of the Legion.

The Acting Speaker (Mr. Turner): Order, please. The Chair understands that the House could be disposed to consider this bill in committee of the whole rather than refer it to the standing committee. Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): It is so ordered.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

● (1712)

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

RAILWAY AMENDMENT ACT, 1978

MEASURE TO ENSURE METROPOLITAN TRANSPORTATION IMPROVEMENTS NOT EXPENSE TO REST OF COUNTRY

Mr. Claude Tessier (Compton) moved:

That Bill C-233, respecting the policy of financing transportation in non-metropolitan areas, be read for the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, Bill C-233 which I introduce this afternoon deals with the financing of transportation in non-metropolitan areas and more especially in outlying areas removed from the important economic centres of Canada. It is aimed at amending the Railway Act so that improvements of transportation in metropolitan areas should not be prejudicial to the remainder of the country. You understand that it is my duty to object to some plans to reduce or even eliminate services as well as to any increase toward self-financing which would lead to higher costs to users. As for us, and I want to be the spokesman for areas in Canada more or less remove from large urban centres, it would mean that we would still be farther from economic centres, that there should be increasing possibilities of massive exodus from our peripheral areas. However, Mr. Speaker, we are prepared to admit that there are difficulties and that the solutions are complex, but what we do not accept is that service reductions should be justified by the need to reduce government expenses and the profitability of transportation companies. The arguments of the minister are valid, but he must defend them since he has all the talents and the effectiveness of a true Minister of Transport. We must therefore be even more cautious if we want to ensure the protection of our regions. The government should not suggest across-the-board answers to reduce costs and eliminate services since we would consider this unacceptable. In fact, what the government is now doing is subtracting, subtracting grants, subtracting services, driving people away from certain areas, which means that certain regions are becoming increasingly vast and under-populated with fantastic costs per capita when you consider the distances and the transportation volume.

In short, Mr. Speaker, what we want is for the government to bring out a comphrehensive transportation policy instead of any changes that it would want to make. We do not want to be conned into co-operating with those who would find arguments to deprive us of services if tomorrow those same people do not give us the promised solutions. This is a matter of distributive justice; we should not think only of the number of people whom we will have to learn to serve in this country, but also of serving the people wherever they may be.

The facts that I want to submit to this House are as follows. First, in our peripheral areas, in the Montreal region, for instance, the problems with passenger and freight transport are increasing every day. Second, if we consider present and future energy costs and potential, and the need to conserve energy, we believe that the government has the responsibility to give not only direction, but also assured leadership in this area. Third, as taxpayers and on behalf of other Canadian taxpayers, we cannot accept that this government be content to suffer deficits, even if they are real, without requiring this same government to take the means to find true solutions for now and for the future. And for us, this answer is not to eliminate deficits and to continue to increase the population of urban areas.

Another fact: remote areas are becoming increasingly remote, so it is not true to say that distances have become irrelevant. You just have to evaluate the cost to be convinced that we are moving backwards, that we are becoming increasingly remote from all points of view, thus more vulnerable and with ever fewer economic incentives.

If the government considers that Montreal and Toronto are the end of the world, it should tell us so, otherwise the same government should give back the initiative to those who in the past had found and paid for means to promote development, particularly a railway transportation system in remote areas.

Thus, before curtailing further any of the existing services, the CTC and the government should introduce a global transportation policy for today and tomorrow. We cannot accept less. It is not only a matter of profitability, but a matter of viability. In other words, who will have the means to stay in a remote area, at what condition and at what price? Profitability has been proven and it always spells reduction or even unavoidable elimination of services. No one has the means to pay for that profitability but no one can accept the elimination of services, not even the government, and the only answer to which we are entitled is a global transportation policy in which the government will assume its responsibilities, as will the citizen in full awareness of the situation.

I for one would think that railways will regain their status as they become again the only means available for passenger and freight transportation. We should right now plan the infrastructures, the equipment and the services our regions need to

become economically, commercially and industrially competitive. It is an absolute necessity. To accept a cut-back of services is too risky and too costly. We would be shortchanging ourselves by being complacently understanding and showing good faith.

So the government must take position: either it will continue to tolerate or encourage abandonment, and the recent urbanization statistics clearly prove it, or it will reduce distances through a subsidized and appropriate public communication system and through a transportation policy that will give to our regions the economic stimulus they absolutely require.

As concerns the companies presently involved in rail transportation we also recognize their problems but we cannot accept that they share those profitability problems with municipalities for instance or private organizations. Here are two examples of that exploitation of municipalities and private organizations.

The companies require from municipalities a contribution to build access roads to some grade crossings. The contribution to the works themselves seems acceptable to me but the participation in maintenance costs is totally unacceptable. In my opinion, it is a cost transfer imposed upon a municipality which has no justification.

The Canadian Pacific wants to force snowmobile associations to reimburse expenses for the maintenance of railroad crossings used by snowmobiles. That is another example of the cost transfer unfairly imposed upon a group which has neither the will nor the financial means to take it. Is that supposed to mean that railways are going to become a nuisance rather than a service in addition to others in regions such as ours?

Here is a list of questions which arise from the present situation. Are railway companies going to keep on persecuting poor people? Do they intend to reduce their services to the point where nobody will be interested in using them anymore? As companies contributed at a certain time to create subdivisions, do they contribute today to their isolation or even their disappearance? Or else, are the Canadian Transport Commission and the government prepared to introduce an over-all policy on transportation which would aim at saving peripheral regions from disappearance and would allow each citizen to adjust with full knowledge of the facts?

In short, we do not and we will not accept any decrease in services and we demand that an over-all policy on transportation be established.

Mr. Speaker, I am inspired in my action by fear and fear, as they say, is the beginning of wisdom.

There is an attempt to convince us with arguments which seem logical but in fact one thing only is accomplished and it is to make us more vulnerable by destroying us through our own co-operation for in the last resort we will have no other choice than folding out.

[Mr. Tessier.]

We know that the government has recommended to the Canadian Transport Commission that passenger trains serving scarcely populated areas be replaced by buses so as to eliminate the need for federal subsidies. Yet at the same time, the railways increase their rates beyond the means of present and future train users.

This policy of "user pay" is detrimental to areas such as mine and Bill C-233, by limiting further service reduction and price increases, would contribute to a fair treatment policy for all regions.

Furthermore, this bill would give us an assurance against the great schemers who are constantly alienating us and persecuting us with economic arguments.

Mr. Speaker, may I ask that if these brilliant economists do not succeed in their great urban designs, that they at least do not come to pollute our countryside with their theories, least of all make us pay for them.

I wish our Minister of Transport (Mr. Lang) were the best minister ever in his field but he will certainly not be so by saving on the backs of those who are economically speaking the weakest in our society and he will indeed be recognized as our best minister ever, when his transportation policy will enable the population to continue dwelling on this land by facing fair and reasonable costs and will transform our regions into economic areas where it will be possible to work and produce goods at competitive prices in order for them to stay on the market.

That is one of the objectives of a rational transportation policy to be established before we are asked to put up with reduced services and higher costs.

To conclude, Mr. Speaker, it is worth mentioning that the transportation policy we are calling for would not only apply to trains but should also study all the transportation methods and put forth solutions which would take into account the particular needs of remote areas.

● (1722)

[*English*]

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I understand the purpose of this bill is to ensure that transportation improvements in the metropolitan regions of Canada are not carried out at the expense of the rest of the country. May I sincerely say "Amen" to the hon. member's explanatory note.

In my own area I have a great interest in what has happened over the last few years regarding the Esquimalt-Nanaimo Railroad, which is the only railroad on Vancouver Island. It may be interesting for members to note that we also have a narrow gauge highway as our only means of communication on the east side of Vancouver Island. The Esquimalt-Nanaimo Railroad which was taken over by the CPR in 1912 has, for the last number of years, been trying to do two things. First of all it tried to cut off passenger service entirely, and secondly to

discontinue freight service by letting the trestles rot. Then it told the Canadian Transport Commission that it was too expensive to repair them, and it would have to let the freight service go as well.

I would like to give some background on a situation which I consider heinous. I think the CPR have done the worst job of public relations that I have ever seen them do in the way that they have handled, mishandled, or botched the situation on Vancouver Island concerning the Esquimalt-Nanaimo railroad. I would like to quote a condition concerning this railroad:

> In 1883 and 1884, legislation was passed by the Dominion and Provincial Governments for the construction of a railway from Esquimalt to Nanaimo. The contractor was a Vancouver Island businessman, Mr. Robert Dunsmuir and Associates. The terms of construction specified that "The character of the Railway and its equipment shall be in all respects equal to the general character of the Canadian Pacific Railway, now under contruction in British Columbia and the equipment thereof." It also stated "that the said Contractors shall commence the works embraced in this Contract forthwith and shall complete and equip the same by the 10th day of June 1887 . . ."

One of the other conditions for this railroad was that the federal government, through legislation, authorized the construction and contributed the sum of $750,000 to the construction of a railway from Esquimalt to Nanaimo. The Esquimalt and Nanaimo Railway, as a result of this grant from the federal government and as a result of a grant from the province of British Columbia, agreed to carry out, and I quote:

> —truly and in good faith to keep and maintain the same, and the rolling stock required therefor, in good and efficient working and running order, and shall continuously and in good faith operate the same—

After making that statement, and receiving grants from the province of British Columbia and a grant from the federal government, the railway said they would carry out in good faith and in good order the operation of that railway continuously.

Let me tell you what has happened since then. I will let you decide, Mr. Speaker, whether in fact the Esquimalt and Nanaimo Railway, which was subsequently taken over by the CPR in 1912, has carried out that promise. It is almost like a tale of horror. Starting in approximately 1969 the CPR, in one form or another, have sought to cut off this service which they said they would maintain as a result of obtaining funds and land from both the provincial and federal sources.

● (1732)

In 1970 public hearings were held on an application by Esquimalt and Nanaimo Railway Company to discontinue passenger service. I should like to quote some of the evidence given before the Canadian Transport Commission in order to apprise the House of the situation which was existent regarding passenger service. The CTC indicated that it became apparent, as far as advertising was concerned, that very little had been done by E & N. One must remember we are talking about a railway; we are not talking about a service from one house to another in a town. In 1969, E & N spent the grand total of $150 advertising the services of the Esquimalt and Nanaimo Railway Company which serviced Victoria to Courtenay. I realize $150 was a grand sum of money in 1969, and that $150 was spent on advertising the service of a railway line on Vancouver Island. That amount was used to publish a timetable. That was the total expense of the Canadian Pacific Railway on Vancouver Island to advertise its service. I hesitate to say that Canadian Pacific was in fact doing no advertising because it allocated the $150. But I wonder about the sincerity of that organization and whether it really wanted to keep that line in operation. Were they ready, willing or able to advertise to people from all parts of Canada and the United States that such a service existed and that they would actually promote it for tourism? Even if the local residents were forgotten about, it appears to me that particular corporation had no intention whatsoever of advising people who would use that service that in fact it even existed.

I should like to refer to some of the things E & N did to maintain its passenger service:

> According to the evidence given at the hearing, many station platforms were in dangerous condition or overgrown with weeds and various undergrowth; station buildings and shelters were in a state of disrepair, and all stations were closed and locked on Saturdays and holidays. The equipment used at that time was one RDC-3 (rail diesel car) unit consisting of a baggage compartment (where no baggage, express or mail was carried) and a passenger compartment with 48 seats. Further evidence indicated that "the baggage compartment is used to seat passengers when from time to time all the seats in the passenger compartment are full . . ."

I am not sure whether the E & N was really concerned with providing a passenger service. The stations were in a state of disrepair. As I say, they were closed on Saturdays, Sundays and holidays. At times passengers were put in the luggage compartment because there was no room in the passenger compartment. When I indicated that this was a tale of horror, I meant it. Is this indicative of a company which wishes to progress and carry on with its passenger service, or would this be a company which was attempting to get out of passenger service by providing the worst possible service under the worst possible conditions to encourage people not to use its service?

The answer to that is obvious. At that time the CTC laid down certain regulations which E & N would have to abide by. It is almost unbelievable that the Canadian Transport Commission would have to tell a transportation company such elementary things as, first, that it must maintain in a good state of repair all its passenger stations, shelters and platforms on the line between Victoria and Courtenay, British Columbia; second, that it has to keep all such stations and shelters in a clean, sanitary and safe condition. Is it revolutionary to have to tell the CPR to keep its facilities clean? The CTC had to do that because E & N were not keeping them clean. In other words, the customers were being told that their business was not wanted, and the faster they quit using the service, the faster E & N could go to the CTC in order to tell the commission that its operation was non-economic. The CTC was required to tell E & N that it must keep its stations and shelters in a clean, sanitary and safe condition. In other words, they were not in a safe condition when these recommendations were made.

Third, they were told to keep their stations and shelters open for suitable periods of time on all days on which the Esquimalt

and Nanaimo Railway Company trains 1 and 2 operate. It is ridiculous for the CTC to tell a transportation company to keep its stations open when its trains are running.

Fourth, they were told to remove all weeds and undergrowth from station platforms.

Fifth, they were told to provide sufficient accommodation on their railway cars so that people did not have to travel in the baggage compartment. If I told someone this type of thing happens in Canada today, perhaps they would say that I am referring to a third world country. Surely Vancouver Island is not a third world country. If E & N was interested in running a service, these elemental things had to be taken care of.

Following this, the CTC indicated that E & N could not stop its passenger service. The CPR said that it spent funds to upgrade its service and stations, as well as not put people in baggage compartments but actually allow them to sit on the seats. That may or may not be the case. In 1976, the same railway company applied to the CTC to do two things. The first was to discontinue freight service because the trestles going across gorges had fallen into such a state of disrepair that it was unsafe for trains to cross them. The second thing they were applying for was to have the passenger service discontinued once again. It is unbelievable in this and age to hear such stories.

The city of Nanaimo and its council recently sent me a telegram. It read as follows:

> ... by announcement that Canadian Transport Commission will permit the company to discontinue the E & N dayliner service on Vancouver Island and urge you to challenge the ruling of the commission.

I am not going to challenge the ruling of that Commission. I say that not because I agree with the ruling which came out, namely that because of loss of operating capital, E & N could shut down its passenger service. The reason I will not challenge it is because the course of action of a member of parliament is to petition the Privy Council to overturn that decision. I do not want to challenge decisions of the CTC, but in a recent letter which I sent to Mr. Pitfield, the Clerk of the Privy Council, I requested that under provision 641 of the National Transportation Act that order No. R25960 be rescinded.

Complications have arisen since that time. In the Supreme Court of Canada the province of British Columbia challenged the right of the CPR to discontinue its service, due to the fact that moneys and land were granted to E & N under the original construction grant in order to provide a continuous service on Vancouver Island.

Prior to challenging the decision of the CTC, the province of British Columbia should have contacted the Prime Minister (Mr. Trudeau) and the Privy Council to determine whether they in fact would overturn the decision without going through a long legal process where normally lawyers are the only ones who come out ahead. However, in its wisdom the province of British Columbia decided to go through the Supreme Court of Canada. I think the question could have been resolved more speedily if the province of British Columbia had made an application, as I did, to overturn that decision by means of a Privy Council decision. As I mentioned earlier, Mr. Speaker, we have a narrow highway on the east side of Vancouver Island which runs from Victoria to Kelsey Bay. It is totally inadequate to handle the number of people who travel on it during the summer months. With good planning, good management, good equipment and a reasonable timetable the service would make money, not lose money. It is ludicrous that at a time when more and more people are coming to Vancouver Island for a variety of reasons the company should cut down the service by half.

• (1742)

The public relations of the CPR must have reached an all-time low when they brought forward this latest proposal to discontinue passenger service on Vancouver Island. The people of Vancouver Island have a great distrust of a company which was given an enormous amount of land upon which to build a railroad in the first place. If we take into account the value of that land today we would probably find it would be worth around a billion dollars. Yet we are talking about losing a few hundred thousand by operating a passenger service. The reason the service is not profitable is that the bloody railway has done everything possible to provide worse service in order that they can lose money and then say to the CTC: My goodness, this is awful, we are losing money, please help us, rescue us from our predicament.

I do not think they should be rescued from their predicament. I think they should be made to provide better service with better equipment and make money. I hate to tell the CPR people how to make money, but it is very simple: provide reasonable, low-cost service which meets the demands of the people of the area. Do not start trains running at midnight to reach Victoria at dawn. You don't start your service out of town at midnight, because there is not much you can do at midnight in Victoria. My point is that, given a reasonable schedule, people will use the service, thus avoiding the tie-ups which they face on the highway. They will use the service if fares are reasonable and the cars are clean—they do not want to be put into the baggage compartment.

For these reasons I heartily endorse the bill introduced by the hon. member who spoke before me. I think companies such as the CPR have used poor service to discourage people in order that an application might be made to the CTC on a spurious basis. This has happened not only in Victoria but across Canada. I hope these companies will be brought to task and obliged to provide the service they undertook to provide in return for the land which was given them a long time ago.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to support what has obviously become a violent attack on the structure of the CTC and particularly upon the atrocious Minister of Transport (Mr. Lang) who holds office over there. Both the hon. members who have spoken sound like opposition members. It is going to be some election if they vote one way for four years and suddenly get on the opposite side.

The remarks of the previous speaker brings tears to one's eyes because his story reminds everyone of what has happened

in their own areas. I can see in my mind's eye all those little stations which have not been painted for years, beside which grass is growing between the rusty tracks. I am surprised, though, that all this should have come to the attention of those hon. members only in the last few days of the present parliament. I heard their Minister of Transport outlining his great schemes, schemes which all hinge upon one simple proposition—user-pay. This means that if a line does not make money for the railways it ought to be closed down. The Minister of Transport is, without doubt, one of the most hard-hearted, hard-headed, thick-headed ministers of transport we have had. If the story we have just heard had come to the attention of the former minister of transport he would, I am sure, have done something about it. But to the hard-hearted minister we have now, nothing else matters except user-pay. He does not care about the service provided; just let the company show a profit at the end of the year.

We in this party have been saying for a long time that service, not profit, was the purpose of the railways. We own one of them and whether it makes a profit or not is, in our view, incidental to the provision of service. The bill before us is a private member's bill, so the idea is to solve the problem in a way which will not cost the taxpayers any money. To some extent, the hon. member is right. If the company were to decide to provide a service in the cheapest and most beneficial way possible, it is likely it would be profitable.

Not too long ago I attended a CTC hearing and shocked the CNR by supporting its application to drop passenger service between North Bay and Toronto. I might explain that the company did not really intend to drop it. All the company wanted was to get a subsidy so that they would be paid for whatever mess they had made along that route. They did not only screw up the CN, Mr. Speaker, they screwed up the Ontario Northland Railway as well. They did not care whether it was easier for passengers to get from Moosonee, Timmins, Kapuskasing, and other points, to Toronto. All they wanted was a huge subsidy. Ask them if they will sell the operation and allow someone else to operate it, and the answer is "No way".

● (1752)

I sympathize with the hon. member for Comox-Alberni (Mr. Anderson) when he refers to a very picturesque little railway on Vancouver Island. We are talking about the great expense of getting the Canadian people to travel and to see Canada. I have been to Vancouver Island many times, and I can think of no better way of seeing the beauty of Vancouver Island than to travel on that railway and visit the little communities along the railway. It would be particularly advantageous for eastern Canadians to do so.

In 1978 I expect that there should be some degree of comfort and that passenger trains should not have to travel over trestles which have been condemned for freight. I expect that there should be modern, up-to-date railways to provide service. The Liberal party has sat on its hands in this House and listened to the Minister of Transport talk for several years about abandoning the transportation system in Canada, not making repairs and not updating it. The minister has been talking about abandoning the transportation system wherever it does not make a profit.

The minister says we should provide user-pay service, and that when it becomes profitable we should sell the operation piece by piece. He says we should sell only those sectors of transportation which are profitable. Hon. members opposite are not going to be able to go across the country during an election campaign and say that they are in favour of improving the system because they were too weak to stand up to the Minister of Transport, who has decided on a totally different policy. He is going to put money into Mirabel, into the turbo train between Montreal and Toronto and into that corridor to Windsor. Why? Because those publicly owned ventures will be profitable, and when they are, the minister will sell them. The government bought railroad cars to transport grain and lent them to the railways so that they can haul the grain without having to make that expenditure. Granted, the railways are losing money, but we are providing them with many components. Now they are asking us to fix roadbeds, upgrade stations and to do other things.

Like the hon. member for Comox-Alberni, I have a story to tell, but mine is about northern Ontario. The government of Ontario went to Europe and bought a train which the Europeans were no longer going to use. The train which was purchased is the train movies are made about. It is a beautiful little train. The Swiss, the Belgians, the French and others who were using that train were getting rid of it, so we brought it into Canada. The United States violently opposed its coming into North America because it is European built, has European parts and will need European repairs. Canadian National opposed it. The Canadian Transport Commission opposed it. They went over that train as if they were looking at a new aeroplane which would fly at twice the speed of sound. However, it was finally approved.

The train ran from Kapuskasing to Toronto. It was faster than any other mode of ground transportation. In Europe the train ran at 80 or 90 miles an hour. But what happened? Canadian National said the train had to fit into its time schedule and the CN did not want it going that fast on its track. CN did not want to meet the kinds of commitments which were possible with that kind of train. According to CN, the train started at the wrong time, arrived at its destination at the wrong time and sat on the track too much. Instead of making the trip from Timmins to Toronto in five or six hours the train was put on a schedule which would mean a longer trip than a trip by car. The train could travel safely and efficiently. It could provide a beautiful service and much quicker than any other mode of ground transportation. Let not the Liberals say they are now prepared to support proper transportation in areas other than urban areas where it would obviously be profitable. We know that has not been done yet, and we know that the Liberals have not voted for anything which would accomplish that.

Unfortunately this bill will be talked out. It is being used for propaganda, and I say that is a disgrace. If hon. members are honest, if they believe that in the next parliament we can change the user-pay concept and provide service for all Canadians in all parts of Canada, then if a bill of this nature is introduced again they should support it, as I will.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I do not want to speak for very long. The title and the purpose of the bill are clear. The purpose is well outlined in the bill. It is to remedy some of the things referred to by the hon. member for Timiskaming (Mr. Peters). The present Minister of Transport (Mr. Lang) is famous for his user-pay policy. I am interested in the manner in which the explanatory note is worded. It says the following:

> Government consultants have recommended to the Canadian Transport Commission that passenger trains serving less populous regions be replaced by buses in order to eliminate federal subsidies. At the same time the railways are increasing fares beyond the ability of many passengers to pay.

That is exactly what the Minister of Transport tried to sell and did sell to the premiers of the maritime provinces. For that reason I think the bill is very constructive. It is a private member's bill which is a reversal of existing government policy; and I have no hesitation in saying that I support the bill because it seems to be maritime-oriented.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, obviously, the underlying philosophy—

Some hon. Members: Question.

Mr. Lapointe: Mr. Speaker, I had the decency to keep quiet and listen closely to hon. members when they made their speeches. I trust they will extend the same courtesy to me.

Mr. Speaker, the underlying principles of this bill are of course very praiseworthy and justifiable, but I feel that the present national transport policy provides all necessary barriers to enable the Canadian Transport Commission to take into account precisely those concerns expressed by the hon. member for Compton (Mr. Tessier). He himself, when he made his excellent speech earlier, was able to take advantage of those CTC rules last spring when he appeared before the commission and pleaded his case for extending passenger services in his area which case he actually won.

Mr. Speaker, though I find this bill very attractive in some regards, and because I come from an area which is also far removed from Canadian metropolises and which, unfortunately, lost its only passenger service running from Quebec City and Murray Bay, though, as I say, I find this bill very appealing, the fact remains, Mr. Speaker, that neither the minister nor anyone else can be blamed for trying to put some measure of order in our national policy.

The Acting Speaker (Mr. Turner): Order. The hour allotted for private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

POSTAL SERVICE OPERATIONS ACT, 1978

MEASURE TO ENSURE CONTINUATION OF REGULAR POSTAL OPERATIONS

The House resumed consideration of the motion of Mr. Munro (Hamilton East) that Bill C-45, to provide for the continuation of regular postal service operations, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

The Acting Speaker (Mr. Turner): Order, please. At five o'clock the hon. member for Brandon-Souris (Mr. Dinsdale) had the floor. He has 29 minutes remaining to him.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, as you will recall, at five o'clock I was making the point that there is an encouraging development within the Canadian Union of Postal Workers, and that is a growing sentiment among the responsible members that confrontation and polarization must end before the existence of the Post Office Department is threatened. This situation has not been developing overnight. As a matter of fact, I am sure hon. members will be aware—those who follow postal affairs closely—that it was emerging during the crisis that was brought about in the 42 days strike in 1975.

I should like to quote again from the article by Mark Nichols in the July issue of *Macleans* magazine where he refers to the following incident:

> At times, the hard line positions taken by CUPW leadership appear to have run far ahead of rank and file sentiment. Toward the end of the tumultuous 1975 strike, says Bryce Mackasey, who was postmaster general at the time, "it became very evident to me that the majority of the workers were satisfied with Ottawa's offer, and equally obvious that the leadership didn't want to settle." "Had the strike continued for just a few more days," says Mackasey, the workers would have begun returning to work and the union leadership would have been effectively broken. Rather than have that happen—"because I am not malicious"—Mackasey made a few minor concessions that enabled the leadership to save face and the strike was over.

That was my own impression at the time. The loss of business was becoming critically evident, even two years ago, and the deficits have been going up astronomically since that

time. The advent of private courier service, including the attempts of the United Postal Service from the United States to come to Canada, and also the availability of electronic communications technology, all made it necessary for the postal workers to reappraise their militant position, and as I have indicated, responsible members of CUPW were expressing themselves publicly and have done so since that time in even stronger terms. I would say—and I think I can say it without fear of contradiction—that leaders such as Joe Davidson, who says that the public can go to hell, no longer carry the judgment of the great majority of the Canadian Union of Postal Workers with respect to post office matters. This was evident in the situation that developed in Toronto just before Christmas last year when it appeared there would be another pre-Christmas strike. Wiser sentiments prevailed and wiser judgments were listened to by the vast majority of the workers at this very critically important post office centre, and that strike was avoided.

● (2012)

Unfortunately, as has been said earlier during this debate, to bring legislation such as we are facing precipitously into the House of Commons on the eve of the dissolution of this House will do nothing to help this encouraging development within labour that has been emerging over recent years. I know that the government is attempting to create a law and order image, but the public of Canada can detect hypocrisy. The public was fooled during the last election by the hypocritical stand of the government in respect of wage and price controls. The hon. member who was then the leader of our party, the hon. member for Halifax (Mr. Stanfield), said in a very forthright and honest manner that what Canada needed was restraint because public expenditure was out of control. That hon. member went to the people with a program of wage and price restraint that was ridiculed by the Liberal party from the Prime Minister (Mr. Trudeau) down, only to have that group reverse itself within a year. I do not think the public is going to be confused or fooled by the cynical turn-about-face in respect of its lackadaisical and delinquent attitude in failing to come to grips with the problem of labour management relations in the public service.

Perhaps I should read from an interesting *ComTeam Bulletin* that came to my attention. The *ComTeam Bulletin* represents an attempt by post office management to establish dialogue between labour and management in the Post Office Department. This bulletin was issued on February 8, 1978 under the heading "The Right to Strike in the Public Service". It states in part:

> According to Prime Minister Trudeau, the right to strike isn't the problem. In a letter to a major mailing organization Mr. Trudeau said that stifling the worst symptom of the ailment is not a cure.

That is what we are trying to do tonight. The bulletin goes on to state:

> He suggests that we must deal with the perceptions that labour and management have of themselves as adversaries. Mr. Trudeau sees the basic challenge as one of securing from labour and management a sense of shared responsibility for making sure the enterprise survives.

> Mr. Trudeau points out that, while cynics may scorn this approach in favour of a hard line, experience has proven that conflict between labour and management is neither inherent nor inevitable. Mr. Trudeau said, "Consider the more harmonious relationships that exist in some other countries, for instance, West Germany. And in our Post Office, the letter carriers union is participating with management in a problem-solving program, which has succeeded in defusing some potentially explosive grievances."
>
> Mr. Trudeau closed by insisting that his government will pursue its efforts to get all participants in collective bargaining in the public service to make the process work so that increased regulation doesn't become necessary.

The Prime Minister has reversed himself completely since that statement was made and reported in the *ComTeam Bulletin.*

While it is necessary to go along with this arbitrary piece of legislation, it will do nothing to solve the long standing problems that were recognized ten years ago by the then postmaster general, the hon. Eric Kierans. An election is the only process that will resolve the problem, because it will provide the opposition, when it goes to the other side of the House, with an opportunity to consider the setting up of a Crown or public corporation, which we have been advocating for a number of years and which was advocated by Mr. Kierans those many years ago. This has also been suggested by a Treasury Board study and other documents well known to members of this House. It will then be possible to get management, postal workers and postal users working together on a management committee to resolve problems as they arise.

This is another recommendation we have been making repeatedly, and to which the Prime Minister refers in respect of the harmonious labour relations in West Germany. It will be possible to provide training for shop stewards and supervisors. This will provide them with the knowledge of industrial relations needed when dealing with sensitive people issues such as those at the heart of the present confrontation in the post office. Finally, it will provide an opportunity to establish a public interest disputes commission to help defuse explosive issues.

I have been in touch with members of the Canadian Union of Postal Workers today in an attempt to get their reaction to this arbitrary piece of legislation. The majority group I referred to briefly in my remarks tonight has assured me it will obey the law provided the workers have the protection of the present contract until such time as a new contract is agreed to. The Minister of Labour (Mr. Munro) has indicated he will be introducing an amendment to this effect before this legislation is approved. I certainly urge that he proceed in that direction. We will support him reluctantly, realizing it is stop gap and temporary, believing that the election will ultimately resolve the problem.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I am pleased to take part in the debate on this new bill. This is not the first time that happens here in the House of Commons, but here we are again discussing a measure which shows that the labour legislation is far from being geared to present needs. I have already said that many laws are drafted and passed, mostly labour laws, much more out of a sense of fear of what

an election may bring than for the good of people. Bill C-45 is a good example that government jugglers do not always come up with the best suggestions. Having made concessions without sufficiently taking into account the adverse effects they might have, the government now feels compelled to enact legislation to take away from a certain group of workers the right to strike they had granted them.

According to the definition in the dictionary, that process could be termed as absurdity, for it is really absurd to legislate to give a group of workers the right to strike and, after a while, pass a legislation to take it away; that has happened before at the time of the railway strike and, unfortunately, we are now again discussing a legislation with the same object.

I understand, and I had the opportunity to read the recent announcement by the Postmaster General (Mr. Lamontagne) who said today that he supported fully the preliminary statement made by the employer before the conciliation board concerning the controversial points. Of course, it is another passage of this announcement. The statement made today repeats the employer's point of view on the events and the facts which prevented both parties from coming to an agreement and the salary increase sought represents a considerable amount of money. This is also one of the reasons why the government introduces this bill but particularly, and I repeat, it is the fear to have a strike during the election campaign which would make it more difficult for those hon. members to communicate with the electorate. I recognize frankly that this reason is questionable. The essential would rather be—and here we act urgently—to introduce a labour legislation which would meet the needs.

Hon. members know just like me that there were written documents published in various places, big books dealing with these questions, but among other things I have here a fairly simple article which is full of good sense. It reads, and I quote:

> This is surely no longer a time for this kind of pressure on employers. If every person, rich or poor, would care, we would surely find a solution. We should put human value on top of everything. Sooner or later, we shall have to do so. Why not start immediately?
>
> As a matter of fact, in the past we have always followed the United States. This time it would be a good thing to find ourselves a substitute for strikes. Personally I think that if a jury can judge whether an individual is guilty or innocent, they could also decide on a collective agreement. Surely there are other people who have better ideas than these awful work stoppages.

● (2022)

I remember having made that suggestion to the House and besides our party has looked into a number of questions related to strikes. I had the opportunity to do union work during ten years, at a time when we were lucky enough to negotiate collective agreements with many employers, while always preventing a strike, because everybody knows that a strike is not a solution but a necessary evil which must be avoided as much as possible. It is a pity to see that there are still people with enough imagination to think that the solution to the various labour-management problems is a work stoppage. It is pure nonsense. We should logically recognize that all human achievements result from work. It takes only a few minutes of reflection to realize that we are going round in a vicious circle, without any practical solution.

The only concession possible to justify a strike is to view it as an attempt to catch up on the ever rising cost of living under the present system. The right to strike is not fundamental either. It is a phenomenon related to various states of generalized unrest. We must look for the cause of all such situations which have become generalized, but first of all, we must try to find the cause which becomes an eventual means of pressure, because the strike proposal is subject to a vote and the decision is often taken by a small percentage of the workers concerned.

Generally, strikes are aimed against those who pay instead of being aimed at those who deprive the workers. I have said before and I say again that a strike should be directed mainly against the infamous system under which everybody suffers. That is where the strike should be directed, and after changing our corrupt financial system, it would then be much easier to negotiate collective agreements and to get management and labour to agree.

It often happens that any misuse of the means resorted to prevents one from achieving one's aim. We have often noted that some agreements turn into disagreements. A certain percentage of negotiators persist in reinstating their right to have rights, with the result that there are many protests, often based on misunderstanding which more often than not leads to confusion.

Most people demand what they believe to be their rights, without much regard for duties, when a solution must be found to complex problems. I can understand that the situation can become complex. The longer the strike and the negotiations, the more different judicial levels are called upon to solve the conflict, the more the people get exasperated and willing to accept any suggestion. We must never forget, for example, that the right to live far outweighs the right to strike or to lock out.

In this stressful and conflict-ridden climate, whether in industry or elsewhere, and with a legislation inspired by fear in front of the dominating world of finance, it is difficult to find an equitable solution to the labour and management problems of the day. Governments will have to become conscious of their responsibilities with the group of experts they have available to them, and apply a true piece of legislation which does not reflect the control of profiteers on the one hand nor the fear of the behaviour of certain unions on the other, but an understanding, honest, human, just and truly social legislation which provides for an equitable distribution of profits and the guarantee of reasonable wages to workers. It should be possible to draft acts in a clear and concise manner that can be understood by those concerned. It is worth trying because peaceful relations between management and labour are at stake.

As long as we fail to replace the system of adversary confrontation by a completely different approach based on genuine cooperation, the bad faith stirred by economic conflicts will continue to be a sad reality. Management and unions will still be paralyzed by bitter conflicts which are only the logical result of a tense and quarrelsome atmosphere surrounding many collective bargainings. Nobody wants to yield; everyone wants to win. It is like the game of tug of war: the stronger wins, the winner takes all.

Considering the drastic changes occurring in our society, we should ask ourselves whether the present system of collective bargaining can really enable us to establish economic and dynamic social justice. The Woods task force stated it quite clearly and I quote:

Over the years an increasingly complicated range of issues has found its way onto the bargaining table. The introduction of elaborate fringe benefit schemes, especially in the health, welfare and pension fields, and intricate job and income security arrangements, have forced the parties into more sophisticated relationship requiring something beyond crisis bargaining.

According to Dean Woods and his colleagues, unions and management have failed to adapt the new technology to make work a more enriching activity of man. They insist that this regrettable failure is partly due to the fact that "unions and collective bargaining were not designed to handle problems growing out of the nature of work itself". The authors of the Woods report have expressed a sound criticism, and I quote:

Unions do not seem to have recognized the magnitude of the problem. Organized labour has long talked about alienation from work, but its answer seems to have been to ensure workers more generous pay to compensate for their frustrating life on the job with a good life off the job. This has not and will not solve the problem and overtime will likely become an increasingly ineffectual and expensive palliative.

It is obvious that we must interest the worker in his job. There are various means at our disposal to achieve that purpose. A few months ago the government was prepared to provide fairly large amounts of money to union organizations and it was inclined to do it—I have the statement before me to prove it—and actually accepted the idea. If that is the case, we must see to it that this money is properly spent and we must recognize at the same time that there is a genuine need for education among workers and the employer and we must also have those who are doing any kind of work understand that they must interest themselves in their job, what are the results expected from them and the reason why such a work has to be done.

So, if we insist upon maintaining an attitude which has existed for so long, we will continue to face situations which are often impossible and which require backward legislation such as the one which has just been introduced.

● (2032)

In concluding, Mr. Speaker, I will quote an article which appeared in *La Presse* of Montreal quite some time ago now but which is still of current interest. The article is dated June 3, 1972, and is entitled "The freedom of others". And I think that we must consider the freedom of others. It is fine to be free, it is highly commendable but one must respect the freedom of others. And several examples are mentioned in that article which should bring those who love their own freedom to consider also the freedom of others.

We are witnesses to a strange situation as we enter the post-industrial age. We notice that the freedom of some may at times destroy that of others. One also notices that certain freedoms do not yet exist. The individual worker enjoys the right to join a union but not the right not to do so.

I have already spoken on that issue. One has to join a union because he is compelled to do so, he has to pay his dues but he has no right to get out of it. This is a point which I have already discussed to some extent in this House.

There is no freedom either to choose a union other than the one which is certified to the management.

Furthermore a newsman may for instance break his employment contract because of an ideological orientation change on the part of his employer but he has no right to withdraw from a labour union for the same reason.

This is somewhat pertinent to the circumstances where there are strikes in newspapers as is the case in the province of Quebec.

Hospital workers have the right to strike but when they do exercise that right, they jeopardize the lives of patients who have the basic right to receive attentive and intensive care. Civil servants have the right to strike but when they exercise that right they are depriving elderly people, pensioners and people on welfare of their right to receive in due time a cheque which is eagerly awaited.

Air Canada's controllers and technicians have the right to strike but when they do, they do so to the detriment of an essential right of the residents of the Arctic which is to receive supplies. They were almost responsible for the death of a child because a rare serum could not be forwarded by plane.

Teachers have the right to strike but when they do, they are depriving children of their essential right to uninterrupted and worry-free education.

Postal workers have the right to strike but when they do, they deny the population an essential service, thereby inflicting a serious prejudice to many businesses depending on the mail for their daily operations.

One should never forget that the right to live for each and everyone of us stems from a natural right and that it must take precedence over the right to strike.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am going to take part for a few moments in this debate. At the outset I want to say how pleased I was to listen to the speech made by the hon. member for Brandon-Souris (Mr. Dinsdale). I think he has done a tremendous job in attempting—to the extent one can from this side of the House—to bring the parties together in what has been an ongoing and deteriorating situation between workers in the postal service and the Treasury Board.

The situation has reached the point where postal workers in Canada do not trust the Treasury Board, do not believe in the Treasury Board, do not find it responsive; and the Treasury Board has taken the same view that the post office management has taken of the union. Collective bargaining is adversary by nature, but if it is to be effective it must be based on some trust, some understanding and some communication. The fact of the matter is that communication has broken down. If we are ever to get rid of the problem and keep the postal service

operating we must start from a premise. We have to get to the truth.

I do not believe a bill like this helps us to get to the truth. A bill like this does not necessarily improve relationships, and over the long run we have to get to the truth. That is why we have said from time to time when the occasion arose in this House that perhaps it was not such a bad idea to have some form of commission of inquiry to deal with this matter and go into the issue of technological change and all the other issues that affect relationships between employer and employees in the postal department. We must get at the truth and find out what has really happened, and have some premise from which we can start. Perhaps from that we can move to a new form of industrial democracy. I do not know whether it will work in Canada or not but in the present atmosphere we will not be able to try.

The management-labour committee mentioned by the hon. member for Brandon-Souris, which is working well in Germany and in the United States, has been able to bring labour, management and postal users together in a new way. These things may be conducive to sound relationships within the postal service.

As the Minister of Labour (Mr. Munro) said, the public interest dispute commission is not by itself a dispute resolving body; but it is one of the vehicles that can help understanding, develop trust and ease the way toward settlement. Surely we ought not to say it is ineffective. It is very important that we find vehicles by which the relationship can be effective and meaningful.

That is not the case in this country now. We have had ten years of disruption, then years in which, while there has been considerable difficulty from the point of view of the union and examples of bad leadership, there has been equally bad leadership by the government.

I think we have come to the point where most Canadians are saying, with respect to the post office and a whole host of other things, that this government is incapable of sustaining the leadership that is necessary. With respect to the economy and the post office, its time has come. It is despondent, dispirited, denuded of its best people and denuded of imagination and ideas. That is why we are facing an election in this country, Mr. Speaker. Leadership has gone. That is why we will be going to the country in a few days. I recall last year during the air controllers' strike—the minister will recall it as well—editorial writers, columnists and opinion leaders from coast to coast were shouting that strikes in the public service must end. The right to strike must be taken away from public servants and others who are qualifying their statements by saying that there should be no strikes in "essential services"—an easy thing to say when there is no necessity to define what those essential services are—or that we should not have strikes which "damage the national interests". That is the kind of rhetoric that was heard. Even the cabinet at that time was split wide open, if you recollect. I would suspect that it is still split wide open today if one lifts the corner of that sticky plaster.

[Mr. Baker (Grenville-Carleton).]

• (2042)

You will recall the Minister of Transport (Mr. Lang), who was smiling in his benign and friendly way—a smile for which he has become famous across this country,—said that all strikes, public and private, that would damage the nation "have to be outlawed", were his words. The Minister of Labour, on the other hand, who until today has been known as "Mr. Free Collective Bargaining" in Canada, said that the Minister of Transport did not really know what he was saying. There is Mr. Speaker, confusion in the government as to its position, so can you imagine the confusion in the minds of the public with respect to the whole process of collective bargaining in the Public Service of Canada.

We must look this situation over very carefully. We are dealing with postal matters tonight. What is important for postal unions is also important for public servants and public service unions. What is the reality in Canada? What can happen? What can we do to improve this situation? What can be done to eliminate the great inconvenience of strikes in the public service, or if not eliminate them, at least minimize them to some tolerable degree so that we can rely generally on efficiency and continuance in this branch of the public service and public enterprise. I always felt that the ability to communicate readily day by day was the foundation of an ordinary society.

There have been a lot of misconceptions about the position in the public service. Geoffrey Stevens, in a column published last summer in the *Globe and Mail*, gave us some statistics which a lot of people did not believe at the time. I think these statistics are quite important. There had been 405 collective agreements in the public service up to that time since the right to strike was instituted. In that time only 12 of them had been preceded by legal strikes. That is not a bad record. I think that record is perhaps better, at least in terms of numbers, than the record in the private sector which ranks somewhere close to that of Italy. I am not happy with those figures. No one is because when a strike takes place it means that the system has broken down.

There are certain other things which the public generally does not know about public service disputes. There are two routes which can be taken by public service unions. The route chosen is the option of the public service bargaining agent. The first route is the conciliation/strike route. That is the route which postal unions opted for, and certain others, and the reasons for their choice will become clear in a moment. The other route available is the arbitration route. Under this option the dispute is sent to a tribunal where it is resolved. It becomes binding on the public service union, the membership and on the government as well.

Given the existence of the choice of the bargaining agent, it is interesting to look at some statistics. In 1970, 81 per cent of the public servants chose arbitration at the end of their collective bargaining process and only 19 per cent chose the conciliation/strike route. In 1975, Mr. Speaker, five years later, the picture was almost completely reversed: only 36 per

cent chose arbitration and a whopping 64 per cent chose conciliation/strike.

I think we are sitting on a time bomb. In Canada we have developed an increasing potential for difficulty on the public side. That potential for difficulty and the probability of it occurring will not disappear because we suddenly decide, by a stroke of the pen, to remove the right to strike in the public service. As I said, the blame can be shared. It can be shared by the unions and their leadership in some respects. It can be shared by the Treasury Board and it can be shared by the government.

One reason we have opted on the public side for conciliation/strike rather than arbitration is because the conciliation/strike route for the employee and his union is more attractive to what the employee wants. He wants certainty and swiftness of decision. We have made it more attractive because arbitration has not developed as something which has been trusted, at least on the public service side.

It is too bad we have been driven to the situation where public service unions, which generally do not move in the direction of strike, are adopting the method which can end in strike. We must devise ways in this country of making the binding arbitration route more attractive.

I represent thousands of public servants and their families. I can say to you, Mr. Speaker, that they do not want a strike; they do not want disrupted services. They are no different from you or me for that matter. Like everyone else, they would like to have the opportunity to work steadily and to be paid in the ordinary course, to receive their mail regularly and be able to plan a holiday, using the rail and air services of the country confident that their holiday will take place. They suffer as much as anyone when a segment of the public service decides to withhold its work and labour. Based on those statistics arbitration in Canada is still being viewed less and less as a trusted tool or method of solving disputes. In view of the statements by the minister, in view of what has occurred in the past, in view of the potential for difficulty in the figures which I have mentioned earlier, we must take a look at the situation in the public service. My constituents who are in the public service do not hesitate to speak to me. They tell me quite frankly that they are not interested in strikes or in striking, and that if there is a demonstrably better way, they would rather have their disputes settled in that manner than through the withdrawal of services.

The public interest disputes commission which we have suggested, and which we will continue to suggest, is one of the cogs in the wheel of that better way. The management committees discussed by the hon. member for Brandon-Souris (Mr. Dinsdale) is another of those ways. Public servants tell me in equally strong terms that there is a suspicion abroad about the arbitration process as it now functions in the public service. To put their views succinctly, Mr. Speaker, they tell me that the scope of arbitration is far too narrow. It is impossible for them to arbitrate what they can negotiate.

By choosing the conciliation strike route, subject to very few exceptions, the whole range of differences and opinions between employers and employees can be aired. They say there are delays in the process which cause frustration. It is a fact that the hopes and the fears of many ride on the outcome of a particular case, and as frustrations develop, anger builds up. They suspect that the arbitration process, as it is now practised, is not completely free of or independent from the influences of the government of the day. They feel the arbitration tribunal ought to give reasons for its judgment in many areas, which it does not do, certainly on questions with respect to pay. They do not feel the arbitration boards are particularly responsible, because unlike the conciliation process they do not have the opportunity to nominate members to the board in the same way, nor is the arbitration board necessarily composed of the most appropriate people from the point of view of the expertise appropriate to the dispute. They do not have a say in the choice of chairman through their representatives, as they would have on a conciliation board. Perhaps most importantly, the entire process is dependent upon data in which the employees have less than full confidence.

● (2052)

Those are only some of the reasons given to me from time to time by constituents who are interested in working and becoming involved in the public service, who do not want service withheld and want to live within a reasonable process. If those areas are the problems, nothing is insurmountable and I do not think we can ignore them. I do not think we can afford to set them aside with a simplistic sweep of the hand because we may face an immediate situation. Whether this bill is passed or not, the same atmosphere and demoralizing influences will be there. The same alarming statistics, with their potential for trouble, will be there for us to face, even though by this bill we may not have to face them in a general election.

No one in this House would condone law breaking in the public service or elsewhere. There is no one in this House who cannot feel somewhat sad that the situation in an essential service has been allowed to deteriorate to such an extent that now the government deems it necessary, whether for its own purposes or not, to defer the dispute for a time, rather than resolve it.

We must work on methods of improving the dispute resolution process. I know the Minister of Labour is not proud of the fact that this bill does not do that. Surely our best efforts in the next while have to be directed toward asking the public service and other labour-oriented groups and unions in the country to choose a form of dispute resolution which is not disruptive. That is the constructive way to go. When the dust settles from this piece of legislation and those issues, that problem is still before us waiting to be tackled.

I do not propose to speak any longer on the bill. The hon. member for Vancouver South (Mr. Fraser) indicated what our position would be with respect to the bill. It is appropriate for the debate to end quickly. It is important to resolve that question in the House tonight so that we can go on with other things and deal with them very quickly indeed.

The Minister of Labour has always prided himself on standing for the rights of labour. I would not be one to say that he has not. Again today he said that the government would continue to rely on voluntary agreements. He indicated that when he mentioned that the process of voluntary agreement in one department of the government had broken down. Although we intend to support the bill on second reading, and I presume it will move rather quickly through committee, there is a cancer in the dispute resolution process of the public service. This is only one cell. It is shown in the morale of the public service, the way the merit principle is being dissipated in the public service, the way rights are being denied in the public service, and the way 3,000 people were brought in out of the ordinary channels in the years 1976 and 1977, according to the evidence before the Standing Committee on Regulations and Other Statutory Instruments. That is all part of this cancer. Now the public is being treated to the Public Service Commission reporting on the eve of an election with respect to what it will do with public servants. The public has not been consulted with respect to that, they have been told.

The government brought in Bill C-28 which has a disturbing effect on the public service, to say the least. As well, this section is pulled out of it for special treatment. The attitude of the government toward public servants is sick—as well as short term. The length or breadth of the government's vision is as long as the next two months. While this bill must be dealt with because it is a matter put before us by the government, there ought not to be any person in this House who can approach this entire subject without a rather heavy heart. Within the time limited to it, I suggest the government should work very, very hard at changing its attitudes, so that the entire process in government and the relationship between its employers and employees can change. Once again the Government of Canada can begin to provide some leadership for the public and private sectors of this country. This sense of leadership has been lost over the last ten years.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I was under the impression that second reading of any bill dealt with debate on the principle of the bill. I have to ask myself what the principle in Bill C-45 is. How do I square the way I stand and the way my party stands on the principle contained in this bill? I think the principle is one of confrontation.

This has been the pattern since the Prime Minister (Mr. Trudeau) ran for office in 1968. It is reminiscent of a candidate for Prime Minister standing in Montreal waving defiance on St. Jean Baptiste Day, which caused the rest of Canada to say: "What a strong Prime Minister he will make. Look how he puts the rabble in their place. That is the type of man we want as leader". That is the same kind of confrontation which we experienced when the LaPalme drivers were demonstrating on Parliament Hill against the manner in which they had lost their jobs. It is the same kind of principle. The Prime Minister said to working class people who lost their jobs through no fault of their own: "Mange la merde". At the same time, the rest of Canada said: "What a tough Prime Minister! He has moxie, he has backbone. That is the man."

[Mr. Baker (Grenville-Carleton).]

It is the same sort of principle we saw with respect to Quebec and the government of Quebec. It is the same type of confrontation where the Prime Minister is building on a scapegoat philosophy, so that the rest of Canada says: "It takes a French Canadian to put French Canadians in their place". That is the sort of cynicism, that is the kind of philosophy I find when I read this one-page bill. What else is the principle in it?

• (2102)

I was shocked to hear the Postmaster General (Mr. Lamontagne) say yesterday in a CBC interview that all this bill does is to provide for CUPW a clause which is already in the Canada Labour Code. Section 181 of the Canada Labour Code says, in effect, that workers who are covered by it cannot go on strike during an election period. Mr. Speaker, he has not read the bill. I phoned up and said: "You have used section 181 but you have not put in section 148," which says, in effect, that the workers who are prevented from striking during an election period will be covered by the previous collective agreement. Ministers over there have not even read the bill properly. It is not often I feel sympathy with Liberals but I do feel a little sympathy for the defender of the Hamilton Ticats. I feel some sympathy for the men who try to keep Harold Ballard out of Hamilton. Here we have CUPW which comes under the public service act, under the jurisdiction of the Deputy Prime Minister (Mr. MacEachen), and lo and behold, the bill which affects them is being introduced by the Minister of Labour (Mr. Munro). I cannot help feeling sympathetic toward him if he feels beleaguered and asks: Good God, what nonentity wrote this bill and expects me to clean it up?

There is no protection in this bill for the workers. The post office flunkeys in middle management would love to see the workers without a collective agreement during those 60 or 90 days when an election is being held. They have never shown themselves to be particularly efficient in the absence of whatever is admirable in public relations. Again, the principle is one of confrontation. On the very day the CUPW negotiations went to conciliation, yesterday, the Prime Minister was tabling this bill in the House. Since the Minister of Labour seems to have done so well last Friday he wants to press his luck; he wants us to put the measure through today.

What sort of reaction, Mr. Speaker, do you think this will provoke in any honest-to-goodness trade union with any kind of balls? What kind of reaction might have been expected? I am amazed at the patience and restraint with which CUPW has reacted to Bill C-45. As I say, there is only one concept here, and that is confrontation.

There is political confrontation as well to some degree, because if there is one union in Canada which is not persona grata in the hearts and minds of the public from coast to coast it is CUPW. So the Prime Minister is trying to hoist the opposition in the House of Commons. What a marvellous election issue—to be able to go across the country and say: "We want to be sure there are no strikes in the post office during an election." And if other parties vote against it, he can

say: "The opposition tried to prevent us putting in that protection for you." This seems to me to be the height of cynicism and introduces an element of political confrontation.

For nine months CUPW has been without a contract from Treasury Board. Does anyone want to tell me that the Prime Minister got this sudden flash of insight only last week, that quite without premeditation he got the idea of bringing in a bill to make sure that CUPW would not go on strike during an election? Does anyone believe that the government has never foreseen that possibility in time to plan for it and to bring in a properly worded bill in time for it to be sent to committee where witnesses could be heard? Does anyone want to try to persuade me that the government was completely of far-sightedness in this respect? Mr. Speaker, this was planned. This was deliberate. This was cynical. This is confrontation politics and I cannot accept the principle which has been incorporated so blatantly in Bill C-45. I can see the minister shaking his head like a jack-in-the-box, but that is not what he was saying earlier today when he was stuck with this. He rolled out of bed this morning and said to his secretary: "Look what they have done."

Mr. Nystrom: When he rolled out of bed? His secretary was there?

Mr. Fraser: Explain!

Mr. Rodriguez: That is the hon. member for Vancouver South (Mr. Fraser) with his chauvinist remarks again. It seems to me the height of cynicism was reached when the Postmaster General said the provision of the Labour Code was being followed with respect to an election in the case of CUPW. It is phony. He gives the union the worst of the Labour Code without giving it some of the better things in it. His mind sprang immediately to clause 181 but avoided clause 148. He argued vigorously against putting CUPW under the Labour Code, but here, when it is convenient, we see it done selectively.

I feel a little twinge of sympathy for the Minister of Labour. He has tried to improve his image as the minister who has done most for labour. It is on that basis that there is the suggestion that the trade unionists ought to be weaned away from their alliance with the NDP. It is suggested that only labour ministers and labour governments can do things for labour.

• (2112)

I believe this parliament is coming to an end very quickly, and there will be a blot on the minister's escutcheon. That blot will be legislation of this kind, which is based on the principle of confrontation and removing from workers the right to strike without providing protection for the collective bargaining process. A section from another statute is suddenly being sprung upon CUPW. The government is not giving CUPW a chance to know the rules of the game. It is springing this legislation at a time when the negotiations are moving into conciliation. That confrontation politics is inviting CUPW to react by saying that parliament can pass all the bills it wants, that the fines are not too high and that its members will hit the bricks anyway. This way the Prime Minister can look like a real tough guy in the middle of the election campaign. The Prime Minister will be able to say: "I have them with Bill C-45", and the government will be able to enforce the legislation to the full extent of the law.

Mrs. Holt: Be honest.

Mr. Rodriguez: I wish the hon. member would get up and make a speech rather than make smart aleck remarks from the back bench.

Mrs. Holt: Say something valuable and creative.

Mr. Rodriguez: The bionic woman from the back bench is making smart aleck remarks again.

The problems involving the post office have become a long saga. There have been many disputes, and the crux of the problem has been technological change. There was a great fight over getting a technological change clause put into the collective agreement the last time around. CUPW was saying it should be given the technological change clause which is in the Canada Labour Code. A strike went on for weeks and weeks. Finally that friend of labour, Bryce Mackasey, said in my presence one morning at three o'clock that he would be prepared to lay a technological change clause on the table for CUPW. After a five-week strike Bryce Mackasey laid on the table word for word the technological change clause contained in the Canada Labour Code.

Is that the way we should operate in this country with respect to industrial relations? How can this government hope to be an example and encourage the unions in the private sector when it has the worst labour relations record in the history of this country? The hon. member for Vancouver-Kingsway (Mrs. Holt) asked me to say something intelligent and to contribute something. I have just done so. This government is not fit to provide an example. It is not fit to lead with respect to bringing parties together to work out new forms of collective bargaining and industrial relationships. Under the present system the minister has direct control over the workers in the post office, and that leaves a lot to be desired.

As I said, there was a strike which dragged on for five or six weeks. Bryce Mackasey had claimed prior to that that the public servants of this country were the lead dogs of labour and that he was going to leash them and bring them under control. The then postmaster general, after a five or six-week strike, laid on the table a clause which would eventually solve the problem. That clause was section 129. I do not call that bargaining in good faith. Even when the workers obtained the technological change clause the Minister of Labour could have learned a lot from the way the post office was running around the ends on that one. He could have coached the Hamilton Tiger-Cats.

Mr. Gilbert: "Pussycats."

Mr. Rodriguez: He is no pussycat. He is a smart politician, and he has to live with this. No sooner did CUPW get the technological change clause than it got the runaround with regard to the notice required before the technological change clause came into effect. There was a requirement to sit down with the workers and to talk to them about how technological change would affect them. The government did everything possible to run around the ends with regard to the technological change clause.

In the last ten years the government has changed postmasters general more often than I change shorts.

Mr. Fraser: I can believe that, John.

Mr. Rodriguez: In the last ten years the government has changed postmasters general practically every year. I remember that in the first week the former postmaster general, who is now the Solicitor General (Mr. Blais), took over the post office he made a press statement. He said he would stay out of collective bargaining because he did not study labour law and was not a collective bargaining expert. One week later he was in there giving advice about the technological change clause, and the contract and about how the workers must live up to their responsibilities with regard to technological change. It was like Moses being taken out of the bullrushes! Suddenly overnight the new minister had become the expert. He was involving himself in the collective bargaining process.

I have listened to the Conservatives to my right. I can tell it is close to an election. They all love public servants. The hon. member for Grenville-Carleton (Mr. Baker) was not kidding when he said there were many public servants in his riding. That was his reason for condemning the bill, but I want to see how he will vote on the principle of the bill.

I am sure all those who will be affected by the proposed Bill C-28 are anxious to see how the Conservatives will react. The Conservatives talk about studying the problems further. We do not need to study the problems any further. There has been royal commission after royal commission. The post office has been studied to death. Postmasters general have recommended that the post office be made a Crown corporation. They have said that that would provide some sense of continuity and unity of direction, instead of dealing with three or four departments and having a spread in jurisdiction. As a matter of fact, Eric Kierans, a former postmaster general, has said that the post office ought to be made a Crown corporation. That is what the workers have been harping about since I came to the House of Commons in 1972. They have said that they would prefer to be put under the aegis of the Canada Labour Code. Royal commission after royal commission has come to the same conclusion. There has been dilly-dallying, and these decisions which must be made have been put off.

Technological change has been brought in. We spent $1 billion to purchase equipment for the post office. The West Germans said they would be very happy to sell Canada the automated junk they sold us for $1 billion. One would think that that automated equipment would have speeded up mail service. Mail used to be put on trains. There were carriages at the rear of those trains in which workers sorted mail. The mail was taken to the various communities and delivered. There was one-day service. The president of VIA, Frank Roberts, has spoken about going back to putting mail on trains. I asked Mr. Roberts if he envisaged the day when we would have a man sitting at a table in the carriage at the back of a VIA train sorting mail. He laughed. We have put in automated equipment, but that has not speeded up mail deliveries.

● (2122)

Somehow or other, the victim in that whole fiasco always seems to be the worker. By some means or other it is always the workers who are supposed to be delaying the mail, when in fact the government embarked on a very expensive technological change program in the post office. First of all, they did not know their elbows from a hole in the ground about how to work with the workers in the post office. I receive letters from postal locals right across the country. They write me about the problems they are having with their superiors in the post office. It seems to me that the middle management in the post office must have all been in the army at one time or another because they all seem to be the Colonel Jekyll and Colonel Hyde of the postal corps in the second world war and have no ideas, beyond barking orders to underlings, about how to handle workers on the floor. It is "yes, sir", or "no, sir", "don't question my authority, do as you are told and don't ask why". It seems to me that before the government embarked on this sort of technological process which involved changing the lives of workers, they should have been sent to some sort of humanizing schools to take a course on how to handle workers. Perhaps that is the first thing they should have done.

What they tried to do in the post office is to superimpose a technological operation and to fit square management personnel into round technological holes. It just did not work, and as a result tensions arose. For example, we went through the whole shamozzle in the last five years on the manner in which the Post Office Department uses casuals. That was one of the big fights that CUPW had. It was around the effective dealing with casuals in the post office. Invariably casuals had a "sweetheart arrangement" which involved every manager and his sweetheart getting jobs as casuals in the post office while other workers who had been casuals for ten or 15 years would be used in such a way that the contract or the terms of the collective agreement would not be followed with respect to those covered under the agreement. The workers had to put a lot of effort in to cleaning up the whole matter of casuals in the post office.

If the leadership in CUPW is militant, they have reason to be. We should look for the causes of their militancy; we cannot deal solely with the symptoms. They are symptoms of the frustration which emerges in what is called the angry leadership, the aggressive leadership. It seems to me that one of the causes for that relates to the way in which the post office is operated.

The former postmaster general—I have not heard the present Postmaster General (Mr. Lamontagne) on that—was

going to have these tête-à-têtes around the table. "You tell me your trouble, I will tell you mine. We will both put our problems on the table and we will then have two problems". We have not heard the Postmaster General go into that. The best way to have industrial harmony and peace in the work place is to clearly define the rights and responsibilities of the workers and of management in a contract which will be observed by both parties. That is the best way to maintain peace in the work place, instead of these little love-ins that are held so often, the net effect of which is to put off making tough decisions, which has the long term effect of sloughing off the problems to another day. "Let us have another cup of tea and talk about that problem again". The present minister has not been on to that kick yet, but I expect it will start coming shortly.

I know the leadership of CUPW very well. They are dedicated trade unionists who represent the interests of the workers. After all, it is the workers who have elected them, so whose interests should they represent? Surely not the interests of management. Their purpose is to ensure that the collective agreements are kept. We have a situation where there are literally thousands upon thousands of grievances that are backed up and have not been processed properly or expeditiously. That is one bone of contention in the relationship between management and workers in the post office.

What is the principle in this bill? As I have said, we deal with principles at second reading. I say that the principle in this bill is one of confrontation rather than solution of the problems that exist in the post office. This is confrontation politics. It is the principle of confrontation which is envisaged in this bill, and I and my party cannot support that. That is the other little game the government is playing. I do not think the Minister of Labour has participated in that Machiavellian scheme, but one of the aims of this bill is to try to hoist the NDP with the bill. In effect, how are the New Democrats going to react to that? Will they go along with such a blatant anti-labour bill? If we do that, it will wean our labour base from the party politics. I think the Minister of Labour has more principles than that. It is the other yahoos who occupy the government front benches for whom I have no respect, and I make no bones about it. I have never had any respect for them in the House because they are politicians in favour of whatever is going. Those are politics of convenience. In principle I could never support making scapegoats of one group of persons and using them for my own interests.

I am glad the Minister of Energy, Mines and Resources (Mr. Gillespie) is here. His record with respect to the nickel miners is not one to hold up as an example. I will make sure that the workers of Sudbury remember that at election time, that they remember the fact that he does not give a hoot about workers in the nickel industry. If you have any principles at all, how can you go along with Bill C-45? Surely there is a principle involved there. How does one explain the fact that they did not even know that it did not cover the workers during the 60 day period under the collective agreement? Does that indicate to you a thoughtful and purposeful drafting of the bill? Either the legal minds in that government are incompetent and should be fired or, as I said before, they are guilty of collusion to try to foist this bill on parliament in its dying days, to run it through while the boys are all busy talking about when the election will come so that they will not notice it. That is the kind of cynicism they are demonstrating.

We on this side of the House cannot support the principle involved in the bill and we intend to vote against the bill. If the minister wants to put CUPW under the protection and aegis of the Canada Labour Code, then do it and give them adequate notice. Do not put them under section 181 or section 148. Section 148 is the crux of the problem.

• (2132)

The minister stands up in the House and says there seems to be some confusion. I suggest the confusion is on the part of the minister and not in this opposition member's head. The confusion lies with cabinet ministers who are supposed to have such "smarts". They have less "smarts" than my pet Scottish terrier has in his tail.

An hon. Member: Do not insult your terrier.

Mr. Rodriguez: That is right, I refuse to insult my Scottish terrier who has quite an attractive name. His name is Mr. Davidson and I would never under any circumstances suggest such an insult.

We cannot in all conscience support this kind of legislation. I am really shocked that the Minister of Labour, for whom I feel a tinge of sympathy, has been given the responsibility of putting this mess of potage before parliamentarians. I know he has troubles, but he should be fighting Harold Ballard, not the NDP. As I have said, we will vote against this bill as we cannot support its principle on second reading.

I am really surprised that the Tories to my right would support it. Perhaps I should not really be surprised because this is the time in the fourth year period when they should love all civil servants. I know the hon. member for Grenville-Carleton will love all those civil servants to death. Of course, we know what his reaction was to the Finkelman report and all its recommendations embodied in Bill C-28 when it was before the committee. Where do the Tories stand on this? Now that we have television in the House I want the whole Ottawa valley to know that the Tories were all for the Finkelman report, with all its recommendations embodied in Bill C-28. The record is clear in that regard and we will put their views on record shortly in respect of Bill C-45.

CUPW has exercised a great deal of patience and forbearance. At the moment this matter is at the conciliation stage. I sincerely hope a settlement will result from the conciliation report. Surely there is a great deal of forbearance being shown. I know that their patience will endure and the interests of the Canadian people will always be paramount in their considerations.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, this is a sorry day not only for parliament but for labour-management

relations in this country. We have just heard the dissertation of a person who is well qualified in the field of labour relations, the hon. member for Nickel Belt (Mr. Rodriguez). It is not necessary for me, nor is it my intent, to give a comprehensive report about the value of good labour relations. Bill C-45 certainly is not an example or evidence of bona fide good faith in the field of industrial relations. To attempt to force legislation of this nature upon a single trade union is in itself an example of discrimination of the highest order.

This type of legislation will create hard feelings and a hardening of attitude, not only between CUPW and the government, or the management of this union, but between labour and management across the country. The people of Canada deserve perfection and excellence in postal services in this country; I suggest that this bill will create hatred, suspicion and deceit. This bill is a terrible precedent for the future of Canadian labour relations.

Let me urge the Minister of Labour (Mr. Munro) and his colleagues, even at this late hour of the night, to have the common courtesy and decency to withdraw this bill and get on with the collective bargaining process which is already taking place. There is no strike under way and the union is involved in conciliation proceedings. I would caution the Minister of Labour and the government in respect of this bill and suggest that they on this occasion put their right feet forward instead of both falling on something they do not want. On this eve of an election they should finish the job that has been started, and finish it properly. This government should not jump on the back of one union because there is an alleged disagreement between the executive management, or the government, and the union leadership. At this time we are not only penalizing the membership of this union, we are creating tension between labour and management right across the country, not only in the public sector but in the private sector as well.

The previous speaker indicated that the principle of this bill was confrontation. Surely that is not a principle in labour-management relations. The bill per se is hateful, will create more hatred and is really a deceitful piece of legislation. I have a good deal of respect for the present minister, and it is hard to believe that he and the Liberal party, as well as the Conservative party, would consider endorsing or supporting this type of bill. The bill should not even be before us, and there certainly should be no attempt to rush it through. It is the type of legislation which makes that man we call "Mr. T. C. Mitts", the celebrated man in the street, so cynical of this government and political parties generally. I urge the minister to use a little bit of common sense and common decency and to consider the common man in this country.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on the motion of the Minister of Labour (Mr. Munro). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

[Mr. Jones.]

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Munro, Hamilton East) which was agreed to on the following division:

● (2212)

(*Division No. 39*)

YEAS

Messrs.

Alkenbrack
Allmand
Anderson
Andras (Port Arthur)
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Basford
Beaudoin
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Brisco
Buchanan
Bussières
Caccia
Cadieu
Campagnolo (Mrs.)
Caron
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Collenette
Comtois
Corbin
Corriveau
Cossitt
Crosbie
Crouse
Cullen
Cyr
Darling
Daudlin
Dawson
Demers
Dinsdale
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupont
Dupras
Duquet
Elzinga
Epp
Fleming
Flynn
Forrestall
Foster
Francis
Fraser
Friesen
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Guay
Guilbault
Halliday
Hargrave
Harquail
Herbert
Hnatyshyn
Holt (Mrs.)
Hopkins
Horner
Huntington
Johnston
Kaplan
Kempling
Knowles (Norfolk-Haldimand)
Korchinski
Lachance
Lajoie
Lambert (Edmonton West)
Lamontagne
Langlois
Laniel
Lapointe
Lawrence
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacFarlane
MacGuigan
MacKay
Malone
Marceau
Martin
Masniuk
Mazankowski
McCain
McGrath
McKenzie
McKinley
McKinnon
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Murta
Neil
Nicholson (Miss)
Oberle
O'Connell
Olivier
Ouellet
Paproski
Parent
Patterson
Pelletier
Penner
Philbrook
Pinard
Portelance
Prud'homme
Reid
Ritchie
Roberts

Messrs.

Robinson	Smith (Saint-Jean)	Whiteway
Roy (Timmins)	Stewart (Marquette)	Whittaker
Roy (Laval)	Stewart (Cochrane)	Wise
Rynard	Stollery	Wood
Sauvé (Mrs.)	Tessier	Woolliams
Schellenberger	Towers	Yanakis
Scott	Trudeau	Yewchuk
Skoreyko	Trudel	Young—152.
Smith (Churchill)	Watson	

NAYS

Messrs.

Allard	Gauthier (Roberval)	Lambert (Bellechasse)
Benjamin	Gilbert	Nystrom
Broadbent	Jones	Orlikow
Caouette (Villeneuve)	Knowles (Winnipeg North Centre)	Peters
Dionne (Kamouraska)		Rodriguez
		Rondeau
		Saltsman—16.

● (2217)

Mr. Speaker: I declare the motion carried.

Bill read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH AND WELFARE—ESTABLISHMENT OF GERIATRIC CHAIRS IN MEDICAL SCHOOLS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, on March 9 I asked the Minister of National Health and Welfare (Miss Bégin) a question concerning the increased demands made on health care as a result of the aging of the Canadian population. In particular, I asked her what steps were being taken to encourage the establishment of geriatric chairs in medical schools to train doctors in this special field.

I remember well that when I entered medicine pediatric teaching facilities were just being established, and what a difference they made to the mortality rate and to the number of hospital beds needed by the young. At the present time between 800 and 900 pediatricians are practising and doing excellent work. But the birth rate has swollen until today there are between 200,000 and 250,000 people aged 65 or over who are being cared for in institutions at a cost of $7,500,000 per day, or around $2 billion a year. The babies born during the post-war boom will be 65 and over by the year 2,000; by the turn of the century, based on present indications, there will be nearly four million people aged 65 or over. Economic strains may keep those people existing at poverty level unless they are allowed to continue to work as long as they wish to do so, contributing to society without restriction. The Americans now permit a man who is working and who wishes to continue to do so to carry on. Thus he has the additional advantage of feeling he is still useful.

A question which immediately comes to mind is this: Could three workers carry the extra load of two pensioners? The answer is: perhaps—if the proper training is given to doctors. Medical problems change as patients reach the age of 50 or more. As we age we may find we have more than one medical problem.

● (2222)

Geriatric medicine involves the treatment of the elderly and the maintenance of optimum health and mental and social aspects so that people may be returned to their own homes as quickly as possible. This is the reason for having geriatric chairs in the medical schools of Canada. Those who have a special aptitude for this and who are trained further in geriatric medicine departments should provide consultative services for older patients who occupy acute medical and surgical beds which are very expensive.

I might add that there may be a tendency to limit visits to the aged. No one has more reason than a doctor to dread old age, because during his professional career a doctor sees many of the worst features of this time of life. This may be one reason—and I have heard this many times—that doctors have an indifference toward older patients, while they might otherwise be excellent internists. However, doctors are far too ready to get old people into homes, often because of rising costs.

It is estimated that 75 to 80 per cent of the aged can remain in their own homes, while 15 per cent of those will require treatment, so they may need medical care and visits. Those who are experts in the geriatric field believe that of the 9 per cent of our population who are in homes today, 3 per cent could be in their own homes if some kind of home care was instituted. If we do not establish geriatric chairs at medical schools and if we continue as we are, we will not be able to provide beds for the elderly except by increasing health care costs and lowering the quality of medical care.

I want to thank the minister for writing to me on this subject. The minister shows an awareness of this very serious problem. Today we have only 27 trained geriatricians but 700 to 800 pediatricians. The time is now. Instead of 27, our need is for a minimum of 450 geriatricians across Canada. I hope the minister will take this to heart and keep the pressure on. Otherwise, this field will be neglected and people like you, Mr. Speaker, I and others in the House, as they get older, will all be in the old age group, and we will be the ones who will suffer.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I would like to congratulate the hon. member for Simcoe North (Mr. Rynard) for bringing this matter before the House once again. It is one of those questions of continuing concern to the hon. member, and I know also to the Department of National Health and Welfare and to the minister who has, on occasion, spoken on the matter eloquently. The minis-

ter has also written to the hon. member suggesting how the matter can be dealt with properly.

As the hon. member knows, this whole question is in the realm of education which falls within the purview of the provinces. It is, therefore, rather difficult for the federal government or for the Minister of National Health and Welfare (Miss Bégin) to decide unilaterally what to do, even though the minister may have a great desire to carry out the suggestions made by the hon. member, with which I personally agree, certainly in part and almost in toto. There is no question that the minister does have a role to play in this regard, and my understanding is that she is more than prepared to act as a catalyst so that the federal government can show leadership with regard to geriatrics, possibly by bringing various parties on the provincial level together with members of her department who also have the same concerns about geriatrics.

● (2227)

So I say to the hon. member that this matter is receiving consideration at present and will continue to receive it, and I thank him for bringing it before the House.

HEALTH—AVAILABILITY OF SACCHARIN

Mr. Maurice Foster (Algoma): Mr. Speaker, two days ago I put a question to the Minister of National Health and Welfare (Miss Bégin) asking her if the government would reconsider its proposed ban on the sale of saccharin, which is to be implemented in the near future to limit the sale to drug stores and to take it out of grocery stores and other stores where it is at present being sold over the counter and in tablet form.

The House will recall that last year the Minister of National Health and Welfare released a report which suggested that tests in laboratory animals showed an increase in cancer caused by eating massive doses of saccharin, which in turn caused bladder cancer in animals. The government acted by removing saccharin from cans of pop and food. In January of this year the health protection branch issued letter No. 518 which stated that saccharin would be removed from grocery stores as soon as an order in council is passed, and its sale will be limited to pharmacies only. I understand that it is proposed that later this year saccharin be removed from tablets and toothpaste as well. I understand that provincial pharmacies will interpret this decision in such a way that in many provinces saccharin will not only be placed in a controlled section in the pharmacy but will also be sold from behind and under the counter.

If the decision is actually carried out by the government, it will cause a great deal of inconvenience to people on low carbohydrate diets, to diabetics, and especially to those living in the more remote areas of our country where there are no pharmacies or drug stores. If toothpaste and tablets and other such items which contain minute quantities of saccharin will have to be reformulated, this will result in a tremendous increase in the cost of these items to the consumer. I understand that it costs about $25,000 to bring in a substitute for saccharin in pharmaceutical items. I believe that the government has exercised all due precaution by removing saccharin from pop and from foods, so that now it is available as a table top sweetener or in tablet form.

Studies which have been carried out in the United States, such as the inter-agency report put out in January of this year, did not deny or confirm that there were any harmful effects from saccharin to mice and certainly not to humans. In the United States an extensive study costing $1.4 million is being carried out this year to try to identify any harmful effects from the use of saccharin either on lab animals or on humans. Since reasonable caution has already been exercised, it seems to me we should not take the next step of limiting the sale of saccharin to pharmacies and taking it out of pharmaceuticals, where the amounts are minute, until we have further evidence from the studies which are being made in the United States and in other countries.

There are no proven harmful effects to humans from the use of saccharin. Indeed, I understand that one research project showed a lower level of bladder cancer in diabetics than in other people. So I think the government should wait until next year or until more proven results are shown of the harmful nature of saccharin. To remove it from general stores and limit it to drug stores at this time causes a great deal of inconvenience to consumers, especially in rural areas, to diabetics and to people on special low calorie diets.

● (2232)

I want to quote from a relevant study to show that no other country in the world has limited the use of saccharin in food, let alone restricted the sale of saccharin to drug stores. I want to quote from the German Cancer Research Center in Heidelberg, specifically Professor Dieter Schmahl, who had this to say after only two years of saccharin experiments with pregnant rats:

> —the fact that it was even possible to apply a food additive in such large overdoses as in the Canadian experiment for a whole lifetime, attest mainly that it is not poisonous.

Let me also quote from the British Medical Journal, *The Lancet*. It states:

> —the study by the Americans Wynder and Goldsmith which concluded that "users of saccharin have a smaller risk of bladder cancer than non users".

That is a very influential medical journal.

It seems to me it is premature, until more concrete evidence is laid before the scientific community, for the government to pass this order in council which will restrict the sale of saccharin to the drug store only. It is a product that has been on the market for many years. Thousands of tons of it in fact have been used by people who want to reduce their intake of sugar. I believe the health protection branch should consider this further before the government passes this order in council.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the hon. member has spoken on this matter on a number of occasions both inside and outside the House. The point that he

makes is one that will receive every consideration. It is true, as I understand it, that although there may have been an increase in the incidence of cancer in mice after receiving massive overdoses, there is no evidence at the present time to indicate that humans would be affected in exactly the same way. As I understand it, there have been no experiments or studies carried out in respect of humans regarding massive dosages of this substance known as saccharin, the substance about which the hon. member is concerned.

It is true that saccharin has been removed from pop and food, and in fact the over-the-counter kind of situation may no longer exist. In effect, the substance would have to be purchased from the drug store. It is appreciated that this could effect hardship on people, particularly those in rural areas where there may not be a pharmacy readily available.

The hon. member knows that the department is most concerned about the effect this may have on people. He has suggested that other countries have not seen fit to provide a ban on saccharin. This country has obviously done so in the interests of Canadians. Let me suggest to him that the health protection branch is still looking at the whole matter. Certainly we have to be cautious when we are making decisions in terms of the health of Canadians. The Department of National Health and Welfare will consider the whole matter further, along with the representations by the hon. member.

NATIONAL DEFENCE—GOVERNMENT POLICY ON ACCEPTANCE OF NEUTRON BOMB

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, on April 5, I addressed a question to the Minister of National Defence (Mr. Danson) concerning the government's position, or lack of one, in respect of the deployment of the neutron bomb by NATO. I then asked this supplementary question of the same minister:

> Last Wednesday the minister said on television that we should give the neutron bomb to the Russians, ignoring the fact that it is not ours to give to anyone. Would the minister explain why he is so keen to give the neutron bomb to the Russians, when we ourselves seem incapable of deciding whether it should be deployed by NATO?

The minister answered by stating:

> Mr. Speaker, if the hon. member did a little more research in many areas, he might find out that that is not what I said.

● (2237)

I have a great deal of pride in the capabilities of my research staff and I resent the minister's ill-humoured remarks that he made on March 21 when the "Watson Report" was recorded for CBC television. I studied his words carefully before the "Watson Report" was aired and carefully read them after I watched the show live—partly because I could hardly believe what I had seen with my own eyes. The Minister of National Defence said this:

> I think even in terms of—it might sound a little way out, but I rather like to start way out and then come down to earth—is on the reduced blast weapon or the enhanced radiation of the neutron bomb if you want to use the dirty word. But somehow, perhaps we should take this and give it to the Russians.

MR. WATSON: Give the neutron bomb to the Russians?

MR. DANSON: Sure, we both have it.

Those, Mr. Speaker, were the minister's own words, and the crucial words were, when Mr. Watson asked: "Give the neutron bomb to the Russians?" and the minister replied: "Sure, we both have it." It is the minister who should do some research before he tries to pretend to the House of Commons that this was not what he said.

The fact is that the neutron bomb raises important issues for Canadians, as it does for all members of the NATO alliance. Not only must we as members of the alliance share a measure of responsibility for all alliance decisions, but we have 5,000 of our troops permanently stationed in central Europe, in positions which could be directly affected by decisions to deploy, and therefore one day to use, the neutron bomb.

Not only would the neutron bomb tend to lower the nuclear threshold and so threaten to make nuclear war more likely, it would almost certainly cause the Soviet Union to develop and deploy its own version of this weapon. I would estimate it would take only a couple of years for the Russians to be able to do that. Then we would be in a situation which would be fraught with even greater danger than the present, unstable enough "balance of terror" as far as nuclear weapons are concerned.

While using nuclear weapons remains a measurable and distinct step up the ladder of escalation, I believe their deterrent effect is preserved. If we introduce the neutron bomb this will change the situation. The Minister of National Defence either lacks the skill or the gumption to offer some indication to the Canadian people of what his government's views are on this question. This is peculiar to Canada. Other nations are discussing this matter. There has been wide public discussion in Germany, Belgium, Norway and the United States on this question. The minister of national defence in Belgium, in fact, resigned when he could not agree with his government's decision to deploy it.

The minister has in the past attempted to soften the reality of the debate on the neutron bomb by referring to it by such public relations names as "a reduced blast weapon" or "an enhanced radiation warhead". As everyone knows by now, this is a weapon which kills people at greater ranges than its blast destroys property or objects. For example, a one kiloton neutron bomb detonated as an air burst would emit fatal radiation for humans up to three-quarters of a mile away, while the blast and heat damage would perhaps extend for only 200 yards. Conventional warheads kill by blast and radiate heat with fallout as an unwanted byproduct. Neutron warheads kill by generating a sudden intense pulse of high velocity neutrons.

While very heavy neutron doses will incapacitate humans within a few minutes, they will not necessarily die for 24 to 48 hours. They will exhibit symptoms of convulsions, trembling, lack of muscular co-ordination, severe difficulty in breathing and intermittent stupor. There is no medical treatment. Those who receive less heavy, but nevertheless fatal, doses of neutrons will be initially incapacitated also within a few minutes, but will recover partially within half to three quarters of an

hour. They will suffer nausea, fever, loss of appetite and extreme fatigue. Death may occur within four to six days as a result of massive infection and circulatory collapse. Once again there is no effective medical treatment.

The prospect of this latter group wandering around the combat zones—and they may include civilians as well as military—quite literally like an army of living dead is disturbing, not only on grounds of common humanity, but also in terms of military discipline, morale and military efficiency. To add to the all-round unpleasantness of this weapon, the neutron flux emitted by such a bomb is not invisible but can hardly be sensed except when very heavy doses are received, and then the victim feels a momentary tingling sensation.

● (2242)

I tend to agree with an American general quoted in the press but who insisted on anonymity to protect himself. He believes that neutron warheads come terribly close to chemical weapons such as poison gas, and that they may be illegal under international agreements which our government is bound by.

It is for these reasons that I believe that a minister of national defence with any real sense of his obligations to parliament and the people of this country would see fit to provide some leadership on this matter, and by that I mean doing more than trying to make a neutron bomb sound less horrible by using such names as a "reduced blast" or "enhanced radiation" weapon. Furthermore, I fail to see why he should be permitted to evade serious questions on this topic by making facetious or stupid suggestions, such as offering to give an American bomb which is not ours to give to the Russians.

Mr. Jacques Guilbault (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, Canada has already spoken out in regard to the neutron bomb. The government was asked what position Canada was taking in NATO on the neutron bomb. While Canada has no plans to acquire such weapons, we have been participating in discussions at NATO headquarters in Brussels regarding the possible acquisition by certain NATO countries of enhanced radiation, reduced-blast nuclear weapons. These discussions are continuing.

The military usefulness of the weapon is not in question but, like our allies, Canada is also conscious that its possible acquisition raises complex questions which must be examined with care. Any decision regarding these weapons will not be taken lightly.

In passing, I want to stress there has been an unusual amount of misinformation printed on the neutron bomb. Most of the available public reports cast this weapon as something new and awful; actually it is only awful. And at that, it is less awful than weapons it could replace. The only thing new about the neutron bomb is its name and its packaging.

To begin with, it is necessary to agree on a name in order to avoid confusion. On the basis of the technical details available, it seems more appropriate to call this device a reduced blast/enhanced radiation weapon, or RB/ERW. It is certainly not a bomb and that name should no longer be used in this connection.

The RB/ERW is essentially a very small hydrogen device or fusion device. In simpler terms, being much smaller, its effects are also infinitely smaller. Moreover, the peculiarity of this type of nuclear weapon is that it makes it possible, through appropriate design, to graduate in various modes the quantity of energy of the three physical effects which are common to all nuclear weapons: blast, heat and radiation. The latter are sub-divided into prompt and delayed radiation. The design of the RB/ERW is such that the partition of the total balance of energy yielded at the moment of the explosion favours radiation at the expense of blast and heat.

The RB/ERW will kill crews of tanks, which are the main threat to NATO, by nuclear radiation. In covering the same intended target area with a standard nuclear weapon, civilian casualties and damage to property from blast and thermal effects in a congested region would be much greater.

The decision to produce the RB/ERW has been from the very beginning one for the United States. The Canadian government is fully conscious of the dilemma which President Carter has been facing in the last several months regarding the production of the RB/ERW and we see merit in deferring the decision. In our deliberations, the suggestion of placing the weapon in an arms control context has not troubled us and we are looking forward to participation in future consultation on this matter with our NATO allies.

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.45 p.m.

HOUSE OF COMMONS

Wednesday, April 12, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR CANADA

REQUEST FOR INVESTIGATION INTO METHOD OF DISMISSING EMPLOYEES—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity. In view of the unorthodox action taken by Air Canada in firing 84 employees in New York, Cleveland and Chicago on March 29 by telephoning each employee's home between ten o'clock and eleven o'clock at night and giving the message, "You're fired. Don't report to work tomorrow morning," and in view of the fact that the only subsequent face-to-face contact these employees had—many of whom had 20 years' service—was a video-tape message from Air Canada's vice-president for the U.S. region, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House urge the Minister of Transport to immediately investigate this action by Air Canada to ensure these moves which undermine employee morale and damage the reputation of Canada's national airline will be rectified and not repeated.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SEARCH AND RESCUE

GOVERNMENT URGED TO IMPROVE SERVICE IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that evidence given in St. John's, Newfoundland, before the Bartlett judicial inquiry into the disappearance of the trawler *Cape Royal* and her eight-man crew on August 9th, 1977, reveals that while there are three larger vessels, the 200-foot vessels *Daring* and *Alert* and a 90-foot vessel *Raleigh* stationed at Halifax for search and rescue duties, neither of these ships were in Newfoundland waters at the time the *Cape Royal* vanished, and in view of the evidence that the only first-line rescue vessels in the Newfoundland region are four self-righting, 44-foot life boats that cannot go to sea in rough weather—that is, when winds are stronger than 35 or 40 miles per hour—and since the evidence reveals that coastguard radio stations in Sydney and St. Lawrence did not pass on to the Halifax search and rescue centre on August 9 distress messages received that evening, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the departments of Transport and of National Defence be censured for their neglect in failing to assign to Newfoundland at least two first-line rescue vessels of the same size and capability as those stationed in Halifax and that immediate steps be taken by the Ministers of National Defence and of Transport to have stationed in Newfoundland two such first-line rescue vessels with immediate steps taken to review and improve search and rescue capabilities in the Newfoundland and Labrador regions to ensure correction of weaknesses already revealed by evidence given before the Bartlett inquiry at St. John's.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

CALL FOR IMMEDIATE INTRODUCTION OF LEGISLATION ON WAR DISABILITY PENSION—MOTION UNDER S.O. 43

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

That this House anticipates a bill respecting the basic rate of the war disability pension and urges the Minister of Veterans Affairs to introduce the said bill forthwith so that it can be passed before the present session is ended, it being clearly understood that the House will act quickly thereon.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

● (1412)

[*Translation*]

BILINGUALISM

REQUEST THAT FRANCOPHONES BE BETTER REPRESENTED IN DEPARTMENT OF FISHERIES AND ENVIRONMENT—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under Standing Order 43 and request the unanimous consent of the House to discuss a motion relating to a matter of national interest and pressing necessity.

Given the fact that it is still difficult for the Francophone employees of the Department of Fisheries and the Environment to use French as their working language, owing to their low rate of representation of 13 per cent, and given the last report of the Commissioner of Official Languages in which he condemns the low rate of bilingualism of the English-speaking employees of that department and the excessive delays of the same departments in settling the many complaints relating to the Official Languages Act, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House direct the Minister of Fisheries and the Environment to take immediately all necessary steps to bring up the rate of representation of the Francophone employees of his department back to a level corresponding more closely to the proportion of Francophones in the country in order to ensure better services to French Canadians.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—REQUEST FOR STATEMENT BY MINISTER—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise on a motion under the provisions of Standing Order 43. My motion concerns the collapse of the dollar, in response to Monday's budget, to a 45-year low of 87.12 cents at noon today. I would add that each cent of decline in the dollar's value adds at least $300 million to the debt burden borne by Canadians.

In view of the fact that the Minister of Industry, Trade and Commerce (Mr. Horner) stated yesterday that our dollar, now known as the "fuddle-buck", should be at 90 cents all the time, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House demands that the Minister of Finance make a statement on motions clarifying his colleague's position that the Canadian dollar should be indeed pegged at 90 cents, or confirm that he is content to allow it to float, float, float, float, and sink.

[Mr. Speaker.]

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—DETRIMENTAL EFFECT ON LOW INCOME EARNERS

Mr. James A. McGrath (St. John's East): Mr. Speaker, the Canadian dollar today took another sharp drop on the international money market. As of noon today it stood at 87.12 cents. It is now sinking like the proverbial millstone, showing beyond any doubt that the international financial community has no confidence whatsoever in the minister's budget.

Given the fact that the sharp decline in the dollar is driving up our rate of inflation, as indicated by Statistics Canada showing the annual rate of inflation now standing at 8.8 per cent—an increase, I might add, of 1.1 per cent over the month—and given the fact that this situation weighs heaviest on the poor, the unemployed and the low income earners of the country, I ask the minister why his budget does not address itself to the problems of low income earners. Why does he bring it in on the backs of the low income earners of the country?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is exactly because I was preoccupied with the effect of inflation on those people who work and pay sales tax that I chose to offer to the provinces a cut in sales tax. Sales tax is a tax that is paid by everybody, including those who do not pay any other taxes; for example, the low wage earner in society who does not pay income tax but pays sales tax. This is precisely the reason I decided to cut that particular tax.

Some hon. Members: Hear, hear!

Mr. Chrétien: On top of that, the sales tax proposition which I made will reduce over the period the inflation rate by one point.

Mr. McGrath: Mr. Speaker, that will be good news for the purchasers of automobiles, especially Cadillacs. I would ask the minister, given the fact that the sales tax does not apply to food and the food component portion of the consumer price index today rose by 1.4 per cent—

Mr. Clark: So much for that phony defence.

Mr. McGrath: —could he explain to the House, and more particularly to the country, the unemployed and the low income earners, why his budget leans so heavily on these people, and what relief can they expect from the rise in the price of food in this country?

● (1417)

Mr. Chrétien: Mr. Speaker, the problem with the food index is one that varies substantially from one season or one month to the next. When you look at the components of inflation, non-food products are not increasing as fast. This month, unfortunately, the food component went up. If you look over a period of years, there is a very great variation in the food component, some of the food being imported and over which we have no control.

Mr. McGrath: If the minister knows what he is talking about, he knows that the rise in food prices is a direct response to the dollar crisis. Given this fact, and the fact that he talks about a free float in this House, does he subscribe to the view expressed by his colleague, the Minister of Industry, Trade and Commerce, on television last night that we should have a 90-cent dollar? In his view, 90 cents is par. Is that the position of the government, or does the minister agree with most of us that his colleague was talking through his ten-gallon hat?

Mr. Chrétien: Mr. Speaker, in my budget I established very clearly the position of the government vis-à-vis the Canadian dollar. We let the market decide the level of the Canadian dollar. The interventions of the governor of the bank are designed to ensure there is an orderly market. The interventions are to make sure the dollar fluctuates in a normal way. However, the Canadian dollar is a floating dollar.

POST-CONTROLS MONITORING AGENCY

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is to the Minister of Finance. I hope he will be able to give us an answer in this regard, because it is an extremely important matter. It concerns the post-controls period. I understand the Prime Minister indicated that he wants the Economic Council of Canada to become involved with the monitoring agency. As yet, I do not know whether Mrs. Ostry has accepted that responsibility. Accordingly, I think the people of Canada would like to know whether, in fact, the Economic Council of Canada is going to accept this very important responsibility.

Hon. Jean Chrétien (Minister of Finance): The answer is yes, Mr. Speaker.

Mr. Alexander: In light of the fact that the Economic Council of Canada has accepted it, can the minister indicate what the time-frame is in terms of seeing to it that they are proceeding with their mandate? Is this an immediate thing, or what kind of date can the minister indicate will be in place in due course?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I understand the chairman of the Economic Council of Canada has accepted that role and is establishing the necessary mechanisms to play that role. I also understand she has made an agreement with the Anti-Inflation Board, which will remain in operation for the rest of the year to help her play that role for the first months. There has been a short term agreement between the Anti-Inflation Board and Dr. Ostry for exchange of services.

[*English*]

Mr. Alexander: Am I to understand that any agreement that she or the Economic Council of Canada has with the Anti-Inflation Board will expire at the end of this year? Is that what the minister has just indicated?

Mr. Chrétien: Mr. Speaker, I would ask the hon. member to repeat his question. Unfortunately, I did not understand it.

Mr. Alexander: The minister indicated there is an agreement between the Economic Council of Canada and the Anti-Inflation Board. As I understand it, he has indicated that this is to be for the balance of the year. Is it the position that the agreement with the Anti-Inflation Board will expire at the end of this year?

Mr. Chrétien: Mr. Speaker, I understand the agreement between the Anti-Inflation Board and the Economic Council of Canada is for a matter of two or three months. The Anti-Inflation Board will be phased out starting at the beginning of next year, as is provided in the law.

LOSS IN REAL INCOME DUE TO INFLATION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. In complete contrast to his forecasts, unemployment yesterday shot above the one million mark again. Today, the consumer price index increase mounted to almost 9 per cent. Statistics are making a complete liar of this government. I would ask the minister whether his officials have confirmed for him that the current rate of inflation will cost the typical Canadian this year some $700 loss in real income.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when we make a prediction of the inflation rate for the year, we always include the figure for the month of March. Of course, March is always a very difficult month in terms of inflation. Last year inflation was as high in March as it was in March of this year. We predicted that it would be high in March. Unfortunately, it is a little higher than we predicted, but we made provision for a substantial increase in March.

● (1422)

Mr. Broadbent: Mr. Speaker, I think the Minister of Finance has revealed his predictions about growth, inflation and unemployed three times in as many months. He has lost all credibility, certainly on this side of the House and certainly

with the people of Canada. The minister referred to a year over year change. One item the price of which went up substantially year over year is fuel. The price of fuel went up some 13.3 per cent.

Considering that the government's policy, which is to permit oil in Canada to reach world price levels, will cost the typical Canadian family, with the increase which is coming in July, another $150 a year, I ask the minister if he would cancel the intended fuel price increase.

Mr. Chrétien: Mr. Speaker, the oil price increase was expected because we have a policy whereby eventually the price of oil in Canada will be raised to the international level over a period of time. We agreed with the governments of Saskatchewan and Alberta that there should be a price increase in the month of January, but there was a postponement of 60 days. That is why there was an increase in the month of March, and we allowed for that in our predictions.

As far as the hypothetical question put by the hon. member about future price increases is concerned, we have a long-established policy, and I would like the hon. member to talk to the Premier of Saskatchewan to find out if he wants us again to postpone the increase which would bring the price closer to the international price.

Mr. Broadbent: Mr. Speaker, the minister knows full well that the Premier of the province of Saskatchewan wants revenues from that additional cost to go into research for future alternative energy sources. The minister knows that his Liberal government has given hundreds of millions of dollars, not to the people but to the oil companies. There is quite a difference.

Since the minister reiterated in his recent budget speech his policy of maintaining a dirty float, which entails increasing interest charges for consumers who want to make loans and for businessmen who want to expand—which will be harmful in its effects in terms of inflation and unemployment—will the minister now admit that he was wrong in his budget decision, and will he cancel his policy of increasing interest rates?

Mr. Chrétien: Mr. Speaker, because of the liquidity of institutions at this moment, the increase of 1 per cent in the interest rate over last month will not result in an increase in all interest rates. For example, mortgage rates have increased by only one quarter of a point over a period of time because there is so much liquidity in the banking system and because people are saving so much money.

To go back to the previous question, I am pleased the hon. member recognizes that it is the policy of the government of Saskatchewan to let the international price apply to Canadian oil.

[Mr. Broadbent.]

[*Translation*]

FINANCE

INQUIRY WHETHER GOVERNMENT HAS NEGOTIATED WITH QUEBEC ON TRANSFER OF CIVIL SERVANTS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to direct a question to the Minister of Finance.

The minister and the Prime Minister have often stated that the federal government was prepared to discuss arrangements with the Quebec government which would allow Anglophone public servants to send their children to English schools. The Sherbrooke area is still awaiting its 2,000 direct and indirect jobs through the arrival of map draftsmen. The six years delay for officials does not work, and since the province of Quebec, and mostly the Sherbrooke area, has a high level of unemployment and a sluggish economy as well, I should like to know if the Quebec government has made new proposals in order to deal with this problem?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, yesterday or the day before, the hon. member for Sherbrooke asked me a question along that line, and I said I was prepared to discuss an administrative arrangement with the Quebec government which would allow Anglophone public servants who will go to work for the Canadian government in Sherbrooke to send their children to English schools, just as there have been agreements with other provincial governments, when we proceed with decentralization, so that federal public servants' children could be educated in French.

Mr. Beaudoin: Mr. Speaker, on a supplementary.

Can the minister tell us whether it is true or a rumour that the Quebec government has said it would welcome new jobs in its territory as a result of decentralization?

Mr. Chrétien: Mr. Speaker, I did not quite get the question.

Mr. Beaudoin: Can the minister tell us whether it is true or a rumour that the Quebec government has said it would welcome federal civil servants as a result of the decentralization program?

Mr. Chrétien: The best way of proving they would be welcome is to ensure that the civil servants transferred to the province of Quebec through decentralization would have the right to have their children educated in their mother tongue.

Mr. Beaudoin: Mr. Speaker, on another supplementary.

The minister did not answer my question. I should like to know whether the Quebec government has expressed the wish to get federal civil servants in order to improve the financial situation in Quebec and especially to fight against unemployment.

Mr. Chrétien: Mr. Speaker, this is what I mean: if they are really interested, let them make the same allowances as the other provinces with regard to the decentralization program.

* * *

[*English*]

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—GOVERNMENT POLICY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I address my question to the Prime Minister since I do not know who speaks for the government on financial policy. Last night, on a CTV program known as "Hourlong"—it seemed a lot longer—the Minister of Industry, Trade and Commerce said the Canadian dollar should be worth 90 cents all the time; that par is 90 cents. The Minister of Finance has been saying that government policy is for a floating dollar, while the Minister of Industry, Trade and Commerce last night indicated the government's policy is for the dollar to be 90 cents; that par is 90 cents, not even a dollar.

Would the Prime Minister tell us who speaks for the government on financial matters and who is stating the policy of the government, the Minister of Finance or the Minister of Industry, Trade Commerce? Does the Prime Minister agree with the prediction of the Minister of Industry, Trade and Commerce, made last night, that the dollar will not strengthen for another two months at least? These are important questions which I should like the Prime Minister to deal with.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker that question was asked of the Minister of Finance a few minutes ago and he made it quite clear our economic policy was that of the floating dollar.

Mr. Crosbie: Then the Prime Minister is stating that the Minister of Industry, Trade and Commerce spoke out of turn and was not enunciating government policy; he was on a flurry of his own in this matter. The hon. "Loose Lips". He is well named.

Some hon. Members: Oh, oh!

Mr. Crosbie: The Minister of Industry, Trade and Commerce last night also stated, during the same program, when questioned about the government's deficit—he didn't like them at one time, but he likes them now to the tune of $11 billion worth—

An hon. Member: He changed his tune.

Mr. Speaker: Order, please. I am trying to be reasonable in allowing the hon. member to come to the end of his preamble, but I would ask him now to put his question.

Mr. Crosbie: My question is this: When the Minister of Industry, Trade and Commerce said last night that we still might increase our revenue, was he speaking for the government when he stated that the government might bring in tax increases and revenue increases later this year? I quote him: "We still might increase our revenues", the minister said. Is that the government's position?

Mr. Trudeau: It is surprising to see the hon. member paying so much attention to the statements of the hon. member for Crowfoot.

Some hon. Members: Oh, oh!

Mr. Trudeau: If members on that side had been more attentive to him a little sooner, he might still be sitting on their side.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Crosbie: My question is to the Prime Minister. He has said I am very attentive to his Minister of Industry, Trade and Commerce. What I want to know is, is he very attentive to him? He is doing you untold harm. Who speaks for the government on financial matters: is it the Minister of Industry, Trade and Commerce, or is it the Minister of Finance?

Mr. Speaker: Order, please.

● (1432)

LEVEL OF INFLATION HAD CONTROLS NOT BEEN IMPOSED

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As it is the government's intention to commence phasing out the AIB program on April 14—this Friday—and as today's inflation figures give us an up to date account of the rate of inflation since the controls program began, and we find that we are 2 per cent higher at an 18 per cent rate of inflation than was anticipated for this time when the controls program was first instituted, would the minister indicate how much higher inflation would have been, in his opinion, had the controls not been imposed?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this is really a hypothetical question which I cannot answer.

[*English*]

Mr. Stevens: Mr. Speaker, my question is directed again to the Minister of Finance who, in rationalizing the inflation level in this country in his budget, referred to the impact of the falling dollar on prices in Canada. Would the minister indicate, with today's inflation levels as high as they are, what he would anticipate the inflation level to have been had the dollar not fallen so low, so fast?

Oral Questions

EXTERNAL AFFAIRS

CANADIAN COMMITMENT OF TROOPS TO SOUTHERN LEBANON

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is to the Prime Minister. On March 22, the *Globe and Mail* carried a report concerning Canadian commitment of troops in Lebanon. The report quoted the Prime Minister as saying to a reporter in New York:

> Canada, if asked, will send a battalion of combat troops into southern Lebanon.

Can the Prime Minister inform the House if the quotation represents government policy or position?

Right Hon. P. E. Trudeau (Prime Minister): I do not recall giving an interview to any person from the press in New York. The position of the government has been stated in the House by the Secretary of State for External Affairs. I think it is known now, although not publicly announced as yet, that the U.N. Secretary General has asked Canada, not for a combat battalion but for assistance with troops specialized in communications.

Some hon. Members: Oh, oh!

Mr. Trudeau: Someone is worrying over there. Mr. Speaker, I wish you would recognize him next for a supplementary, if they do not want to listen to the main answer.

An hon. Member: Getting a little touchy, Pierre?

An hon. Member: Horner is getting to you.

Some hon. Members: Oh, oh!

Mr. Trudeau: Perhaps I could give the hon. member the answer later on. The rest of the members of his party are not interested.

Mr. Lambert (Edmonton West): Don't be so fussy.

An hon. Member: Touchy.

Mr. McKinnon: The Prime Minister gets unusually sensitive at times.

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NATIONAL DEFENCE

NUMBER OF CANADIAN TROOPS COMMITTED TO SOUTHERN LEBANON

Mr. Allan B. McKinnon (Victoria): My supplementary question is for the Minister of National Defence. CBC news reported today that Canada has been asked to provide an additional 120 troops for the UN force in southern Lebanon and the government has agreed to supply 80 of them. Will the minister inform us if this report is true and, if so, why was the House of Commons not given an opportunity to discuss this new commitment?

[Mr. Stevens.]

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the Secretary of State for External Affairs is in New York, at the United Nations, with some of my senior officers at this time to determine the precise nature of the requirement. It is for communicators, as the Prime Minister has said. We are in a position where we could, by calling out reserves and using some personnel trained for combat but with a signal capacity, make up a force of that size, if that is acceptable to the United Nations. It is being discussed this morning. The Secretary of State for External Affairs will be back this afternoon following his discussions at the UN and will be able to answer questions on that subject tomorrow.

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[*Translation*]

THE CANADIAN ECONOMY

QUEBEC REJECTION OF FEDERAL FUNDS TO COMPENSATE FOR SALES TAX REDUCTION

Mr. Gaston Isabelle (Hull): Mr. Speaker, my question is for the Minister of Finance. Following the licentious and insulting statements made by the Quebec premier against the sales tax cut advocated in the federal budget, is the minister prepared to return the federal share directly to Quebec consumers who are ever more concerned, frustrated, irritated and deeply confused by the inconsistent attitude of their government which has become really bad?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we made an offer to the Quebec government as we did to every provincial government of Canada. The nine other provinces have accepted the federal proposal to cut a tax which deeply affects all Canadian consumers, even those who do not pay income tax. I do hope that Quebec will accept this proposal of the federal government as did the other nine provinces.

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[*English*]

AIR CANADA

LOCATION OF AIRCRAFT PAINTING FACILITIES

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Transport. On May 23, 1974, the Prime Minister made a special trip to Winnipeg to announce that a $15 million hangar would be built in Winnipeg. The hangar is now being built and it is virtually unused. Air Canada has recently conducted a study and has stated they would like to move their paint shop facilities from Dorval to Winnipeg so they could also paint their wide-bodied aircraft.

Will the decision to move the paint base from Dorval to Winnipeg be left to Air Canada, or is the minister or any of his colleagues in the cabinet involved in the decision-making of this move?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, a question like this is ordinarily decided by Air Canada. However, I think the hon. member has some seriously incorrect information. As I understand it, Air Canada has no intention whatever to move its existing paint facilities from Dorval. There is the question of some new facilities to deal with some wide-bodied aircraft not presently handled at Dorval. The last report I had was that Air Canada was conducting a feasibility study in connection with the best location for those facilities. I have not heard that a decision has been reached by the management, but I will be glad to inform myself about that.

Mr. McKenzie: In a letter to me from the Canadian Aviation Fellowship, which is an organization made up of 2,200 Air Canada employees, they state:

> Air Canada's planned transfer to Toronto of heavy maintenance "C" checks on wide-bodied L-1011 and B-747 aircraft has been blocked—

That is, by the Minister of Transport

> —despite the fact that nearly all wide-bodied aircraft operations are centred in Toronto.

Is the minister involved in deciding whether the maintenance facilities should be removed from Dorval to Toronto for the maintenance of wide-bodied aircraft in Toronto, as most of them are there overnight, and could he give a clearcut decision on whether the final decision to put some type of operation in this hangar in Winnipeg will be left entirely with Air Canada officials?

Mr. Lang: That is the intention. I say again to the hon. member that if he believes the information from that group, which is always erroneous, he is making a serious mistake. No decision has been arrived at, and as usual—

Some hon. Members: Oh, oh!

Mr. Lang: I think the Tories over there should realize they are dealing with a fairly extreme group which advises the hon. member for Winnipeg South Centre, and I hope he is the only one who believes them.

Some hon. Members: Hear, hear!

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NATIONAL DEFENCE

REPORTED SHIPMENTS OF ARMS FROM NEW BRUNSWICK TO ANTIGUA

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for either the Acting Secretary of State for External Affairs or the Minister of National Defence. Is the minister aware of a company named Space Research Corporation operating at a site which transcends the Canada-U.S.A. border near Highwater, Quebec, and Troy, Vermont, and if so could one of the ministers confirm reports that this corporation is involved in the manufacture, development, testing, shipment and international sale of armaments which include guns, shells and types of missiles? There are reports that such armaments have from time to time been shipped from Saint John, New Brunswick, to Antigua in the West Indies.

Hon. Barney Danson (Minister of National Defence): No, Mr. Speaker, I cannot confirm such allegations.

Mr. MacKay: Would the minister undertake to check into these reports and report to the House at his early convenience?

Mr. Danson: Yes, Mr. Speaker, I will speak to my colleague, the Secretary of State for External Affairs, on his return.

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FINANCE

REQUEST FOR DETAILS OF REDUCTIONS IN EXPENDITURES

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is directed to the President of the Treasury Board, who will no doubt recall that the Minister of Finance said on budget night that expenditure targets were being reduced by $350 million, without any specification. Could he indicate to the House where those cuts amounting to $350 million are being made?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the initial way in which we will do it will be to remove that from the reserve which was established in the expenditure plan totalling $48.8 billion. As I announced in the House on February 22, there will be a $350 million immediate reduction in the reserves available for new submissions for supplementaries. As to distributing that between the various departments, it will depend very much on what the submissions will be which will be rigidly restrained to the point where that money will not be spent.

Mr. Alexander: More flimflam.

Mr. Stanfield: If I were to say to the minister that this means no cut at all, or that the money was not necessary in the first place, would he have any response to that?

Mr. Andras: No, I would not agree that that is the proper interpretation. May I remind the hon. member and the House that last year when the then minister of finance, in his March 31 budget, announced certain tax concessions that were to be made, it was then agreed, and publicly announced, that the previously stated spending total for the fiscal year 1977-78 would be reduced by $670 million; in fact, from $45.12 billion to the final target for spending of $44.45 billion. We accomplished that. In fact, the other day I was able—the Minister of Finance announced it the other night—to indicate to the House that we will in fact come in $200 million below that final target. So I think it is evident that when we say that cut will be made, it will be made.

● (1442)

INDUSTRY

DISCUSSIONS WITH AMERICAN MOTORS CONCERNING PROPOSED LAY-OFFS AT BRAMPTON PLANT

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In view of the fact that 1,000 workers at the AMC plant in Brampton will be laid off on an extended lay-off this summer and that 350 workers will lose their jobs entirely, I should like to ask the minister the following: Since American Motors has fallen short of the auto part requirements in terms of investment, production and jobs for several years running now, and in light of the fact that it has been given remissions on the duty payable on its car imports of some $80 million since 1974, can the minister indicate what discussions he has had with American Motors officials recently about these auto pact commitments, what effect these lay-offs will have on the auto pact requirements and about the efforts he expects American Motors to make to meet its job commitments under the pact?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in reply to that question I should like to inform the hon. member and the House that I will meet this afternoon with the union concerning the American Motors plant. We have had ongoing discussions with American Motors. They are transferring the production of that plant into jeeps, which is really their big seller. So on the long-term basis the move made by American Motors should help Canadian employment.

Mr. Blackburn: Mr. Speaker, I should like to ask the same minister if he has had any discussions with AMC with respect to the amalgamation or joining together of AMC and Renault. If so, has the company assured him that this will result in an increase in the number of workers employed by AMC and/or Renault in Canada, instead of being simply of benefit to some of the dealers for Renault cars?

Mr. Horner: Mr. Speaker, discussions are ongoing with American Motors and Renault. I do not think I can add anything now which would be beneficial to those discussions.

* * *

INCOME TAX

REQUESTED ACTION TO PREVENT REFUND DISCOUNTING

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is directed to the right hon. Prime Minister. In light of the fact that the Minister of National Revenue has accepted the other place in order to silence him, and that April 30 is the last day for filing income tax returns, I should like to ask the Prime Minister a question. I appreciate that there is a bill which will never see the light of day.

Is the Prime Minister prepared to stop the financial sharks who are discounting refunds as much as 50 per cent? Cannot some kind of banking arrangement be set up in each city where there is an office of the Department of National Revenue so that low income people could receive their refunds without their being discounted by financial sharks?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there will be a bill which the House can pass quite expeditiously, if it wants, to meet this very problem. I am sure the House leaders of the various parties will agree to get it through very quickly.

Some hon. Members: Hear, hear!

Mr. Woolliams: Mr. Speaker, I have not made a thorough study of the bill, but I do not think it will stop the financial sharks from being able to discount. They will be set at a certain rate. Can the Prime Minister facilitate things for the taxpayers of the country by setting up a bank to which they could go with their income tax returns and receive 100 per cent on the dollar, in order to help the low wage earners of the country?

Mr. Trudeau: Mr. Speaker, I repeat that a proposal has been made to the House of Commons. It was made with the support of all the provinces.

Mr. Woolliams: Bring the bill on.

Mr. Trudeau: The hon. member will have to make up his mind. Does he want the bill or does he want something else? I understand there is support from the New Democratic Party. Perhaps all parties could agree to pass it through all stages in a matter of a couple of hours. This would help.

Some hon. Members: Hear, hear!

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UNEMPLOYMENT INSURANCE

GOVERNMENT EXPENDITURE ON ADVERTISING PROGRAM

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is directed to the President of the Treasury Board. It arises from an article which appeared in yesterday's edition of the *Globe and Mail* in which the former chief media relations officer for the Unemployment Insurance Commission in Toronto was quoted as being very critical of the government's spending of $1 million on unemployment insurance advertising to polish up its image. He pointed out that if the government had simply sent slips of paper along with the cheques to advise recipients, it would have saved $997,000. He concluded by saying: "The common assumption of the people I worked with was that it was geared more to a spring election campaign than to informing the public".

Mr. Speaker: Does the hon. member have a question?

Mr. Beatty: Yes, Mr. Speaker. Can the minister give some assurance to the House, with a budget deficit increasing by 35 per cent, that the government will put a stop to unnecessary,

senseless and wasteful advertising which is designed only to polish the government's tarnished image?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, obviously I could not agree with the ridiculous interpretation the hon. member places on that action, which I think was required and was responsible.

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[*Translation*]

AIRPORTS

INQUIRY WHETHER MINISTER CONSIDERING RUNWAY EXTENSION AT GASPÉ—GOVERNMENT POSITION

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I would like to put a question to the Minister of Transport.

The minister is back from a trip to the Atlantic provinces where he announced the spending of several million dollars on projects to improve the transportation system. Could the minister tell the House whether he is still interested in the construction of a 6,000-foot runway in Gaspé? Also, does he plan to announce shortly that he has authorized funds for the construction of an airport with all communication and navigational instruments so that Gaspesians might get better air service and receive from the minister as much attention as he gives to the Atlantic provinces?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am very concerned and interested in the question of air service in the Gaspé. We are now looking at a study on the question of the best location for such airport improvements. Also, we are in the final phase of examining the potential of a Dash-7 type of service in the region which would allow for a different form of airport operation. In addition, we are looking at the potential usefulness of the airport at Bonaventure for additional service. I hope to be able to develop proposals arising out of these studies in the very near future.

* * *

NATIONAL PARKS

ERROR IN LITERATURE RESPECTING LOCATION OF FUNDY PARK

Mr. Leonard C. Jones (Moncton): Mr. Speaker, in the absence of the Minister of Indian Affairs and Northern Development, I should like to direct my question to his parliamentary secretary. I have here a copy of a recent issue of *National* magazine which appeared in *Reader's Digest* and *Chatelaine*. There is a tremendous ad in there which I should like to bring to the attention of the department. It is entitled "Fundy National Park", and underneath it reads: "Parks Canada, Hugh Faulkner, Minister. Live it, Learn it, Love it. Fundy's in Nova Scotia—"

I should like to ask the minister, through his parliamentary secretary, if he would apologize to the province of New Brunswick, and New Brunswickers, for once again leaving out New Brunswick. The CBC did it on July 1. I hope the department will make a change and readvertise the park. It is a tremendous park. It is in the picture county of Albert, in the picture province of New Brunswick.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, there is no question about the beauty of the park. We are aware of where it is.

Some hon. Members: Hear, hear!

* * *

FISHERIES

REPORTED RELOCATION OF DEPARTMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. It has to do with the widely circulated indications that at some point during the campaign which is soon to be upon us, the minister and government officials will announce the relocation of the federal Department of Fisheries and the Environment from Ottawa to the Atlantic area, probably in Halifax as part of the cornerstone development of the Halifax waterfront.

An hon. Member: Shediac?

Mr. Forrestall: Would the minister give the House the assurance, if this matter is in fact being considered, that he will not give any approval with respect to the construction of a 17-storey building on the Halifax side of the harbour so long as there remains on the Dartmouth side of the harbour a very adequate 18-storey empty building?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am afraid I cannot respond to the hon. member's obvious need for rental or occupancy of some available space.

Mr. Clark: What about Shediac?

● (1452)

Mr. LeBlanc (Westmorland-Kent): If the hon. Leader of the Opposition would like to ask a question about Shediac, I will answer it quite willingly.

Mr. Clark: That is about all you know.

Mr. LeBlanc (Westmorland-Kent): About all the opposition leader does is shoot from his seat.

Mr. Hees: He can shoot better in his seat than you can standing up.

Some hon. Members: Oh, oh!

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, as the hon. member knows, our Department of Fisheries is already a very highly decentralized one. In fact, the headquarters in Ottawa is one of the smallest headquarters for what still is a very large department in the government, with over 6,000 employees.

I do not think it is realistic that we move all of the department to that region. For example, how would you choose between the west coast and the east coast? If I could have the headquarters in Vancouver for six months, and for six months on the east coast, I would have the perfect solution.

GOVERNMENT POLICY RESPECTING RENTAL OF OFFICE SPACE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my supplementary is for the Prime Minister or the Deputy Prime Minister. It is a very serious proposition because it arises out of the factual situation with respect to the rental by the government of office space and office requirements in the metropolitan Halifax-Dartmouth area. My question is, does it continue to be a matter of government policy that office space shall be leased only from such corporate citizens as Mr. Zeitzman, Mr. Medchuck, Mr. Fisk and some other high-ranking members of the Liberal party of the province of Nova Scotia?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I wish the hon. member had given me notice of this question and I could have inquired. I will take note of the question and give him an answer perhaps next week.

* * *

INDUSTRY

REASON GOVERNMENT PURCHASED ELECTRONIC EQUIPMENT MADE IN AUSTRIA

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In light of the minister's boast yesterday regarding the supposedly healthy status of the Canadian electronic industry, can he explain why the government saw fit to purchase hundreds of electronic devices from Austria such as those found on members' desks here in the House of Commons, rather than purchasing them from Canadian manufacturers?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I said yesterday that the Canadian electronics industry is in keen competition and we are well aware of the problems of the industry. With regard to Canadian purchases, my department is going to launch an advertising campaign to familiarize Canadians with the advantages of buying Canadian-made products. In carrying out that program, naturally I would hope that we could also convince the government to purchase Canadian-made products.

[Mr. Hees.]

Mr. Scott: Mr. Speaker, my supplementary is to the same minister. If he will look on his desk,—desks which members use every day—he will see "Made in Austria" on all the mikes. This must be very discouraging to Canadian manufacturers who are trying to survive in this competitive world.

Mr. Horner: Mr. Speaker, there is no doubt that the hon. member's point is well taken. As I said, we are going to launch an extensive advertising campaign to convince Canadians that there are advantages to buying in Canada. I would like to think, in launching that campaign, we will also convince the government to buy in Canada.

* * *

NATIONAL SECURITY

ALLEGED ILLEGAL ACTIVITIES OF POLICE AND INTELLIGENCE AGENTS IN CANADA

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of National Defence. I would like to ask him, in light of the revelations that came out at the McDonald inquiry and the revelations that were made in the House of Commons with respect to illegal activities of law enforcement agencies and intelligence services in our country, is the minister prepared to tell the House whether he has received reports from military intelligence agencies as to possible activities within our country which may have been, or were, as illegal as those perpetrated by the security services of the RCMP?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I have had no such reports. I have investigated the matter and had discussions with the senior commanders and, particularly, those responsible for intelligence. No illegal acts have taken place. There was some electronic surveillance prior to 1972, but no more has taken place since that date, to the best of my knowledge.

Mr. Oberle: Mr. Speaker, I ask the minister whether the new military head of intelligence, Walter Dabros, reported to the minister with respect to his involvement in some of these illegal acts and his involvement with the security analysis group before he assumed his new position. Is the minister prepared to state categorically that there are no skeletons in the closet, and he is perfectly satisfied that military intelligence did not commit any illegal acts within our country in their domestic activities?

Mr. Danson: Mr. Speaker, General Dabros is, indeed, the director-general of intelligence service. He has briefed me on those situations. I have every confidence in him.

SOCIAL SECURITY

INCREASE IN OLD AGE PENSIONS TO COMPENSATE FOR INCREASE IN CPI

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare? In view of the fact that a substantial increase in the cost of living such as we had in March will not reflect itself in an increase in the old age pension for several months, and in view of the difficulties that older people—particularly those who live alone—are experiencing, will she make every effort to find some way to provide for an increase in old age pensions before this session ends?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I have to disagree with the hon. member who is usually not mistaken regarding the social programs of the government. Old age security pension and the income supplement that goes with it are the only Canadian government pensions that are indexed every three months to reflect as much as possible the unforeseeable rises in the cost of living.

Accordingly, on June 1 all old age security pensions will reflect the rise as determined by Statistics Canada.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, does the minister not realize that the increase that will come July 1—not June 1—will be based on a period of five months back compared with three months behind that, so that the current increases in the cost of living will not be reflected in that increase; and is she not aware of the fact that promises have been made before to reconsider the formula on the cost of living index for older people? Will she take another look at this matter?

Miss Bégin: Mr. Speaker, I will take another look, but I am a little disappointed. The hon. member is correct when he says it is three months' time on July 1, because the old age pensions have just been indexed. Both programs are indexed every three months. This is the mechanism which was passed by this House. Except for a few cents, the increase in the cost of living will be reflected on July 1.

When I was a witness last week at the committee hearings, not one member—including the hon. gentleman—made reference to this problem of refining the tool, which is already very effective, in indexing pensions every three months. However, I will check with the officials to determine if there is a better way of attacking this problem. But that means there will have to be a legislative amendment. I do not understand why it was not brought to my attention by the hon. member last week.

Mr. Knowles (Winnipeg North Centre): Because we have been at it for years.

ADMINISTRATION OF JUSTICE

ALLEGED DISCLOSURE OF DATA BANK RECORDS TO GENERAL PUBLIC

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, my question is for the Minister of Justice: it is supplementary to one asked by the hon. member for New Westminster yesterday.

[*Translation*]

Considering the astonishingly easy access to data banks at every level of government and since it is difficult to assure the imperviousness of those banks owing to the numerous points of entry into computers, is the minister considering the possibility of increasing penalties for unauthorized use of information robbed or pinched from data banks, whether they are public or private?

[*English*]

Hon. Ron Basford (Minister of Justice): Mr. Speaker, yesterday the Solicitor General answered the hon. member for New Westminster with regard to questions relating to the CPIC index. In so far as other data banks are concerned, they are covered by various rules relating to confidentiality. I am not aware of any instances of abuse, but I will have my officers review the situation and determine whether it would be appropriate to increase the penalties for breaking such confidentiality.

* * *

ANTI-INFLATION BOARD

INQUIRY WHETHER PHASING-OUT DATE WILL BE EXTENDED

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Finance. If I heard the minister correctly earlier today, he said that it was the government's plan to begin to phase-out the Anti-Inflation Board in January of next year. As the minister knows, under the law that parliament has passed, the termination date of the Anti-Inflation Board is December 31 of this year.

• (1502)

Can the minister tell the House whether it is the present policy of the government to have the Anti-Inflation Board stay in place after December 31, the termination date set out in the law?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the phasing-out of the program is starting this week. There will be many people who will get out gradually. By the end of the year, the law will still apply for the corporations because their year will not have been completed. We have to make sure that during the year 1978 the books were kept in proper fashion and that they followed the law.

Members of the Anti-Inflation Board will have to monitor that for some months to make sure everything was done properly during 1978. After December 31, 1978, there will be

Committee Report

no more control, but there will have to be an operation to make sure the program was followed during all of 1978.

Mr. Clark: A supplementary question, Mr. Speaker. Can the minister indicate to us how far into 1979 it is the present intention of the government to have the Anti-Inflation Board stay in place?

Mr. Chrétien: Mr. Speaker, the personnel will diminish according to the workload, but it will have to stay in operation until the books of the corporations are closed. Some have a year that starts, say, in March of this year and finishes in March of next year, so it will take some time before the board receives all the reports, analyses them, and so on. It will phase out during the year 1979 in terms of personnel, but there will be no more control after December 31 for anybody.

THE ROYAL ASSENT

[*English*]

Mr. Speaker: I have the honour to inform the House that the following communication has been received:

Government House
Ottawa

April 12, 1978

Sir,

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the twelfth day of April, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,

Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

ROUTINE PROCEEDINGS

[*English*]

PUBLIC ACCOUNTS

Second report of the Standing Committee on Public Accounts—Mr. Huntington.

[*Editor's note: For text of above report, see today's Votes and Proceedings.*]

[Mr. Chrétien.]

CRIMINAL CODE

COMMERCIAL USE OF LIE DETECTORS

Mr. Stuart Leggatt (New Westminster) moved for leave to introduce Bill C-441, to amend the Criminal Code (commercial use of lie detectors).

Some hon. Members: Explain.

Mr. Leggatt: Mr. Speaker, the purpose of this bill is to amend the Criminal Code so that the use of lie detectors and similar tests by private businesses in the evaluation of their employees and in the investigation of their employees' conduct be outlawed. It is intended to restrict the use of the lie detector to the criminal investigation process and eliminate it from the private sector, for the protection of the civil liberties of the individual.

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

* * *

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 131, 480, 778, 1,201, 1,207, 1,263 and 1,435.

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

[*Text*]

OFFICIAL LANGUAGES POLICIES

Question No. 131—**Mr. Munro (Esquimalt-Saanich):**

1. For each department, which units in Ottawa are designated (a) unilingual English (b) unilingual French (c) bilingual?

2. On what criteria were the designations made?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) Not applicable. Official Languages policies do not involve the formal or informal designation of units as "unilingual English". (b) While no units within the government have been "designated" or formally recognized as "unilingual French" there are several units where the majority of their positions have been informally identified as "Unit working in French" according to the criteria set forth in the Treasury Board circular 1975-111. The following departments and agencies have informally identified "Units working in French" during the exercise in November, 1975. The formal designation has been deferred by Treasury Board and will be reconsidered upon completion of the bilingualism plan in the year of 1978. Agriculture Canada: 11; Forms Services Section, Management Consulting Services, Finance and Administration Branch; Property and Buildings Management Section, Administration Division, Finance and Administration Branch;

Operation Section, Staffing and Development Division, Personnel Administration Branch; Public Services Section, Information Services; Education Section, Education and Development Division, Health of Animals Branch; Biological Products Section, Animal Diseases Research Institute, Health of Animals Branch; Research and Diagnostic Unit, Animal Diseases Research Institute, Health of Animals Branch; Food and Fertilizer Laboratory, Plant Products Division, Food Production and Marketing Branch; Statistics Unit, Poultry Division, Food Production and Marketing Branch; Section of Food Advisory Division, Food Production and Marketing Branch; Bilingualism Programmes, Personnel Administration Branch. Canadian International Development Agency: 2; Francophone Africa Division, Latin America Division. Energy, Mines and Resources: 2; French Editorial Section of Information, Drafting Unit of Surveys and Mapping Branch.

Indian Affairs and Northern Development: 13

Administration Program

Branch	Unit
Office of Native Claims	Claims Analysis
Personnel	Program Personnel Adviser
Public and Parliamentary Affairs	Audio-Visual Section
Public and Parliamentary Affairs	Parliamentary Relations Division
Departmental Administrative Services	Departmental Security
Departmental Administrative Services	Manuals and Directive Division
Departmental Administrative Services	Records Management
Departmental Administrative Services	Stenographic and Typing Services
Engineering and Architecture Branch	Policy and Planning Division

Indian and Eskimo Affairs Program

Branch	Unit
Program Personnel Adviser	Human Resources Management Section

Northern Affairs Program

Branch	Unit
Northern Economic Planning Branch	Data Management Division

Parks Canada

Branch	Unit
National Historic Parks and Sites Branch	Policy and Planning Division
Program Financial Management Advisory Services	Contract Administration

Industry, Trade and Commerce: 1

Branch	Unit
Information Service	French Editorial Division

Justice: 1; Civil law. Privy Council and Federal-Provincial Relations Offices: 6; Privy Council Office: Operations; Co-ordination and Scheduling, External Policy and Defence, Science, Culture and Information; Personnel: Staff Planning, Development and Employment Section; Plans: Priorities and Planning; Federal-Provincial Relations Office: Policy and Program Review Section; Finance, Economy and Resources: Secretary of State: 2; Multilingual Services Division, English Translation Division. Public Service Commission: 9; Personnel Division (Unit A). Computer Services (System Maintenance). Financial Management Advisor (SDB), Information Services (Special Projects), Research and Development (Studies Division), Learning Support Division (SDB), Staffing (5 Units within the Operation Directorate), Appeals (Appeal Officers working in French), Cap (Assignment Division), The Language Training Branch of the Public Service Commission (Language Bureau) and the Official Languages Directorate were excluded for the purpose of that particular exercise in accordance with the above noted circular. However, the Official Languages Directorate did identify two units working in French. They are the Administration and Co-ordination and the Operation Divisions.

REMARKS: The major changes in the Public Service Commission organization that took place in the summer of 1977 have, in some cases, modified the proposed structure of the units working in French. Furthermore, the commission is undertaking an analysis of its present situation and such initiatives as the units working in French will have to be re-assessed and considered in light of the new policy on official languages.

Solicitor General: 3; Ministry Secretariat; Policy Planning and Program Evaluation Branch, Police and Security Planning and Analysis Branch, Research Programs Division of the Research and Systems Development Branch. Veterans Affairs: 1; Personnel Management Division—Employee Participation Group; Other departments have no information on this matter. (c) Not applicable. Official languages policies do not involve the formal or informal designation of units as bilingual.

2. The informal designation of units working in French was based on the following criteria: To help ensure that the French language will increasingly take its place with English as a language of work in the federal administration; To facilitate the recruitment and participation of unilingual Francophones on a more equal footing with unilingual Anglophones; To provide a milieu in which Anglophone public servants who have acquired second language skills will have the opportunity of becoming more fluent in the French language; To make possible a greater degree of individual bilingualism at senior levels in the public service.

TOUR CONDUCTED THROUGH EUROPE

Question No. 480—**Mr. Yewchuk:**

1. What was the total cost of the tour conducted through Europe by the Minister of Fitness and Amateur Sport, Dr. Roger Jackson, Director of Sport Canada and Mr. Geoff Gowan, Technical Director of the Coaching Association of Canada from April 24 to May 12, 1977?

2. What was the total cost for each individual involved?

Hon. Bud Cullen (Minister of Employment and Immigration): In so far as the Minister of State for Fitness and

Amateur Sport is concerned; 1 and 2. See reply to question 147 answered March 2, 1978.

U.I.C.—MR. HI PONG NO

Question No. 778—**Mr. Cossitt:**

1. With reference to the answer to Question No. 2,765 of the Second Session of the 30th Parliament which stated in part that no internal fraud squad or anything similar existed in the Toronto area within the Unemployment Insurance Commission, has further investigation on the part of the government shown that such a squad or group does indeed exist?

2. (a) Is Mr. Hi Pong No a member of the group (b) what is a complete history of his employment or association with UIC (c) what are the qualifications he possesses for his job and what work has he been doing since his appointment?

3. Is the government aware if Mr. Hi Pong No is a former South Korean internal intelligence agent and (a) if so, what details does the government possess in this regard (b) if not, will the government investigate in this regard and furnish details?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. No.

2. (a) Not applicable. (b) Mr. No was hired on February 11, 1974, as a benefit control officer and was continuously employed in that capacity until October 3, 1977. (c) Mr. No met the following qualifications for a benefit control officer position: university graduation combined with evidence of definite aptitude for general administration or demonstrated capacity for administrative work combined with the ability normally required to complete secondary school education. Evidence through work history of achieving good results, or of showing potential in, the following areas: the interpretation and application of the Unemployment Insurance Act and Regulations and in-person interviewing or investigation (either civil or criminal). Mr. No was performing the duties as per 2(b) above until October 3, 1977, at which time he was loaned on a training assignment to the immigration division in Toronto.

3. (a) and (b) Information pertaining to an employee's past employment history when supplied to the public service by the individual concerned is given in confidence. Therefore, we are unable to provide information relating to Mr. No's past employment.

AIR CANADA PASSES

Question No. 1,201—**Mr. Cossitt:**

1. Is the government aware of a statement made to the news media by Mr. Hugh Riopelle of Air Canada to the effect that certain of the Airline's public affairs officers, managers, salesmen and other senior representatives were given folders of free tickets "to dispense the passes as we see fit" and, if so, how many such passes were issued in the past four years and what is the breakdown, by year, of first-class and economy class tickets issued?

2. What loss of revenue to the Airline is represented by the dispensing of such passes?

Hon. Otto E. Lang (Minister of Transport): The Management of Air Canada advises as follows: 1. Yes. See answers to questions 1,523, 1,559, 2,316, and 5,266 of the first session, 30th parliament.

[Mr. Cullen.]

2. Blackout periods during heavy travel peaks apply to passes issued for commercial promotional purposes, with the result that such passes are normally used when there are empty seats on flights and loss of revenue would be minimal.

MAIL DELIVERY

Question No. 1,207—**Mr. Epp:**

1. What is the cost per letter of door-to-door mail delivery in Canada?

2. What is the cost per letter of mail delivered in rural Canada pertaining to (a) rural post boxes (b) general delivery?

Hon. J.-Gilles Lamontagne (Postmaster General): 1. The letter carrier portion of the cost per letter of door-to-door mail delivery in Canada is 7.890. This does not include the other costs of handling such as collection, processing, transportation, etc.

2. (a) This information is not available due to lack of volume data. (b) The cost per letter of mail delivery in rural Canada pertaining to general delivery is 4.220. As indicated in 1 above, this does not include the other costs of handling such as collection, processing, transportation, etc.

WOMEN HOLDING SX POSITIONS

Question No. 1,263—**Mrs. Pigott:**

What is the number of women holding SX positions in the Public Service and, in each case, what is her (a) name (b) official title and on what date was she appointed (c) education level?

Hon. Robert K. Andras (President of the Treasury Board): As of January 31, 1978, 31 women held SX positions. Five other women were classified as SX, and seven held positions equivalent to SX. The names, official titles and dates of appointments of these employees are as follows:

Name	Title	Date of Appointment
J. R. Smith	Director, Food and Agriculture Division, AIB	September 2, 1977
C. F. Robertshaw	Director, Research and Internal Affairs, CCA	March 14, 1977
M. E. Hynna	Secretary General, CHRC	November 1, 1977
M. R. Prentis	Director General, Telecommunications Economics, COM.	April 12, 1976
E. Cooper Stein	Director, Adjudication, EIC	September 7, 1977
I. E. Johnson	Associate Executive Director, EIC	March 1, 1976
V. A. Sims	Director General, Priorities and Program Co-ordination, EIC	May 1, 1976
M. Johnson	Regional Director General, Fisheries, ENV	April 1, 1976
J. A. K. MacDonnell	Executive Director, Deer Lodge, DVA	May 14, 1973
M. Chartier-Gauvin	Director, Social Development and Manpower Programs Development, FIN	July 5, 1977
B. A. Mercer	Assistant Director, Economic Development, FIN	December 16, 1974
K. B. Cooke	Director, Research Division, IAN	August 3, 1976
E. Kriegler	Director, Public and Parliamentary Affairs, IAN	April 1, 1977

Name	Title	Date of Appointment
M. H. Labelle	Director General, Policy Research and Evaluation, IAN	October 12, 1976
G. St. Marie	Departmental Secretary, ITC	September 6, 1977
A. Desjardins	Director, Advisory and Research Services, JUS	April 17, 1974
E. I. MacDonald	Consultant, Status of Women and the Family, JUS	April 17, 1974
B. A. Darling	Project Director, Industry Projects Division, MOS	December 1, 1975
R. Swann	Project Director, Industry Projects Division, MOS	August 26, 1976
S. Blais Grenier	Director, Welfare Grants, NHW	November 17, 1975
S. M. F. Brazeau	Director, Family Planning, NHW	April 1, 1976
M. J. Flaherty	Principal Nursing Officer, NHW	August 29, 1977
M. M. Law	Director General, Health Consultation Directorate, NHW	September 1, 1976
A. K. Liljefors	Director, Program Planning and Evaluation, NHW	August 15, 1975
M. P. O'Neil	Director, Social Assistance and Services Analysis, NHW	August 1, 1976
M. Savoie	Regional Director, Québec, NHW	January 1, 1972
C. P. Scott	Director, Bureau of Drugs, NHW	January 1, 1976
J. R. McQueen	Assistant Secretary General, Programs, NMC	February 17, 1975
C. Roy	Senior Scientist, NMC	June 1, 1977
S. Popham	Assistant Secretary to Cabinet, Public Information, PCO	April 1, 1977
M. G. Y. Fraser	Director, Administrative Staffing Program, PSC	January 4, 1977
J. W. Edmonds	Director General, Manitoba, REE	January 2, 1977
C. A. Racine	Director, Public Information, REE	September 1, 1976
L. Ouimet	Secretary General to CRTC	March 14, 1977
J. Dobell	Director, Languages Administration Branch, SEC	January 2, 1975
D. Moncion	Assistant Under Secretary of State Citizenship, SEC	June 6, 1977
F. E. Goodspeed	Director, Operations, PSSRB	May 27, 1976
G. Oja	Director, Consumer Income and Expenditure, STC	June 28, 1976
J. R. Podoluk	Director General, Household Statistics, STC	February 1, 1973
N. Gendreau	Director, Evaluation, Analysis and Data Services, TBD	September 1, 1977
A. Lefebvre-Anglin	Group Chief, Programs Branch, TBD	March 31, 1977
W. E. Porteous	Tap Policy Advisor, TBD	October 17, 1977
R. Hubbard	Group Chief Industry and Natural Resources, TBD	March 31, 1977

The educational level of this group of employees is as follows:

Level of Education	No. of Women
High School	1
Bachelor's Degree	10
Master's Degree	16
Doctorate	7
Other (including medical doctors, lawyers, etc.)	9

The Budget—Mr. Stevens

THE WAY AHEAD FOR CANADA

Question No. 1,435—**Mr. Whiteway:**

Were responses received by the Prime Minister's Office to the Questionnaire for a Paperback Referendum printed in *The Way Ahead for Canada*, edited by Robert K. Logan and printed by Lester and Orpen Ltd., Toronto, 1977 and, if so, how many?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): (a) Yes. (b) Fifteen.

[*Translation*]

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

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all notices of motions be allowed to stand.

[*English*]

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Monday, April 10, consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, as we continue our debate on what has become known as the three-penny budget, I should like to deal with three or four separate matters which are interrelated.

I should like to deal first with the unfortunate unemployment situation in this country, to spend some time reviewing the effect of Canada's falling dollar on Canada generally, our inflation level, our unemployment level, and the deficit that this government revealed only two nights ago. I should also like to touch on the general question of inflation in Canada but, most important, I wish to tell this House and the Canadian public what we in the official opposition, what we in the Progressive Conservative Party of Canada, would have wished to see in the budget that was brought in on Monday night.

I am sure all hon. members have noticed the references made by the Minister of Finance (Mr. Chrétien) with respect to unemployment. Surely two of the most startling statements he made were when he stated, "An important reason for the growth of our labour force has been the growing number of Canadian women who are working" and, secondly, "There has also been a surge of young people coming into the labour market." If we put those two comments into proper context, what the Minister of Finance, on behalf of this government, is saying is that we should not fault them for unemployment, we should fault the women of this country for unemployment because they are looking for work, and fault their children because they are also looking for work.

Can we tolerate much longer an administration that takes perhaps one of the greatest assets we have in this country, namely, our labour force, and treats it in such an utterly disdainful way?

Some hon. Members: No!

Mr. Stevens: Surely it is the main challenge of any government in power in any country to ensure that those who wish to work in that country become gainfully employed at the occupation of their choice.

With a budget so short of proper fiscal stimulus to ensure we will have less unemployment in this country, with a budget that virtually assures us that, if no changes are made, unemployment will not only stand at the current level of 1,040,000 but it will be higher next winter, surely there can be absolutely no confidence left in this House in an administration which, through its Minister of Finance, says "Do not blame us, blame the women of this country, and blame their children who happen to be looking for work." They happen to be looking for work, Mr. Speaker, because many families are finding it so tough to make ends meet in Canada today that more than one breadwinner must go out to work, simply to get bread on the table for those families.

● (1512)

Some hon. Members: Hear, hear!

An hon. Member: Women and children first.

Mr. Stevens: To deal with this question of unemployment, Mr. Speaker, we must also deal with the inter-related problems.

I would like to make a few comments concerning our falling dollar. First of all there is the great uncertainty this administration has brought into the entire picture of where it feels the dollar should be properly trading at the present time. It has been reliably estimated by those in the financial community that the handling of the falling dollar by this Minister of Finance has been inept. It has cost us three to four cents more than normally would have been expected if the dollar had been left to find its own level as far as international currencies are concerned.

Can there be much doubt left why the international world is confused as to where a dollar in Canada should trade? For example, we have a Minister of Finance who says that a floating dollar is a floating dollar, and presumably they do not intend to intervene. And yet it has been revealed that they have lost in United States dollar reserves $1.5 billion of precious reserves in defending what they said was only a floating dollar.

We know the government has borrowed $750 million in the U.S. market in an attempt to replenish some of those funds. We understand it intends to borrow further. There can be no doubt that one of the most pressing reasons why we have this budget before us today is that this administration was told it could not go back to the trough in the American money markets without showing the current fiscal 1979 figures, including the budgetary figures, for its administration. It was a Securities and Exchange Commission requirement in the United States which helped produce the budget we are now debating in this House.

Can there be any doubt left why the international community is disturbed and concerned when we have a Minister of Finance who speaks about a floating dollar and presumably is almost indifferent as to where that dollar will settle, and we have a Minister of Industry, Trade and Commerce (Mr. Horner) who says that he kind of likes a 90-cent dollar, for some reason?

On the other hand when my colleague, the hon. member for St. John's West (Mr. Crosbie), put a very telling question, I thought, to the Minister of Industry, Trade and Commerce in a finance committee meeting, asking:

> —would the Minister be concerned if the Canadian dollar went down to 85 or 80 cents?

Here is what a minister of the Crown, speaking on behalf of this administration, replied:

> I would be concerned if the dollar went down to zero. I would be mightily concerned, because that would prove to me that nobody would want it.

An hon. Member: What a bright fellow.

Mr. Stevens: That is not a newspaper account of what this minister said. That is the transcript from a finance committee meeting of this parliament, where a minister of the Crown said that about the only time he would really be disturbed was if our dollar went down to zero.

I know it has been jokingly stated that the government at the present time is not too disturbed about the dollar because it thinks it has 87 cents left to go, but until I heard the comment from the Minister of Industry, Trade and Commerce in that finance committee meeting, I did not realize how totally indifferent it is to the plight of our dollar.

Let us put it into perspective. It is sometimes stated that a lower valued dollar is good because it makes our exports more competitive.

An hon. Member: Right on.

Mr. Stevens: Here is one of the loyal backbenchers who would support this government through thick and thin. In fact if they were led into hell that backbencher would say, "Let's move a little faster, if that is where you want to go, Mr. Leader."

An hon. Member: Do not interfere with the apple I am polishing.

Mr. Stevens: As far as that member is concerned, let me assure him that when he gets to hell, if that is where he is going, he will have so many friends he will spend most of his time greeting them.

An hon. Member: They will all be Liberals.

Mr. Stevens: Most of us will accept, at least temporarily, that a lower priced dollar gives a country an artificial competitive edge over other countries—

An hon. Member: Not artificial.

Mr. Stevens: —in the sense it lowers its prices in relation to the currency of other nations. This consequently results in a country being more competitive, as I say, at least for a temporary period. If a nation that chooses that route of discounting its dollar does not get a hand on its own productivity, and does not control inflation in its own country, whatever temporary advantage it gains by a falling dollar is quickly eroded, and it finds that it must devalue its currency still lower to get the shot in the arm needed to continue with its export trade. This is demonstrated by the unfortunate position the United Kingdom got into when it attempted to devalue its currency two or three times, with disastrous results.

Let me come back to the Canadian situation with respect to the falling dollar. Sometimes this government gets so trapped with its policies because it picks them up second hand from something stated in the United States. It follows the Brookings Institution type of thinking almost religiously. What has happened is that somebody in the United States has said that it might be wise for the Americans to lower their dollar, or have other currencies go up in relation to the American dollar. Quickly this government said that "if it is good for the Americans, it must be good for Canada; let us have our dollar fall even faster."

When they set us on this course they totally ignored the fact that a fall in the American dollar has approximately one third the effect on the U.S. inflation level on imports that it would have in Canada. Let me be specific. Our dollar in relation to the American dollar has fallen 16 cents since the plunge began. As far as our imports are concerned, the Minister of Finance's own department clarified for us in committee that the fall will mean, built in to our inflation level, a further 4.5 per cent inflation level in Canada. That is 4.5 per cent more inflation in Canada than what we are already destined to have.

However, if the United States allowed their currency to go down in relation to other currencies by a comparable 16 cents, the total effect in the United States would be 1.5 per cent on their inflation level. First, I would suggest that it is totally wrong for this government to have blindly led us into the psychology of accepting a falling dollar without realizing the consequence of inflation on Canada compared to the American position.

It is as simple as this. We in Canada have roughly 25 per cent of our total gross national product in trade. The Americans have 7 per cent. That is why it has only about a third of the effect in the United States that a falling dollar has in this country.

Let me touch the second, almost more important ingredient this government forgot when it played with a falling dollar. It forgets that in Canada, unlike in the United States, if our dollar falls, it causes various commodities in this country, domestically produced and domestically consumed, to go up in price because they are priced in accordance with the American dollar pricing. Let me be specific. Our lumber, zinc, natural resources, energy resources, cattle, and now even the fish, know about our falling dollar. Fish produce is also priced in accordance with the American dollar pricing.

● (1522)

What this has caused in Canada is dramatic. This is not due directly to import increases, but because so many commodities are priced in relation to an American dollar price. It is estimated that the effect of the falling dollar will cost us 3 per cent more inflation in the country. Through its inept handling of the situation, this government has triggered the falling Canadian dollar to the point where it will result in 7½ per cent additional inflation for the Canadian public to bear, a Canadian public that is already bearing an unacceptably high level of inflation as a result of the policies of this government.

Earlier today in the question period various questions were put to the Minister of Finance and certain other ministers concerning the unfortunate inflation figures that were revealed today, the fact that we had 1.1 per cent inflation in the last reported month alone, 8.8 per cent year over the year. It was also mentioned that the government's anti-inflation program as announced in October, 1975, was going to be phased out beginning this Friday. In that context, it is only fair when we are debating this budget to take a fresh look at what in fact has happened with regard to inflation in this country, certainly since this administration has been in full saddle.

In my constituency, as I am sure other members have done in their constituencies, we have maintained what we call our own grocery basket. We kept track of 15 specific grocery items just to see what in fact is the impact of inflation for the typical resident and housekeeper. My constituency is on the outskirts of Toronto. They say that Toronto is a suburb of where we live.

It is unfortunate that something is sometimes lost in statistics. When we speak about 1,045,000 out of work, I do not think it conveys the true tragedy that means for those who are out of work and looking for work. When we quote figures about 8.8 per cent inflation, or whatever figure you like, I do not think it gets through as to what that means to people who

are trying to put various products that they need to eat, on the table.

Let me come down to some specifics. As I say, in my constituency, we deliberately chose 15 items that are among the most usual items for the average family. I chose November, 1970, because that was when we were assured by the Prime Minister (Mr. Trudeau) that he had licked inflation. Presumably we had nothing more to worry about with regard to inflation. In november, 1970, those 15 items would have cost a Canadian family $9.97. We shopped the same items last week. The cost today is $23.83.

Some hon. Members: Shame!

Mr. Stevens: In case some think we have selected unusual items, I hasten to add that this is a list we have maintained every six months to see what has been the progress, or lack of progress, with regard to inflation as it affects in a meaningful way the housewife trying to put groceries on the family table.

Let me give some examples of what has happened in that period since November, 1970. A 12-ounce jar of Billy Bee honey has gone from 31 cents to 83 cents. Kraft Canadian cheese slices, eight in number, weighing eight ounces, have gone from 37 cents to 93 cents. A 48-ounce tin of Mitchell apple juice has gone from 34 cents to 77 cents. Six ten-ounce cans of Coca Cola were 66 cents in 1970. Now the same number of cans sell for $1.62.

A ten-pound bag of sugar cost 96 cents then. Today it is $1.87. Two cans of Campbell's tomato soup, ten-ounce, each tin cost 24 cents in November, 1970; now they are 40 cents. Libby's pork and beans, two 19-ounce tins, 54 cents then; now $1.18. Maxwell House coffee, one-pound tin, $1.19 then; now $4.45. Sirloin steak, 99 cents a pound then; now $2.58. Special K, 15-ounce box, 56 cents in November, 1970; now $1.08. I could go on and give the whole list of those 15 items. However, the point I want to make is that those items are only typical of the effect that inflation has had on the consumer in Canada.

When this government is cornered with the facts, it loves to start looking for an escape. We used to have a minister of finance, I have forgotten how many back he was, who blamed anchovies off the coast of South America for inflation. He really turned it around two or three ways. Either they could not find them and that was a problem, or they could find them and that was a problem. In any event, when we start quoting prices, the government often blames the farmer. Let me assure you, Mr. Speaker, you cannot blame the farmer for the prices to which I am referring.

Some hon. Members: Hear, hear!

Mr. Stevens: You cannot blame the farmer, because his costs in relation to his production have gone up even faster than the prices I have been putting on the record. The reason I wish to get on record some of the impact of inflation we are living with is that I believe the time has come when this government must be called to task.

• (1532)

We could go through budget after budget and, in the terms of data processing, if they had a new word processing apparatus such as are now available I would recommend that they put every budget into that word processing machine, which would save them a lot of time when they bring in another budget, because they repeat time after time the rhetoric which did not work in the preceding budget.

Now that the controls program has been in place for 30 months we should take an objective look to find out whether it has produced the result the government said it would produce. Did it bring inflation down to a lower level than might otherwise have been expected? The answer is, no. I give the figures as of February, because that is the latest date in respect of which I can make a comparison with the situation in the United States. Since then, inflation has risen by 18.3 per cent in Canada, whereas in the United States, where there are no controls, it went up by 14.3 per cent. In short, inflation here is 4 per cent worse than the level in the United States, yet we share the same continent and basically the same problems. So there is no reason to believe that anything other than the inept handling of the situation by the government has caused us this extra 4 per cent inflation as compared with the United States.

Even worse is what happened during that period. Not only was inflation in Canada 4 per cent worse, but our real growth was 3 per cent less than real growth in the United States. In the current year, the total gross national product in Canada is running approximately $6 billion below where it should be if we had simply achieved as much growth as the United States was able to achieve since October, 1975. We are talking about big money. This represents $600 of lost revenue for every Canadian taxpayer during a period of so-called government restraint, income which has been lost because of the absence of an imaginative approach by the government to ensure that our economy reaches its proper growth levels so that we can share, if you like, in the prosperity which would be the heritage of Canadians, not just for us but for our children and their children.

In short, the government does not care. It does not care what has been happening to Canadians. I understand they are polishing up a slogan for the coming election. The slogan is supposed to be "Show You Care".

Mr. Darling: Get rid of Pierre!

Mr. Stevens: As my hon. friend from Parry Sound-Muskoka says, "Show You Care; Get Rid of Pierre".

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, if they go to the country with that slogan I think it is only fair to remind them that they have not cared much about Canada or the Canadian people. All that possibility of real growth has been lost by the government. If we were able to get the Canadian work force back to work there would be no deficit—there would not be the $10.9 billion deficit which the Minister of Finance disclosed Monday night.

That deficit he is talking about represents $500 for every man, woman and child in Canada. That is the extent to which the government has gone into the hole.

I have compared inflation and real growth in Canada with that in the United States. I could go on and make comparisons with the situation in other industrialized nations. Perhaps it would be only fair for me to say that, compared with the countries of the OECD, we have the highest unemployment level of any, our inflation level is running higher than average inflation in those countries, our real growth is below that in any of those countries, our current account trade deficit, worsened by such things as our imbalanced tourist account, is higher than that in any of the OECD countries. And all this results in our being the only industrialized nation which has run a current account deficit consistently for the past four years.

Mr. Stanfield: But they are keeping cool.

Mr. Stevens: Yes, they are keeping cool, as my hon. friend says. They are indifferent. They do not care. They care about one thing. They care about their political hides.

Consider the decade which has passed, one which began after the first hundred years of Confederation, at a time when we had reached one of the highest peaks of prosperity ever reached by any country in the world. As that decade began, the philosophy guiding this administration was one of government expediency. That was the order of the day. Economic realities came second.

Let me go back to the subject of the Anti-Inflation Board. The Board was set up in October, 1975, when we were told that along with this program the government would introduce other measures of financial restraint—which it did not. At that time we were promised additional monetary restraint. Once again we were deceived.

They said there would be a general regulation of the economy—which there wasn't—plus the AIB program. They were to get us down to an 8 per cent level of inflation the first year, to a 6 per cent level the next year, and to 4 per cent in the year which is now current. But we find, Mr. Speaker, that today we are at about the same estimated level of inflation we were told we would be seeing at the end of the first year. One thing the government has excelled in, Mr. Speaker, is the ability to create inflation in this country.

Some hon. Members: Hear, hear!

Mr. Stevens: When I say they know how to create inflation in this country I think every member of this House is under an obligation to remind the Canadian public that inflation is literally manufactured by this government by the excess printing of money in relation to the real growth of our economy. Last year, for example, with a real growth of 2.6 per cent, is it any wonder that we ended up with 9.5 per cent inflation? Consider this: they printed 12 per cent more money last year. Less 2.6 per cent, the difference is almost exactly the 9.5 per cent inflation which plagued this nation as of December, 1977. But that is not only the impact of the controls program.

● (1542)

The fact is that the approach of the government has been counter-productive. That approach has killed business initiative. It has contributed to the unemployment we are living with, and let me give figures. In March, 1975, which was the March before the controls program was imposed, there were 739,000 Canadians out of work. On a non-adjusted basis that was 7.6 per cent of the work force. On an adjusted basis it was 6.8 per cent of the work force. This March unemployment is up 300,000 compared to what it was in March, 1975. There are 1,045,000 out of work today compared with 739,000 prior to the beginning of the controls program. Expressed on an adjusted basis there is now 8.6 per cent of the work force out of work compared with the 6.8 per cent to which I referred as of March, 1975.

I think the Canadian public is aware of the inadequacies. It is aware that there must be a better way to get the Canadian economy achieving the potential which most feel—and certainly that includes members of this party—can be achieved in Canada.

In the few moments I have available I would like to touch on what this party would have liked to have seen, or would have put into the budget Monday night if we had been given that opportunity. There are three essential things which must be accomplished if we are to reach a new prosperity. First, we must once again restore consumer confidence. We must take the consumer willing to buy more because, the more he buys, the more our factories will produce, the more people they will employ, and the more prosperity there will be for all. If we had been writing a budget on Monday night, we would have put into it stimulative fiscal measures in order to ensure that the consumer would start to get back his confidence and would start to do the buying which is so sorely needed in the country.

Second, if we had had the opportunity, we would have proposed certain infrastructure investments which are sorely needed to aid fishermen on the Atlantic and Pacific coasts, to aid those who handle grain in the Canadian west, to aid commuters in Toronto and other urban areas of Canada, and to help with sewage treatment plants in areas such as Montreal which need that kind of help.

The third thing we would have suggested is that it is time to put some meaningful productivity incentives into our system so that people at work benches, in factories, or wherever they produce, will produce still more to ensure that our competitiveness is restored. To that end we would have suggested on Monday night that there should be personal income tax cuts. Consumers need a break, and by reducing the tax burden on Canadians, in our view the economy would be set firmly on the path to recovery.

I know people often ask how there can be a tax cut without running up the deficit. The unique thing is that both problems can be solved at the same time. If a tax cut is stimulative, it will produce the gross national wealth which is needed to

increase tax revenues, and the net effect is a deficit which is smaller that it would have been if the situation had been allowed to continue, and it is in a lethargic state now. That proposal was not just pulled out of the air. Before we enunciated our program with respect to a minimum $2 billion tax cut, we asked economic consultants to program their computers in order to tell us what a $2 billion personal income tax cut would do for Canada.

Two computer programs came back. They both suggested the same results. I would like to put on the record the net effect of such a measure. We were told that the rise in the level of gross national product would be 3.9 times the initial tax reduction. In relation to a $2 billion permanent personal tax cut, if such were implemented in 1978, the gross national product in 1980 would be $7.5 billion to $8 billion higher than it would be without the tax cut. That is why we would have announced a tax cut if we had brought down a budget on Monday night. The economy needs it. The economy needs that type of stimulant to get us producing, to bring our unemployment down and, at the same time, to bring our inflation level down.

Let me be more specific. As consumer spending accounts for more than 60 per cent of our national output, sustained weakness in this sector aborts any economic recovery. Revived consumer spending can lead the way to reduced unemployment, higher disposal incomes, and that most desirable of all things, real growth.

Increased consumer spending would allow Canadian industry to produce more goods. More production means more jobs. As industry produces more, business investment increases, thus creating more jobs. If we had had the opportunity to write that budget, we would have proposed personal income tax cuts generally, but we believe they should be oriented to help where it counts, that is, to put more spending money into the pocket of the consumer. For many Canadians the tax cut we propose would be $300, not on a temporary basis but on a permanent basis, so that people can count on more money in the coming weeks, months, and years ahead. To be most meaningful we believe that a tax should be oriented to low and middle income Canadians, who are the greatest spenders or consumers because they need every nickel they can get to make ends meet.

It is very important that a tax cut be permanent. When the government instituted its $100 tax cut, $50 in January of this year and another $50 in February of this year, it missed the point. In allowing that tax cut the government lost revenue totalling $700 million. The government said that tax cut would have a stimulative effect, but as far as I know very few wage earners in Canada even know their taxes were ever cut.

In fact most people are left with the impression that somehow their taxes went up $50 in March, and they do not understand why. I believe that fiscal measure was perhaps one of the most stupid things ever done by a department of finance. If the government wanted to produce the maximum benefit from a tax cut, that was not the way to do it. We say a tax cut must be on a permanent basis so that Canadians can count on it and so that, if they want to buy something, they know what their take home pay will be for the next 12 months. Canadians do not want gimmicks of the kind the government introduced in January and February.

We have in this budget a proposal to institute a 3 per cent provincial sales tax reduction. Here again the government has what could be a good idea, but from an administrative standpoint the effects of this proposal will be minimal. The government says provincial sales taxes should be cut for only six months, and possibly nine months in certain provinces. That would tend to cause people, if they are going to buy as a result of this tax concession, to telescope their buying into the period of the tax concession, which would result in a bigger problem in getting factories to produce in the winter months ahead. That is the time when jobs are needed, because traditionally unemployment in this country increases in the winter months over its level during the summer months.

● (1552)

Again, by putting it on a temporary basis, somehow or other they do not give any certainty to the would-be buyer or consumer in this country. Again they clouded the issue, and it may be that while it will cost them $800 million in loss of revenue, they will get a minimum benefit from their approach as compared with the benefit they could have had if they had taken the $700 million which they spent in January and February, and the $800 million they are now proposing to spend, and lumped them together with a permanent personal income tax reduction of $2 billion plus which we are suggesting.

I could go on to demonstrate why those half measures do not work so far as fiscal policy is concerned. I have suggested that our approach would tend to lower inflation, but I want to stress that it is conditional upon having a proper cutback in government spending. We believe that the government, in budget after budget, has talked about restraint, but we do not think it is sincere. In fact, it is rather startling to find in the budget which is now before us an admission, a confession, if you like, by the Minister of Finance that the government has made mistakes in the past concerning spending.

At the beginning of his budget speech the minister stated:

> It is now clear that many of our current difficulties have their roots in the period of extraordinary growth Canada experienced between the mid-1960's and the mid-1970's.

He went on to say:

> Governments increased their spending too quickly. The money supply was increased too fast.

Surely the Minister of Finance does not need to be told who was in power when that mistake was made. To come in now on April 10 and say it was a mistake, and to create the impression somehow that his predecessor or he himself should not be blamed, is absolutely ludicrous.

If we had had the opportunity to bring in the budget on Monday night, we would have been proposing a three-year program to cut $2 billion plus from federal spending. We feel that this can be done without reducing transfer payments to

Canadians, without cutting back on federal capital expenditures, and without disrupting essential services in this country.

Mr. Blais: How?

Mr. Stevens: Is it not truly remarkable that the Solicitor General (Mr. Blais), who is freshly out of the absolute shambles in his Post Office portfolio, now asks me "how"? For anybody who is a member of an administration which has allowed the Post Office Department, which was profitable in 1970—

Mr. Blais: Come on.

Mr. Stevens: —to run into a position where it now has a deficit of $500 million to $600 million, in spite of repeated postage rate increases, to ask that shows lack of depth.

Some hon. Members: Hear, hear!

Mr. Stevens: It also shows the lack of control which the government has of financing and of the Canadian economy.

Mr. Beatty: Go steam open some letters, J.-J.

An hon. Member: Go lick a stamp.

Mr. Stevens: I hear the former postmaster general say he does not agree with my figures. I would be very pleased to take him down and show him the national financing figures and show him, year by year, where the deficit has occurred and how the expenses have risen much faster than the revenues. I think that even he, if I spend enough time, will understand exactly what I mean.

Mr. Stanfield: I would not count on that.

Mr. Hees: It would be a waste of time.

Mr. Stevens: Even he would understand how the Post Office got into trouble.

I have said that if we had had the opportunity to present a budget on Monday night, we would have proposed trimmings in federal spending which would have resulted in the federal spending being reduced by $2 billion within a three-year period. First of all let us note that operating costs account for more than 32 per cent of government spending, and it is in the area of operating costs that the government has allowed a growth of 56 per cent in the last three years. The government has allowed those costs to jump by 56 per cent during a period when it has implored the private sector to be more restrained in its own spending. If operating costs had increased only at the rate that workers' wages were allowed to increase during the time when the anti-inflation program was in effect, federal spending today would be $3.3 billion lower than at present.

I heard one of the faithful backbenchers on the government side ask where we are going to get these savings. My leader is on record concerning certain areas where we intend to make savings when we have the opportunity to write a budget. The hon. member is asking for details. We believe that a program could have been instituted on Monday night providing for a public service hiring freeze. That is the first thing we would have done.

Mr. Blais: We have had one for three years.

Mr. Stevens: The former postmaster general says they have had a hiring freeze. Surely even he could count up to 25,000, which is the number of extra employees his Post Office has hired since the 1970 period to which I have referred. When they talk about a public service freeze, what they mean is that the number of public servants has increased less quickly than it did the year before. What we are saying is that the number should not go up at all, and that there should be no replacement of the attrition that is normal in any public service. For example, there would be no replacement of the people who retire or of the people who choose to leave.

In short, over a one-year period there are approximately 20,000 employees who, for one reason or another, leave the Public Service. We simply propose that those positions not be filled. That would result, over a three-year period, in a reduction of 50,000 to 60,000 employees at the federal government level. That is what we mean by a freeze.

I think I should make clear that it would not be our intention to make any reductions in our military personnel, in our prison guards, or in our Mounties.

Mr. Chrétien: That is already half of all the government employees.

Mr. Stevens: Not including those fields, the figures I have given are figures which the Minister of Finance could have mentioned in his budget on Monday night had he had the courage to be a responsible minister rather than the part-time minister he has been.

Some hon. Members: Hear, hear!

Mr. Stevens: We would also propose that the personnel supports which go with the Public Service also be reduced. That is another cost saving which we would have proposed on Monday night. For example, it means there would be lower accommodation and equipment charges, lower transportation and communication expenditures. One must recall that taxi cab fares in Ottawa run up by the government are over $1 million a year.

● (1602)

An hon. Member: Shame!

Mr. Stevens: Additional reductions in spending can be achieved through sharply reduced advertising and consulting expenditures. If we are given an opportunity by the Canadian public to take over the reins of government in this country, there will be a great many Liberal advertising hacks, friends, and consultants who will lose their contracts pretty fast.

Significant savings can be made from the $50 million spending spree this government is on by implementing the concept of having sunset laws instituted, with zero based budgeting.

Basically that means, rather than accepting last year's spending figures without question, we would propose that every new spending estimate be assessed as to why it is needed in the coming year. Unless it can be justified and shown to have significant value for the Canadian public, we would say it should be dropped and the saving should be passed back to the Canadian public.

The sunset law concept works the same way. No law should be regarded as so sacred that it cannot be reviewed. It is as natural to discontinue programs as it is to create them. Surely the government of the day should be assessing constantly the impact of the programs available, thus discerning if they are an advantage or a disadvantage, if they should be continued or dropped. That is what my party would have included Monday night, if we had had the opportunity of presenting the budget.

Many of the 400 Crown corporations were created under this administration. We believe some of them can be dismantled, integrated within departments, or sold to the private sector. Non-budgetary borrowings of Crown corporations must be curtailed, especially where the interest rate does not reflect market conditions.

The economic stimulus given by the tax cut, to which I referred coupled with reductions in federal spending, would combine to hold the budgetary deficit steady at first, and then to reduce it. New consumer spending would increase. Incidentally, it would increase sales tax revenue, excise tax revenue, and customs duty revenue. The newly created jobs would produce new taxpayers. As the business climate because more healty in response to increased consumer demands, there would be more revenues from federal corporation taxes. In addition to the savings of the expenditure reductions which I have outlined, federal spending on unemployment benefits would also drop the more we were able to get Canadians back to work in gainful jobs.

Perhaps I could simply sum up by saying: if we had the opportunity of presenting the budget Monday night, we would have made federal spending restraint a way of life in Ottawa.

Some hon. Members: Hear, hear!

Mr. Stevens: In our minds, the three-year program to which I have referred would be just the start. It would be the start of a comprehensive effort to reduce the federal presence in our economy, to reduce the dead hand of government which is stifling individual initiative and which is stifling people from achieving Canada's dream that has disappeared so much under this government.

We have referred to the rather small provincial sales tax reduction. There is room to reduce the federal manufacturing tax as well. For example, that tax is very inflationary, because at its 12 per cent level it goes on to the manufacturing level, simply to be magnified as the goods eventually go through to the consumer. When the wholesaler takes his add-on, when the retailer takes his add-on, and the province adds its provincial sales tax to that 12 per cent, in short it means that a 12 per cent tax at the federal government level results in a 28 per cent higher price for most Canadian consumers. There is room to remove and reduce that type of tax to ensure that it is not as regressive as it is at the present time. That is our reason for proposing to reduce it. By reducing federal tax, it would be stimulative but non-inflationary, as far as the economy is concerned.

There is room for more imaginative corporate tax measures than the government has proposed. In that category, it is important that tax measures designed to encourage productivity within corporations should have a hooker on them to ensure those corporations respond in a manner which the government of the day feels is advantageous to Canadians. This has been advanced repeatedly in the House by the hon. member for Prince Edward-Hastings (Mr. Hees). Certainly the government is aware of it. Because he was a former minister of industry, trade and commerce, the hon. member knows how important it is to design a package of tax stimulants to receive the impact and the benefit we are looking for, and not take anything for granted.

I should like to touch upon a more meaningful manner of implementing incentives to encourage research and development. We are pleased the government went part of the way on Monday night to encourage research and development, but we feel much more can be done. There is room to allow for inflation in corporate accounting before paying taxation. This is long overdue. There should be meaningful ways to get Canadians investing, especially in Canadian small business. On Monday night we would have introduced some concrete measures to accomplish that end.

Perhaps what is most missing in the government's approach is a longer range perspective. On Monday night the Minister of Finance should have given the nation a five-year performance projection. Why must we always be dealing in fiscal and monetary positions over the next few months, without realizing that it is the two-year, three-year, and five-year positions which should be concentrated on, to ensure that today's severe problems will not be worse in three to five years down the road? That is why, Mr. Speaker, I feel it is most unfortunate that we do not have the five-year targets written into the budgetary papers presented Monday night. Let the country know the real growth targets of the government. What are the employment targets, the inflation levels? What does the government foresee in its own expenditure plans in the next five-year period?

• (1612)

Every industrialized nation is starting to set up such plans. Presumably this government would do it if it knew what to show over the next five years in those forecasts. The hard fact is that it literally does not know what to do tomorrow to help the Canadian economy, let alone what should be done five years down the road. In that context, Mr. Speaker, I would like to move:

That all the words after the word "That" be struck out and the following substituted therefor: "—in the opinion of this House the failure of the budget to curtail federal spending constitutes an admission by the government that it has lost control of the economy, and the temporary sales tax cut, to end before next winter, will not reduce unemployment and inflation, stimulate real growth,

reduce the budgetary deficit or stabilize the dollar, as would a minimum $2 billion permanent tax cut for Canadians."

My motion is seconded by my colleague, the hon. member for Prince Edward-Hastings.

Mr. Max Saltsman (Waterloo-Cambridge): It has been my pleasure, Mr. Speaker, over the years to follow the hon. member for York-Simcoe (Mr. Stevens), and I must confess that at times I have had a twinge of conscience about doing so because it has offered me the opportunity of rebuttal and to take exception to some of his remarks, without giving him the same opportunity when I speak. I must admit, however, that I have no qualms today after listening to the hon. member for an hour and a half in his oration. As erudite and wise as the hon. member is, and as interesting as the things he says may be, since we are on live television I suspect it is a Conservative plot to make sure that the NDP do not have an audience.

It was my original intention to deal with the government's budget in my remarks; however, I think I must comment on some of the matters raised by the hon. member for York-Simcoe since they are being put forward as alternatives to the government's proposals.

In this day and age it is fashionable to talk about cutting back on government expenditures and such things. The first issue I would like to raise, and I think it is important, is the one and a half million people unemployed, most of whom are young men and women. Most of these young men and women have had some expectation of finding jobs for which they have been trained. But the private sector is not hiring at all. There are virtually no opportunities for our young men and women to find employment. Yet the proposal put forward by the Conservative party through the hon. member for York-Simcoe is that we put a freeze on public service hiring.

Let us look at the ramifications of such a proposal. What it means is that there is not going to be an opportunity at all for young people who are coming out of our school system. Is that what we want? We are not going to let them starve, so will unemployment insurance, Opportunities for Youth, or some similar organization make work projects for them? It sounds great when they say, "Freeze hiring in the Public Service," but translate that into what it means to the people coming into the labour market.

The government's budget is a prescription for disaster, but the kinds of suggestions that we are getting from the Conservative party are a double subscription to total disaster and are completely thoughtless. As the hon. member for York-Simcoe and everyone in this House knows, the mood of the public is against public expenditures. But standing up to this mood and saying, "Look, there are limits to public expenditures, we agree that there has to be efficiency in the public sector," is not enough. Instead, they pander to the worst kind of prejudice regarding this kind of situation and say, "We are going to freeze all hiring in the public sector." Think about what that really means.

I am sorry, Mr. Speaker, to have to disrupt my talk on the budget in order to deal with this, but I think it has to be dealt with because, again, it is this pandering to fears that exist in our society that is worrisome, and it should not happen. We talk about a permanent tax cut of $2 billion. That sounds great, but what happens if you have a tax cut of $2 billion? If you lock a government into saying, "We will not raise taxes regardless of what happens to the cost of living", it means the government's revenues are locked in. If I thought for one moment that the prescription of the Conservative party, the Liberal party or any party in the western world really had an answer to inflation—some of us have better answers than others—that would be fine. However, we all know that in the western world inflation is a very troublesome issue and nobody has a total answer.

If you have an adjustment because of indexing and you say there is not going to be a raise in taxes, what happens? The cost of living goes up; old age pensioners have to be told the government revenue is not there, so we cut back the old age pension; there is no money to give to the hospitals, so we will throw the patients out; we cannot deal with medicare; we cannot deal with people who need social services—throw it out; and we cut back on veterans' pensions. It sounds great when they say permanent tax cuts, but I would not like to have a permanent tax cut because it is dishonest. It cannot be done. If it is done, it is done at the expense of those people who look to the government to provide them with some of the services they are entitled to expect because of their own contributions to society. This is a great danger.

We all know there is somewhat of a right wing swing in the country and, therefore, there are certain kinds of prejudices. Instead of dealing with some of the prejudices and saying, "Look, while there is some truth, there is always some truth to these things, let us look at the whole picture", we have a situation where the Conservative party goes out and irresponsibly inflames these prejudices. It is irresponsible for that party to do such a thing, particularly when they are standing here today trying to criticize the government on the measures in the budget. There was hardly a word of criticism about the specifics of the budget.

● (1622)

For an hour and one-half I listened very carefully to the hon. member for York Simcoe, and he had hardly anything to say about the proposals in the budget. Although this is supposed to be the budget debate, he scarcely dealt with any of those issues. Particularly, he did not deal with the issue we thought he would have welcomed, the cutback in the sales tax at the provincial level in conjunction with the provincial governments. After all, this was a Tory idea that the Liberals stole. It is rather rude when you deny your paternity. I think you can make a great case out of it. It is quite obvious why the Conservative party had to deal with the other measures—they did not want to acknowledge the Liberal party was becoming as right-wing as they are.

Looking at the budget there can be no doubt that we are going into an election. In his opening remarks the Minister of

Finance (Mr. Chrétien), when he was being very sanctimonious, said:

Many of the suggestions made to me for this budget would be popular politically but unwise economically. I will not follow such suggestions. I believe this is time for Canada to face our problems critically and realistically.

I wish he had done that. I would have applauded him myself. He did not do it, however, but did just the opposite. He took a whole bunch of short-term, short-sighted ideas, put them into a package that he thought would have the maximum appeal for an election, and brought that forward as a budget. I want to examine each of those proposals he has put before us, Mr. Speaker, and that he has asked us to consider as some sort of answer to the deep problems facing the country.

When I first read the budget I had doubts about the authorship. I suspected that, rather than being written by officials in the Department of Finance, it had the hallmarks of the fine hand of Keith Davey and "Boots" Coutts. It was written in the marble halls of the Senate and the Prime Minister's office. It was a political document designed for political purposes. I think there should be resentment that, facing the kind of problems we face in this country, the government would stoop so low as to try to put this piece of cosmetics before us as a budget and as a way of suggesting it is going to do the job.

I suspect there would have been a great deal more criticism with a different Minister of Finance. Most people like and admire the minister. He looks very honest, and sometimes even manages to be one of the few on that side of the House who look somewhat humble.

On budget night we had a picture of self flagellation by the minister in admitting that the government in the past might not have done everything it should have done, but claiming they are now very contrite and humble and are asking forgiveness. We even had some pictures in the newspapers showing the minister as a human being with his lovely family. It was all part of an attempt to say that "what is past, is past, and now we are on the right road." I am sorry that the respect most of us have for the minister cannot be translated into any kind of respect for the budget he has put before us.

The old villains have been trotted out. It is the fault of everybody except "us chickens on the government side." There is a nice phrase where the minister said the money supply was increased too fast. I think he has been listening to too many of the speeches of the hon. member for York-Simcoe and has picked up his wisdom there. Sometimes it is hard to know them apart without a road map.

I am glad to see the hon. member for York-Simcoe in the House. I want to say something in connection with a remark he made during his intervention when he talked about the money supply and, in ominous terms, pointed out that the growth of the money supply was around 12 per cent.

Mr. Stevens: Real growth, 2.6 per cent.

Mr. Saltsman: A real growth of 2.6 per cent, and that the rate of inflation was the difference between 2.6 per cent and the money supply. What he was saying was that if the money supply had not been increased to 12 per cent we would not have had any inflation—that the entire inflation came about because the money supply was increased. That was certainly the impression he meant to leave.

Mr. Blais: It is what he said.

Mr. Saltsman: I ask the hon. member for York-Simcoe, as a reasonable man, is it not possible that if prices go up by 12 per cent, you have to increase the money supply by 12 per cent in order to get identical circulation in a society?

Mr. Stevens: No.

Mr. Saltsman: Is that not a reasonable assumption? Why would you assume, if you saw an ostrich with its head in the sand, that what was poking out was its face?

Mr. Stevens: You missed the whole point.

Mr. Saltsman: I am sorry. I shall have to take a private lesson on this because that is certainly the impression I got—that if only you could control the money supply that would be the end of inflation. This simple little manoeuvre does not occur to that stupid government over there. I am not saying the government has the greatest brain or greatest genius in the world, but if it were that simple the problem would have been solved a long time ago. After all, the opposition must have something to say. The minister did not stop with the money supply but pointed out the other people involved—too many young people coming on the labour market, too many women coming on the labour market, and too much appropriation in Canada. All these things are apparently the fault of the economy.

I am not prepared to say that everything that goes wrong is the government's fault, but a lot of it is. We know the world is facing serious economic problems, not just Canada, and not just the United States. I am not going to make the kind of comparison made by the hon. member for York-Simcoe, who pointed out that the rate of inflation in Canada over an 18-month period was 16 per cent, while it was only 14 per cent in the United States, and that therefore the AIB program is a failure.

The government is to blame for this. It has been wrong in virtually every one of its forecasts. It has learned nothing from the past, and does not seem to be willing to learn from the experience it is presently going through. It still pursues the same course.

In the election I hope the government or those others here do not win a majority, both for the sake of the country and of my own party. If they do, we will have a perpetuation of the disastrous social and economic policies we have seen over the years.

Mr. Chrétien: Why did you chicken out last time?

Mr. Saltsman: I am sure they could teach us. They could teach us to be more successful as a political party, but I doubt

whether they could teach us to be more honest, more straightforward, or have better ideas.

Some hon. Members: Hear, hear!

• (1632)

Mr. Saltsman: When you are not the winner, success is not everything.

I would like to look at some of the specifics in the budget just to show how effective some of the measures will be. The first one is research and development, and we will start with motherhood as it is always a good place to start. Everyone is in favour of research and development. After all, who can be opposed to extra grants and special benefits to encourage research and development? We are all in favour of it.

What has been the experience in Canada? Canada, over the years, has had one of the most generous policies of research and development of any country. Over the years we have allocated sums of money in the budget for research and development. It was one of the few items in federal budgets which was never spent because it was never picked up. It will not be picked up this time either. The problem is quite clear. You will get some research and development, and to the extent that it will create some jobs for Canadian scientists I am happy for that and I will not knock that, but to expect that there will be any kind of significant improvement in research and development is nonsense.

The reason research and development are not carried out in Canada is not because we have not tried to give encouragement; it is because most of our firms which are in a position to do this are foreign owned. And because of this they will not get into research and development in Canada, and they have not done any. Even where they have carried out research and development in Canada, we still do not benefit. We might get a few jobs for engineers and scientists, but the real benefits from research and development come with the creation of the mass production jobs. When the technology is applied to the plant, it will go back to the head office. There is no provision which says that technology must stay here.

There are fewer patents registered in Canada than anywhere else in the world. Even if something is invented in Canada and we pay for it through tax dollars, we do not receive the benefits from that sort of thing. Research and development are very valuable. Who will argue against research and development? But it is not true that we have done anything effective in that area, and we cannot do anything effective in that area until the government develops an industrial strategy which deals with the question of foreign ownership.

With respect to energy development incentives, it is remarkable that we are living in an age where, in less than 100 years, we have virtually consumed all the fossil energy which has taken nature billions of years to create. In one generation we have consumed it. Where do the incentives go for that small dwindling resource that is still left of fossil fuels? How much is left? No matter what we do or how we reduce our consumption, do we have more than 50 years or 100 years left? Is that where the incentives should go to reduce it even further than it is at the moment? My friend, the hon. member for the Northwest Territories (Mr. Firth) says, "Let it stay there, it will not go bad". It has been there a long time.

I think we need to give incentives in the field of energy. If we are going to do that, surely it should be in the area of renewable energy. There are lots of areas in which incentives are required. There are lots of jobs which could be created in the area of nuclear energy, tidal power, and solar energy, and work could be done in those areas. But we do not do that. Instead, incentives are given to the oil companies which really do not need it all that badly. If in fact it turns out these companies become very profitable, the province of Alberta will take it away from them, and the province of Saskatchewan as well, to a smaller degree; Saskatchewan is a little more sensitive. Those are two of the great items in the budget.

Let me demonstrate, Mr. Speaker, the difference and the attitude which our party would take on a certain item as compared to what the government has proposed. I am speaking particularly of railway investment. We know, and I think all of us acknowledge, that rail beds must be improved, the rolling stock must be improved. In an era of tight energy, rail transportation is an important development which we should be looking at, especially passenger services.

Our party proposes that one of the fastest and most useful ways to invest in the future is by putting people to work fixing up roadbeds, and getting the work done on the roadbeds now while the unemployment level is high. This is in preference to paying them unemployment insurance. We have suggested this before as a government program. I am not talking about doing it out of current taxation. The money could be borrowed, special bonds could be issued; after all, it is a capital investment. It would solve two problems. It would give us the type of infrastructure we need for the future, and it would correct this horror of unemployment of the present. But no, the government will not touch it. However, it has to deal with it in some way. It does this by giving the railroads a special concession of 6 per cent depreciation allowance, an extra allowance, if they will make some of these improvements.

What is the difference? If it is done on a national basis, it is done for the national interest. If it is done on a business basis through depreciation allowances, for example the CPR and the CNR later on, because they say they will operate just like the CPR—Gresham's law the bad drives out the good, it is not the good that reforms the bad—when will they do it? They will do it when it suits their corporate interest, when it suits their balance sheets, not when it suits the national interest. I am not critical of the way the CPR is doing it; this is the way the world is. It is the government which must be condemned.

In effect the government is saying if companies feel like going along with improvements when it suits their interests, then it could be done. We in this party think it is of critical importance to this country that these programs should be commenced immediately. That is an example of the difference in policies. Even if you take an idea which has some merit, by the time the government gets through twisting and distorting it

and trying to find some way to make it fit into its precious free enterprise system, there is not much left of it for the nation.

Let us go on to another matter, that of the retail sales tax. I think this is not a bad measure, either as a temporary or a long-term measure. I want to say there is some benefit to this. If one is to give a fast stimulus to the economy, the most effective way to give that stimulus is to cut the retail sales tax. What is the consequence? Six months, nine months, depending on which option is taken. In the six months now when employment generally is a little better than average, the stimulus will occur.

This stimulus will work, but not to the extent the government thinks. This six-months period will end just before the winter. People will have made their large purchases. There will be ads in the last month saying "Quickly, Quickly, Quickly; Buy, Buy, Buy Now. Do Not Wait, The Tax Is Going Back On". Instead of the seven years of the pharaohs, the seven good years or the seven lean years, we will have six good months, and then six disastrous months in the middle of the winter when we need employment the most. That is irresponsible. That is short-term, and it is designed for no other reason than to make the government look better in the middle of an election period. I think it is wrong, and it must be said that the budget should not be used for this purpose.

I understand, to the credit of the minister, that he did not want a budget. That is the rumour. I do not know; I have not asked him. He has not volunteered the information. But I assume he did not want the budget because he knew the kind of budget for which he would have to be responsible. I guess the politicians and the boys in the finance department could have told him that there is not much that you can do with short-term stuff; longer term measures have to be undertaken if they are to succeed. But my good friend in the other place, Senator Davey, probably said, "We have to have a budget. We may not gain any points from this budget because it will be a little transparent, people will see through it, but if you go into an election and the Tories are screaming at you "How dare you go into an election without a budget" then it might cost us some votes. If you break even on the budget, you have done well.

They certainly are not going to win any kudos from this budget, but they may break even. People will say there is a lot of truth in what you say, and criticism is valid. They will say they can get a car for a couple of hundred dollars less. A break is a break. People are not ungrateful.

● (1642)

The budget was designed, and I greet this with some approval, to stimulate consumption. That is one of the chief problems as far as unemployment is concerned. Our society is suffering from an inadequacy of consumption. Our subamendment will try to deal with that in a somewhat better way than the amendment.

We have been suffering from under consumption. Consumption has to be stimulated. We do not object to the kind of stimulus such as the sales tax measure, but to the short-term nature of it and the problems it will create. However, the problems will be created after the election. If they have a majority, they do not need to worry about it for four years.

Mr. Hnatyshyn: God help us!

Mr. Saltsman: As my friend says, God help us! They are trying to stimulate the economy, trying to create consumer demand. Then they turn around and find here is another groups of disaffected people whom they think they can buy off very cheaply. The way to buy them off is to sweeten the provisions of the Registered Retirement Savings Plans. After all, it is mostly the rich who use them, not the poor.

By sweetening the benefits, they increase the amount of savings. On the left hand, they are trying to encourage consumption by cutting taxes. They do not know their left hand from their right. With their right hand, they are encouraging savings. What kind of a policy is that, with one offsetting the other? If the minister did not understand it or was not aware of the problem, you could say it was pure stupidity. It was not that, because the minister understands. For six months he has been going around the country, and he made reference to it in the question period today, saying that we in this country are saving too much money, that we should be spending the money, not saving it.

Saving is a private virtue, but if everybody starts to save, it becomes a public disaster. That created the depression in the thirties to some extent. We may in fact be saving ourselves into a depression right now. One reason we cannot recover as quickly as we could is because the level of savings is just too high.

Mr. Chrétien: Hear, hear!

Mr. Saltsman: The minister applauds. I thank him for that. I know he understands. However, why perpetuate programs like the Registered Retirement Savings Program, and then sweeten it to encourage more savings at a time when the problem is consumption? This is the difficulty. How can anyone be asked to look at this budget with credibility and without suspicion, seeing these two contradictory items side by side? This is what makes the whole thing so difficult.

I want to conclude, not because there is not a great deal more to say, but I am not in the fortunate position of the spokesman for the official opposition in having unlimited time. I do not have unlimited time. I also have a subamendment that I want to move.

Mr. Knowles (Winnipeg North Centre): You have another ten minutes.

Mr. Saltsman: My unofficial leader, the hon. member for Winnipeg North Centre has just checked the clock. He tells me I have another ten minutes. Now I want to talk about what we need to do.

We need to start thinking about what is happening to our society. We must stop kidding ourselves. The government kids us by saying "everything is all right, it is the money supply,

there are too many young people, too many people are getting into bed with each other and having too many children and we have to do something about that." They say that is creating all the problems. The opposition state we have too many public servants, we have to get rid of the public servants and we have to freeze taxes, without really thinking out the consequences about what they are saying. I know it is a difficult time we live in, difficult in the sense that a lot of the old rules just do not apply.

I am supporting a tax cut in my subamendment. A tax cut will do some good, particularly if it is as suggested in our subamendment, at the very lowest end of the income scale, and if it is coupled with a tax credit so that those who do not have the income to pay tax will get some benefit and do some spending.

We, in effect, have two societies side by side. Every time you cut the tax of one, you increase their savings. They have reached that kind of satiation point. They do not need things that badly. The other group needs things very badly, but does not have the money.

What we are seeing in our society is the old, old problem, except now it has become an economic rather than a social problem. It is a problem of income distribution. Those who have it do not need to spend, and those who would spend and get the economy rolling again do not have it. We need something similar to an internal Marshall Plan. We see no signs of it in anything the government proposes.

In fairness to the government, I must say one of the reasons I like the sales tax proposal, in contrast to some of the other proposals, is that it has a leveller effect. It tends to help people at the lowest end of the income scale as much as it helps the others. Of the options, that is the preferred one.

We need to have income redistribution in some way. That does not mean more incentives for people with money. We have to be prepared to tax those who have money, for their own sake. This is the great irony of our times. People do not want to pay taxes to help the unemployed. They do not want their money to go to some of the depressed areas of Canada. But it must go whether they like it or not, unless they are prepared to see people starving in the streets.

Those who are working complain about the taxes they are paying. They are paying unemployment insurance and other things. With better income redistribution, the consequence would be to put more people back to work. A lot of what they are now paying for would not be necessary. Even though taxes might seem to be a little higher, Canadians would be infinitely better off than now. The work would be shared. More people would be happy. The burden of maintaining society would be borne by everyone instead of a few.

There is no escape from this dilemma in a modern society. Either everyone works and everyone carries some of the burden, or those who are working carry the burden for those who are not. That is the choice. It is not a matter of saying "I am going to work, and the hell with the other guy." Fortunately our society has gone past that stage. We are much too civilized and decent to do that sort of thing.

When taxes were cut previously, it turned out to be a very powerful stimulus. Now, depending on whose taxes are cut, it can either be a stimulus or it can result in more savings. Much of the tax cuts of the past have not gone into consumption, but into savings. This has compounded the problem. For tax cuts to be effective, they must take place in areas where the benefits or the returns for those tax cuts are going to be spent. That is what must be done if you want to stimulate the economy and stimulate consumer purchasing power.

In many ways what I am saying is that income redistribution is no longer just a question of morality. It is no longer what the socialist believes in, that income redistribution is good, that one person should not be very rich while another is very poor. It is more than just morality more than just political ideology. Either it will be done or our society will not survive. It is an economic necessity. Therefore, when we look at these measures, we must look at them with great care to ensure that the tax cuts do not go into those areas which will compound the problem but go to those areas which will improve the situation.

• (1652)

Therefore, in the light of what I have said, I move, seconded by the hon. member for Winnipeg North Centre:

That the amendment be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words:

"and this House calls for such an income tax cut to be directed mainly to those in the lower income brackets, including the provision of tax credits to those who are below the exemption levels, to stimulate production and provide jobs for unemployed Canadians."

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, every time I have had the opportunity of commenting on a budget, I always did take time to think of the minister who had introduced it. I have witnessed a succession of finance ministers in this House during nearly 16 years and I have noticed that they never lasted long in this office. This is why I am more inclined to sympathize with these men who have at least the courage to face up to a department which is perhaps fatal for any minister, since most of them lose their hides and those who do not succumb are disabled or sent to rest in the Senate, which is not a better fate. I do not wish that to happen to the present minister who is still young but I simply want to tell him before starting my remarks that I sympathize with him because he has been compelled by circumstances to present this budget. Some weeks ago people were wondering if a budget was actually going to be presented and the government did not seem to have the capacity or the will to do so. There was a change of mind every week on the subject and finally we end up with a semblance of a budget.

While reading over the financial statement of the Minister of Finance (Mr. Chrétien) I acknowledge with him that we are living in very troubled times and that our problems are as

complex as they are difficult. With an unprecedented unemployment level that is a total of 1,045,000 workers seeking jobs and collecting benefits as long as they are eligible, not to mention all those who cannot draw any unemployment insurance benefits because their entitlement period has expired; with a still threatening inflation which will not slow down as long as the government does not have the courage to reduce the interest rates to allow consumers no longer to have to pay from 30 to 40 per cent extra for the goods they purchase, with export prices which have doubled on account of the excessive tariffs set by the government, with the quotas imposed on consumer goods regulating the distribution of the production to ensure the highest possible price, with this stubbornness on the part of the government not to grant milk and food products the necessary quotas so that the producer may match his production costs rather than having to curtail his production or even destroy it, these are all the reasons why we are going through a time when our economy is very weak and the problems we are facing today so complex and difficult. They have become even more serious because of the chronic incapacity of the minister to try and cure the evil at its roots namely, the excessive interest rates which are the prime cause for this whole economic disarray. I still remember the debate I had some ten years ago before the Standing Committee on Finance, Trade and Economic Affairs when the Bank Act was last revised. When it was suggested to remove any existing ceiling on the interest charged by the chartered banks, I told them at the time that Canada would face a rate of inflation higher than ever because of their mistake. That is what is happening today. The government did nothing to correct its mistake. I would even say that it made the situation worse by allowing the floating dollar. Our dollar is not the only thing that is floating now. Our entire economy is adrift while our Canadian dollar sinks and drowns. Our businessmen are sinking with it while our new Minister of Finance is fooling around on the deck of the ship claiming that everything is just fine and dandy. Except of course that our dollar is worth only 87 cents, our foreign markets are no longer competitive, the deficit of our balance of payments is enormous, our industries too poor to modernize their facilities. Other than that, no problem.

● (1702)

His mini-budget gives us some reason for hope. The only measure which, I think, could or would attract the attention of Canadians. In his speech the minister said

> Any further stimulus should obviously be fast-acting. It should encourage consumer spending, not more spending by government . . .

That is what he said, but we shall see later on.

> A reduction of retail sales taxes fits these requirements best.

However, everybody knows that the retail tax is under the exclusive jurisdiction of the provinces. The minister intrudes without hesitation in the exclusive jurisdiction of the provinces and tells them: Here I am the big federal chief. And he lays it on thick. As elections are coming I want to give the impression that I relieve the burden of tax-payers by asking the provinces to reduce their retail sales taxes by 3 per cent. I shall repay part of it but the provinces will have to make up the difference. What a magnificient gift. Not only he intrudes in the jurisdiction of the provinces but he asks them to pay for it. Listen to what the minister says to the province:

> I have offered to compensate them for a reduction of two percentage point in their retail sales tax for a period of six months.

Do you realize how long the long-term policies of the government are for; six months!

> In return, I have asked them to bear the cost of either a further one percentage point for the same period, or an extension of the two-point cut for a further three-month period.

And the minister seemed surprised by the refusal of the province of Quebec faced with such an intrusion. Have we lost all the common sense of the Canadian confederation concept because of our federalist mind? Do we know at least that we have today a real Confederation made up of autonomous provinces that want to keep their autonomy? If we want Canada to survive we shall set aside our strong federal state to truly live a Confederation that commands the integrity and respect of both government levels. Why did the Federal Government not reduce the excise tax which is hidden in the price of goods so that nobody notices it?

Why not remove the tax on building materials? Why not even reduce the tax on gasoline when it is levied by both levels of government? They take their own share of the tax on gasoline, considering that we are paying today more taxes for a gallon of gasoline than for the gasoline itself. Mr. Speaker, one of these days one might suggest designing an engine which would run on taxes rather than on gasoline and that might prove to be more economical. At least the government would stop invading provincial fields of jurisdiction since they are partly or totally under federal jurisdiction. The government is even more ridiculous. It reduces the retail sales tax by 3 per cent for six to nine months after allowing the Bank of Canada to raise its interest rate to 8.5 per cent. In other words, Mr. Speaker, the consumer who wants to save 3 per cent tax during this period of six months will be forced to pay an additional 1.5 to 2 per cent in interest for five, ten, or 20 years to obtain the goods available during those six months.

That is how the government takes Canadians to the cleaners by giving them a mouse and having them pay for an elephant. And the minister goes on to say that the consumers have to be the ones who, by spending more, will stimulate the economy during the next six months. The minister sets at $1.1 billion the revenues he will draw from these operations. I doubt it very much. Even if it were true, the provinces will still have to pay $300 million and the federal government will pay only $800 million, including $350 million off the estimates of Treasury Board. The most tragic part of it all is that consumers are asked to go deeper in debt. And the example is set in

high places, Mr. Speaker, since in 1977-78 Canada was going into debt to the tune of $25 million every day, whereas in 1978-79 we will be up to a daily rate of $31 million. As we see, everything is fine, thank you. We are progressing, Mr. Speaker, we are getting closer to the day when we are totally broke.

When we know that the interest on our debt accrues at a rate of $18 million every day, it makes one wonder, Mr. Speaker. In 1978, we will pay every day $18 million in interest on our debts. In 1975, Canada's debt was $19 billion while it was $39.8 billion as of March 31, 1978. On the same day next year, it will be $51.3 billion. When will we see the end of it, Mr. Speaker?

Did you know that in this day and age debts are considered as assets? People have laughed a lot about "Caouette's buck", but "Chrétien's floating buck" will make them laugh to death, because it is worth even less. With 1,045,000 unemployed, the minister has no solution other than to ask people to spend more. Increase your consumption, increase your debts, your children will pay the interest for you if they are still able to do so! The minister blames workers for not spending enough and those who have savings for not trying to invest. For my part, Mr. Speaker, I say that before the minister makes his calculations, he should meet the families who want to concentrate their savings to be able to use them for members of the family and who have a family deposit or account so that if one member of the family needs to buy a car or furniture, he can take what he needs from the family deposit and then later repay this amount, without interest charges, of course. The family deposit is part of the family and does not call for interest charges.

● (1712)

Many people already do this, Mr. Speaker, and I know of some people who have built a house for their son with their family deposit because it had become large enough—this can happen when 15 or 20 people make a deposit each month. This young man paid $30,000 for his house, and otherwise it would have taken him 30 years to pay for it. At the current interest rate, he would have paid $90,000 in 30 years. This young man built his house with the family credit. He will pay exactly $30,000 for it by making a monthly deposit of $200, and in seven and a half years, he will own his house. If he had gone to a finance company, he would have finished paying for his house in 30 years just before his death and he would still not be a homeowner. Indeed, this is what happened to a friend of mine who died recently. He had worked hard all his life and raised nine or ten children before dying suddenly and his wife's only consolation when I saw her was that at least his death benefits had cleared the debt on their home. This man worked all his life and he had to die to leave something to his children.

I say that we must educate people about this and if we can convince them to reduce their expenses for five years to accumulate some capital, this would kill off all the little financial plans under which money is available at interest rates of 20 and 24 per cent. We would eliminate them if we could convince the population to do this. Mr. Speaker, this is social credit and it is applied very successfully in certain areas. In this way, there is no perpetual debt. In this regard, I have here a newspaper article written by Richard Johnson which states the following:

The debt of every Canadian worker amounts to $10,600.

According to the latest Statistics Canada figures, the Canadian debt on the international market has just reached $106 billion, which is an increase of 10.4 per cent over last year.

An increase of 10.4 per cent over last year is rather high, Mr. Speaker.

This simply means that every one of the ten million Canadian workers now owes $10,600 compared with $9,600 last year. A lot of good that's doing us! And then one wonders why the Canadian dollar is losing more and more value!

That amount of $106 billion represents the total debts of governments (federal, local, provincial), corporations and individuals to foreign lenders.

All we are trying to get abroad is money, because we are too cowardly to do so at home.

Canada's debt abroad has increased very fast in recent years because corporations and various governments in particular have borrowed heavily on international markets and on the New York market. Our debt has increased by more than $18 billion in the last three years alone whereas it took 15 years to reach such an amount.

The reimbursement cost for those loans in U.S. dollars, Swiss franks, German marks and Japanese yens will get increasingly higher as our dollar loses value. For example, last year Canadians paid about $9 billion in interests alone on borrowings abroad. No doubt you will be happy to learn that this interest is paid out of our taxes, our income tax and the goods we buy. The more our dollar gives down, the more we will have to pay in interest on our debt.

And so, servicing the debt costs every worker about $900.

Everyone is convinced today that shockingly high interest rates are the first cause of inflation and the ruination of our economy. What does this government suggest to fight against inflation? It increases interest rates even further. Today, a young man who wants a house will have to pay three interests to big business and one to the builder. Everyone is aware of that. Everyone understands it. The figures prove it and people recognize it. That is a fact. Everyone agrees that it is senseless, that the government should lower or freeze interest rates. Those infamous interest rates, and what's more, they are capitalized, are the ruination of our people.

The minister says that in 1974-75 he reduced the growth in expenditures by 26 per cent. That sounds good. But let us have a closer look. He reduced the growth of expenditures by 26 per cent; in 1975-76, by 18 per cent and by 10 per cent in following years. But it all depends on the rate of growth he had foreseen. Was it 20, 30 or 40 per cent? It would be interesting to know, but he does not say.

If the minister wanted to be honest with the people, he would use language they understand and tell them what the annual rate of increase in expenditures is, since, after all, they go up every year. So why speak of a decrease? Always a word to please. Why speak of a decrease when in fact it is an

increase? In many services anyway. Of course, our friends must be protected, that is the civil service. All the former hon. members are there now, of course. We are well managed by a bureaucracy that has but one purpose in mind: that of doubling, if at all possible, the number of civil servants. The officials who prepared the minister's statement have thought of everything so as to make our economy look as if it was progressing whereas in fact it is seriously regressing.

A few years ago, we had one public servant for five people, today the ratio is one to three, and tomorrow it will be one to one. Meanwhile, the minister is trying to convince the public that he is controlling expenses. Expenses cannot go down if the number of public servants double. When the federal administration alone costs $2,000 per capita, we cannot be made to believe that this is normal. Mr. Speaker, as time is getting short, I would like to touch upon my last item, concerning the grants offered to research. Public servants certainly will not get any grey hair thinking about the incentives announced by the minister for research and development. Whereas there were numerous reports of the frustration encountered by university researchers because of the 20 per cent and over cut in medical research by the Canadian Medical Research Council, the minister purported to be the good samaritan of research and development in industry, usually the larger, rather than the small or medium. While it may seem that we are giving with one hand, we are taking money away from our most productive researchers, which ends up costing millions of dollars to the taxpayers. Indeed, after the government has spent considerable sums of money on training and on the purchase of laboratory equipment, it cannot earmark the amounts necessary for the actual research once all the arsenal is there.

In that regard, Mr. Speaker, the Social Credit Party of Canada shares the view of the Canadian Federation of Biological Societies which repeatedly asked government to increase R & D funds to 2.5 per cent of the GNP by 1985, which would eliminate the unforeseen changes of the Minister of Finance, which scientists end up paying for in the wake of an election. I reiterate to the minister that he must recognize that his first budget can only disappoint the Canadian population and possibly make it reject his government.

● (1722)

[*English*]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, my first words today must be ones of compliment and congratulations to the Minister of Finance (Mr. Chrétien) who has shown the courage, under very difficult conditions, to be what he describes himself as being—a thoroughly responsible Minister of Finance.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

[Mr. Gauthier (Roberval).]

Mr. Jamieson: Hon. members opposite have a choice this afternoon. Either they can listen to a very serious discussion on the international situation as it relates to the economy or, if they want to mix it up a little, I would be very glad to do that too. Since I understand we are a little on the short side for time, I hope they will bear with me and give me an opportunity to resist the tendency to point out in much detail some of the errors in their ways.

In any event, this afternoon I wanted to talk primarily about the context of the international situation as it relates to the Canadian economy. Before I do that, and in adding to my congratulations to the Minister of Finance, I want to speak as a Newfoundlander. In that capacity, it is with gratitude that the people of my province thank him for a reduction in the highest sale tax in the whole of Canada by a full 3 percentage points, without any payment by them for that particular gesture.

Some hon. Members: Hear, hear!

Mr. Jamieson: I find it rather odd that hon. members on the other side of the House would wish to dismiss a very significant reduction of that magnitude, from the highest in Canada at 11 per cent down to 8 per cent, when they were singularly silent a few weeks ago, when hon. members from Newfoundland on this side of the House were complaining that the Tory provincial government of Newfoundland had increased its sales tax by 1 percentage point. Not only have we rolled back a Tory increase of 1 per cent which occurred two weeks ago, but we have taken it down a full additional 2 percentage points.

Mr. Munro (Esquimalt-Saanich): For how long?

Mr. Jamieson: Having been in Newfoundland only a few days ago—

Mr. Munro (Esquimalt-Saanich): For how long?

Mr. Jamieson: I will come to the hon. member's question in just a moment. I suspect if that gentleman were given a roomful of ponies, he would pass them up for the manure.

Some hon. Members: Hear, hear!

Mr. Jamieson: The hon. member should listen to what is being said.

Mr. Munro (Esquimalt-Saanich): That is what is being spread over there.

Mr. Jamieson: I must confess the hon. member is not contributing much to the calibre of the debate by his interruptions. He was asking how long the tax cut will last. I will get to that in a moment. However, I was in Newfoundland as recently as this past weekend, and the general level of concern about the sales tax was the biggest single item on most people's minds—that it had been escalating so steadily over the past three years. In one fell swoop, the Minister of Finance has rolled back that rate to where it was three, four or even five

years ago. That is a very profound change in the cost of living of a large number of Newfoundland people.

Some hon. Members: Hear, hear!

Mr. Jamieson: The hon. member asked: "For how long?" It seems to me the Minister of Finance deserves commendation and not criticism for being very specific in what he wished to say about the sales tax and the duration of this particular cut. It could have been done in a way in which there would have been an implicit arrangement between himself and the provinces, but no specific declaration as to when it was going to expire. In other words, we could have played hanky-panky between the public and ourselves. At least we could have let them think that it was going to continue interminably. That would have had two effects. In the first place, it would not have been the appropriate course to take. In the second place, as the Minister of Finance said yesterday, surely it is the proper response, in terms of the requests and demands that we stimulate the economy and consumer spending, to indicate that there is a period over the next six months when consumers can take advantage of a very significant saving. The more significant it becomes, the larger the items that are purchased. Therefore, really it makes good sense to say that this measure is going to be in effect for a fixed period of time; that "here is your opportunity to take advantage of this."

Furthermore, to suggest the end of the six-month period will be the end of federal-provincial co-operation is to give the lie to the tremendous progress we have made as a result of, for example, the first ministers' conference and other discussions over the last several months. This consultative process will proceed. There is nothing to suggest, at the end of the six-month period, that there will not be other new, imaginative and creative ideas flowing from this unique process, which was introduced by the Prime Minister (Mr. Trudeau), and reinforced in these last few days by the Minister of Finance.

Some hon. Members: Hear, hear!

Mr. Jamieson: I should like to say something else in reply to hon. members who say: "For how long?" Let them also ask the provincial governments: "For how long?" Let them remind themselves and the public that these are provincial sales taxes which are being reduced. There is nothing in this law, or in any other piece of legislation which is likely to be introduced, that will compel any province, including Newfoundland, to restore the 3 per cent at the end of six months or not to take any other kinds of measures.

In my judgment, as well as the judgment of many provincial ministers of finance, the vast majority of the economists who have commented upon it, and the editorial writers who have commented upon it, this was a creative, new approach which reflected not only the wisest and best means of getting additional funds into the hands of consumers, but at the same time ensured that this government meant it and that the provincial governments meant it, when several weeks ago they said that they were prepared to embark upon a new era of co-operation. This is a prize example, and I predict that it is the first of many which will flow from it.

Some hon. Members: Hear, hear!

Mr. Jamieson: When I rose, I indicated that I intended to talk primarily about the international situation as it affects the Canadian economy. Unfortunately, and perhaps inevitably in this kind of debate and atmosphere, there is an unreasonable tendency to assume that in some way or other Canada exists in a vacuum; that we are totally immune to the forces at play in an unprecedented way in all parts of the world; and that it is possible for us, through our own actions within Canada, to turn a situation around that is bedevilling societies and economies in every developed country of the world, and which in fact in some of those countries is actually threatening their democratic stability. One has only to look at the recent developments in many countries of the European Economic Community to see that they are in very serious difficulties, that there is a frankness in admitting this, and that in fact, as long as that situation continues, it is going to be impossible for any single country such as Canada to extract itself totally from this situation. Now, this is not to say that we cannot take measures within this parliament and the provinces to improve our position.

● (1732)

I suggest, Mr. Speaker, that not only this Minister of Finance but his predecessors also have taken a whole series of measures which, though ridiculed on the other side of the House, have, in the eyes of any objective assessment that you wish to make, produced an economic performance for Canada over these last number of years that the OECD and all the other international indicators show is better than that of all of the countries in the European Community and in the OECD membership itself. These are facts, and I ask the hon. members to look at them.

Some hon. Members: Hear, hear!

Mr. Jamieson: Only this morning when I was in New York at the United Nations, on entirely different government business, I had an opportunity to discuss this matter with a number of people and to learn what is happening in the international community. I want to say to hon. members, and I put this to them, that despite the seriousness of our problems in Canada, if you were to measure them against those, for example, of the United States—where only yesterday the President had to make a further appeal to his countrymen to curb their inflationary tendencies and to take the measures necessary to curb rising prices in that country—we have done very well.

In the European community just last week when the nine leaders met in Copenhagen, they resolved that during the next 12 months they would have an increase of growth in their productivity of something in the order of 4½ per cent. Taking that yardstick—a sober assessment by those leaders of what they are going to be able to achieve—surely it is not unreason-

able to commend the Minister of Finance for saying that he is not only going to meet the world average in terms of growth, but also he is anticipating that our situation will be modestly better than that of the average of the countries in the OECD.

I realize that it is not as exciting to talk about the world situation as it is to hammer away at this or that matter which has a purely domestic application, but the truth of the matter is that until members of this House and the people of Canada realize it, we are not going to be able really to undertake the kind of concerted policies which have widespread support and that will bring us out of this extremely difficult world-wide situation.

I see next to me the Minister of Energy, Mines and Resources (Mr. Gillespie), and I am sure that he would confirm that the energy problems that we are facing in Canada—whether they are of tremendous magnitude or not—by world standards are much less onerous upon the Canadian consumer than those, for example, in many of the countries that I have mentioned. It is pointless for us to confuse the public or delude the public—as is often done by members opposite, and perhaps, in fairness, by all members of this House—into assuming that in a world in which there has been a quadrupling of oil prices in the last three to five years it is possible to shield consumers in this country from the effect of something which occurred in the Middle East and which is very much wrapped up in the international situation.

Surely we can pass on to the Canadian public the message that there have been fundamental changes in the world's international economic structure. Unless we have the willingness and determination in Canada, first of all, to recognize this, and then to take the steps that are necessary to counteract the problem, then not only within Canada but in the western world in general we are not going to achieve the kind of progress that all of us are anxious to have. It will not be solved by some of the measures which have been proposed by members opposite which, surely, must open them up to the accusation that they are, in fact, speaking out of both sides of their mouths at the same time.

To suggest—as has been done in this House, I understand, as recently as today—that you can introduce a $2 billion permanent tax cut and at the same time not affect the level of transfer payments, the level of service to the Canadian public, or in any other way affect the public in Canada is at the very least hypocrisy. At the very worst, it is deception of the worst possible kind, because I say it cannot be done. Hon. members by their actions daily demonstrate the inconsistency of their position. On the one hand you have this insistence or this pledge for significant across-the-board tax cuts of a permanent nature, and on the other hand they say that all of these are going to be achieved without any of the reductions that I have suggested. They say in a very general way that they would curb government spending, one after the other, day after day, week in and week out.

It would be an interesting exercise to total the value of the new demands which continue to be made by hon. members opposite on the public purse. Again, it is fair to say that you cannot have it both ways. You either have to understand that there must be limitation, or you must be prepared to recognize the larger realities to which I have been referring. The opposition has consistently refused to do that.

What is going to happen in terms of the international community, and what hope is there if, as has been said,—not only by me but many others—that at least part of the answer, a significant part, lies outside of Canada's direct control? What are the prospects that those actions will be undertaken by the world community? I think those actions are very good. I think the prospects are very good. Canada has been recognized internationally by all countries, both developed and developing, as a country which has an excellent record in terms of economic management and the perspective that we are bringing to world problems.

If hon. members want to look askance at that kind of remark, they do not have to rely on me for the answer. They can look at the comments made by world leaders at the summit meeting which was held in London last May or June, at the OECD, and most recently, right here in Ottawa, by the vice-president of the United States when he made some most complimentary and highly deserved comments with regard to the competence and respect with which the Prime Minister of this country is held in the international community.

Some hon. Members: Hear, hear!

Mr. Jamieson: I must say, Mr. Speaker, I have had a kind of nightmare—if 400 could describe it as such—but, certainly, it is a very disturbing prospect that comes to me when I think of the next summit meeting which is going to be held in Bonn. Just imagine the situation where the world leaders of the developed countries sit down—Giscard d'Estaing of France, James Callaghan of Britain, Mr. Fukuda of Japan, President Carter of the United States, Mr. Schmidt of West Germany, Roy Jenkins of the European community—and then they pull out the Canadian chair, and the representative speaking for this country and holding up our end of the plank is—Joe Who?

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: You are going to lose your job.

Mr. Jamieson: I can say that the hon. member opposite is not going to have that kind of nightmare visited upon him. The hon. member sounds like a stick rattling around in a half empty bucket of swill.

Mr. Hnatyshyn: Get on with it.

Mr. Jamieson: We are trying to have a reasonable debate on this subject.

Mr. Hnatyshyn: Why don't you sit down then.

Mr. Jamieson: Let us try, at least for the few minutes that are left—

An hon. Member: You are on national television; carry on.

Mr. Jamieson: I have not even thought about it.

The Acting Speaker (Mr. Turner): Order, please. The hon. Minister has the floor for the purpose of making a speech, and I suggest we all listen to him.

Mr. Jamieson: What I wanted to say is that the international negotiations presently under way do provide some grounds for the hope that we will emerge from this situation starting this year. It is going to call for a tremendous amount of cooperation by all of us. Canada cannot do this on its own. If we are going to get a solution to the balance of payments problem, one has to recognize that it must be done in concert, particularly, with the European community and with Japan.

● (1742)

I am not sure if the statistic is familiar to all hon. members opposite or, indeed, to members on this side of the House, but it we look at Canada as an exporting country which, of course, is what we are, 87 per cent of everything that we export from Canada—everything—goes to either the United States, the European Economic Community, or Japan. That is a simple, straightforward statistic which we must recognize, and as long as there is slack in the European Community, as there is at the present time, as long as many of their basic industries are functioning at as low as 60-65 per cent capacity, as long as there are the difficulties which Japan is experiencing and, incidentally, as long as there is the confrontation between many of those countries as to how this extreme balance of payments problem is going to be resolved, then it is not going to be possible to get the kind of solutions and the kind of answers we want. I think, happily for all concerned, that this is now more in the minds of the world leaders to whom I have made reference, than at any time previously.

The decisions made in Copenhagen a few days ago may not be ones that will capture the headlines in Canada, but they are at least as important as many that are made within this country. Similarly, that summit meeting to which I referred will, as the indication in the press release said a few days ago, direct itself very clearly to the establishment of goals for increases in productivity, among other things. May I say parenthetically here, Mr. Speaker, that when members opposite talk about the low productivity in Canada, they should look at the most recent figures that have been provided, which show that not only in the last few months, or even in the last year or two, has our productivity record been better, but, in fact, over the last seven or eight years, with a couple of relatively short aberrations, there has been nothing particularly wrong with the general productivity levels in Canada in relation to those of the other developed countries.

What I am saying here is that I do not believe that it is valid to argue that in some way or other this country has lost its dynamism in terms of export markets and the like, but that in fact it is going to turn around as these markets continue to be more receptive and as their own economies improve. I do not particularly care what kind of proposal is put forward for stimulation of productivity and the like; it is not going to bite as firmly as it should in our traditional markets until cooperatively we manage to bring the whole world economy along with us.

That has been the policy of this government and it is the policy of the Minister of Finance. I think it is certainly showing results. I repeat some of the statistics I referred to earlier. With regard to any measurement you wish to apply, obviously the Canadian performance has been as good as or better than most of the other countries in the developed world.

Mr. Stevens: Over what period?

Mr. Jamieson: I would think if you took the last ten-year period there have been very few times when the Canadian performance has not been at least as good as, and in some cases better than, other countries, even including the United States.

Mr. Stevens: What about the last two years?

Mr. Jamieson: The hon. member talks about the last two years. Had he been in the House earlier he would have heard me acknowledge that for the last two years there had been even more acute and special problems. If the hon. member looks at these problems objectively—which I admit is not an easy thing for him to do—he would see that in that period also, not only have we had our difficulties but they have been matched in all countries of the world, including, if he wishes to look at today's newspapers, the United States. President Carter made a very important statement yesterday with regard to the concerns in that country about what has been happening on the economic front because of a general failure—I believe these are conclusions one can draw from his remarks: everybody is to be concerned and conscious of the energy crisis and the necessity to control—not to curb or to wipe out aspirations—but to limit the demands everybody is making on the economy.

We have been doing and saying the same thing for many years. I repeat that many of the things now being proposed and introduced in other countries, and upon which consultations are taking place with Canada virtually all the time, are measures which we introduced in this country many years ago. They have come to be highly regarded, and other countries are proposing to employ them.

I believe we are going to be summoned to the other place in just a moment—

Mr. Stevens: Permanently?

Mr. Jamieson: I can assure the hon. member I would not enjoy being in the other place—unless he is talking about being with him somewhere down below—not over there.

In all seriousness, Mr. Speaker, the message that I wanted to leave with hon. members, and I suppose it is an unreasonable expectation that it will be very receptively greeted by the other side, is that if you look at the circumstances of world economies today, you cannot fail to conclude, as we have been saying consistently on this side, that while we have problems in

Canada, the Minister of Finance is seeking to diminish them. While we have those problems, we have been coming through this extremely difficult international period in a manner which is consistently better than most other societies.

I end with an invitation to hon. members to analyze the problems of the 30-odd member states of the OECD. Take each of them individually, starting with the United States and going through all the countries of Europe. Put down their record of performance and their present economic position, and then put the Canadian performance alongside. I ask hon. members under these circumstances to suppose they have the opportunity to switch Canada's problems for those of any of the other developed countries—

Mr. Stevens: What about Switzerland?

Mr. Jamieson: I said the OECD. The hon. member asked what about Switzerland, but I am not sure he would even want Switzerland. I should like him to make that comparison. If we had the opportunity to switch Canada's problems with those of another country, I think the vast majority of Canadians would decide, without qualification, to take our own problems, because we continue to be one of the most fortunate countries in the world.

Some hon. Members: Hear, hear!

Mr. Friesen: I rise on a point of order, Mr. Speaker. I think the House deserves the opportunity to thank the minister for all those detailed and concrete statistics he gave to support his broad generalizations.

Mr. Jamieson: Mr. Speaker, on that point, I agree. I should have given the statistics. They are not very comprehensive and will be on the hon. member's desk within the hour. If any other member opposite would like to see the supporting data for anything I have said, I will be glad to provide it.

Mr. Chrétien: On a point of order, Mr. Speaker, perhaps we can consider it six o'clock, because I understand there is a problem at this time—

Mr. Speaker: I understand it is unfair to any person participating in the debate to expect him to commence his remarks at this moment, knowing that a message will arrive summoning us to the Senate for the purpose of Royal Assent. For the benefit of members attempting to organize their time, I think there is some merit in the suggestion of calling it six o'clock. The difficulty is that we must wait for the message to arrive.

• (1752)

Mr. Chrétien: Mr. Speaker, I want to say to the opposition that we want to collaborate. I understand it is the opposition leader who wants to speak tomorrow and we want to be sure that he does not lose his position. We would love to see a presentation of his fiscal policies because that will provide us with a great deal of ammunition.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, there is a verse in the Book of Revelation which says that there was silence in heaven for the space of half an hour. I do not think it would hurt us to be silent for two or three minutes.

Mr. Speaker: Order, please. I do not think it will hurt a bit, but I do not think it is possible.

Mr. Hnatyshyn: Mr. Speaker, I simply rise on the point of order by the Minister of Finance (Mr.Chrétien). I will convey to the Leader of the Opposition (Mr. Clark) his comments. At last he is prepared to listen to some advice which has been long overdue to him in view of what he has said in his budget. To what the member for Winnipeg North Centre (Mr. Knowles) has just said, I say "Amen".

THE ROYAL ASSENT

[*English*]

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

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

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

• (1802)

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the Royal Assent to the following bills:

Bill C-25, an Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto—Chapter No. 20.

Bill C-38, an Act to amend the Cape Breton Development Corporation Act—Chapter No. 21.

Bill C-41, an Act to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970—Chapter No. 22.

Bill C-1001, an Act respecting Bell Canada.

Bill S-10, an Act respecting the Royal Canadian Legion.

Mr. Speaker: It being six o'clock, this House stands adjourned until 2 p.m. tomorrow.

At 6.08 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 13, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*Translation*]

THE CANADIAN ECONOMY

SALES TAX—REQUEST GOVERNMENT REPLY TO QUEBEC'S PROPOSAL AS SOON AS POSSIBLE—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, under the provisions of Standing Order 43, I request the unanimous consent of the House to present a motion on a very important matter.

In view of the fact that the sales tax proposal in the recent federal budget is aimed at fostering an economic recovery in Canada and the creation of jobs for over a million unemployed; that the proposal made by the Quebec government to the federal government takes into account those two objectives without additional expense; and finally, that it is in the best interest of the federal government to improve the fate of the 340,000 unemployed in Quebec and in such vital sectors as textiles, footwear and furniture, I move, seconded by the hon. member for Brome-Missisquoi (Mr. Grafftey):

That the Minister of Finance be required to reply as soon as possible to Quebec's proposal.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

FAILURE TO CURE ECONOMIC ILLS—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to Standing Order 43. On Tuesday there were 1.5 million Canadians unemployed; on Wednesday there was an inflation rate of almost 9 per cent; today we have a Canadian dollar trading at a depression level of 86.88. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the Minister of Finance seriously consider the proposition that perhaps he is doing something wrong.

Some hon. Members: Oh, oh!

* * *

[*Translation*]

INCOME TAX

SUGGESTED INCREASE IN PERSONAL BASIC EXEMPTION—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to discuss a matter of urgent and pressing necessity.

In view of the fact that a study conducted by the Economic Council of Canada has shown that the situation of low income Canadians is worsening by the day; that these same workers are taxed at the highest level and are the least protected; that the inflation rate continues to escalate at an uncontrollable rate and that these workers and their incomes are the most affected by it; and that the personal basic exemption for a Canadian resident is now limited to $2,270, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House urge the Minister of Finance to take the necessary measures so as to increase to $5,000 the personal basic exemption of Canadian residents.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

ADMINISTRATION OF JUSTICE

REQUEST CHARGES AGAINST NEWSPAPER EDITOR BE WITHDRAWN—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the Liberal government's vendetta against Peter Worthington, editor of the Toronto *Sun,* thus making him the Donald Woods of Canada and underscoring this government's commitment to

freedom of the press only if the press does not expose its failures, I move, seconded by the hon. member for Okanagan-Kootenay (Mr. Johnston):

That the Minister of Justice be instructed to withdraw all charges against Peter Worthington and the Toronto *Sun* as its demonstration and commitment to an open and free press.

Mr. Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

YOUNG CANADA WORKS

REQUEST FOR RESTORATION OF FUNDS TO PROGRAM—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That the cabinet restore the funds of at least $17 million to the Young Canada Works program to prevent serious discrimination against students from low income areas of this country, and thus fulfil the Prime Minister's promise to work for equality of opportunity.

Mr. Speaker: Presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

SCRUTINY OF DEPARTMENTAL ESTIMATES—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that the Minister of Indian Affairs and Northern Development (Mr. Faulkner) has refused to meet with the National Indian Brotherhood to discuss measures of his department to relieve the dependency situation on some reserves, and in light of the fact that the minister's budget for Saskatchewan is now several million dollars over budget, I move, seconded by the hon. member for Lambton-Kent (Mr. Holmes):

That the minister of Indian affairs immediately call his department's estimates before the standing committee, a condition which he has failed to live up to at this time, and provide the committee with the opportunity to scrutinize the estimates, which they so richly deserve.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

[Mr. Friesen.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE BUDGET

GOVERNMENT URGED TO AMEND PROPOSALS—MOTION UNDER S.O. 43

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the present Minister of Finance (Mr. Chrétien) announced on October 20, 1977, in his so-called economic and fiscal statement an income tax reduction for certain taxpayers for the year 1978, and whereas the said tax reduction as stated in a letter dated March 28, 1978, was allegedly to be done "to provide a quick stimulus to the economy", and whereas the said tax reduction was only for the period of January and February, 1978, causing a great deal of additional problems for employers and employees, and whereas the present Minister of Finance in his budget of April 10, 1978, announced a reduction or cut in provincial sales taxes, where applicable, for a period of six months, alleging that it would "provide fresh stimulus for industrial growth", and whereas the number of unemployed persons in Canada continues to rise and is now far in excess of the one million mark, and whereas there is still a desperate need to remedy the unemployment situation forthwith and at the same time give greater incentive to Canadian industry by encouraging production and the purchase of Canadian goods, I would move, seconded by the hon. member for Palliser (Mr. Schumacher):

That the House of Commons urge the Minister of Finance and his colleagues to amend the budget proposals now before the House to include the following:

(1) A reduction in personal income taxes for the entire year 1978 similar to that granted for January and February 1978, and;

(2) Elimination or substantial reduction of federal sales taxes on all Canadian made and/or produced and/or processed goods to help provide both incentive to industry and to provide needed employment for Canadians.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1417)

ORAL QUESTION PERIOD

[*Translation*]

THE CANADIAN ECONOMY

SALES TAX—INQUIRY WHETHER GOVERNMENT INTENDS TO REPLY TO QUEBEC'S PROPOSAL

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Finance. Given the fact that the minister surely has taken into account the proposition made by the government Monday evening in the budget relating to a cut in provincial taxes and the fact that he must have studied the proposal made by the government of Quebec, and given the fact that that proposal provides for a cut in the sales taxes on certain items, could the minister tell the House whether he intends to give Quebec an answer today and what that answer will be?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I had the opportunity to talk with Mr. Parizeau a few minutes ago and I told him that his counter-proposal was not acceptable in the present circumstances, that during the coming six months we would be willing to pay two cents on each item on which he intends to cut the sales tax. If he decides to cut taxes on other items of the Quebec economy, the money is always available.

Mr. La Salle: Mr. Speaker, is the minister in a position to tell us whether, before bringing down the budget, he had had negotiations or discussions with the provinces with regard to the intentions of the government? If so, did he make any specific proposals and how much time did he give the provinces to accept or turn down the proposal dealing with the budget?

Mr. Chrétien: Mr. Speaker, I had occasion to visit most finance ministers and spoke to the other ones over the telephone over the three-week period prior to bringing down the budget. We discussed that proposal and changed it to meet some of the requirements of the provinces. At no time in those three weeks did the Quebec government even allude to the proposal they put forward yesterday.

Mr. La Salle: Mr. Speaker, I am speaking to a minister who has a good knowledge of the province of Quebec and its current rate of unemployment. On behalf of 340,000 unemployed, I would like to know if he is prepared to reconsider the answer he gave today to the Quebec government and, considering the number of members from that province in the House, to give a positive answer to a proposal which would solve the present problems of Quebecers.

Mr. Chrétien: Mr. Speaker, for the hon. member who represents, I understand, the city of L'Assomption where refrigerators are manufactured, there are obvious distinctions made about those producers. Victoriaville is home to manufacturers of rowboats, pleasure boats and other similar products. I say that I am happy to contribute to the program of the Quebec government by paying 2 per cent for six months. If they want to use their own means to assist some sectors of the economy, fair enough. For the rest of the economy, the offer we have made and which has been accepted by the other provinces is still open to Quebec and they can reconsider their proposal and proceed with reductions in the sales tax for a period of six to nine months as was proposed to the other provinces.

SALES TAX—INQUIRY WHETHER GOVERNMENT READY TO DISCUSS QUEBEC'S PROPOSAL

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I hope we will be able to run our federal policy not in a spirit of confrontation with the province of Quebec but in a spirit of flexibility.

In view of the lay-offs in the textile, clothing, footwear and furniture industries in the province of Quebec and, as the hon. member for Joliette has pointed out a few moments ago, the high level of unemployment in Quebec, and in view of the fact that in his speech Monday night the Minister of Finance stated many times that his policy was a striking example of federal-provincial co-operation, is the federal government prepared not to forget the present real economic needs of the province of Quebec and of our fellow citizens, those of the textile, clothing, footwear and furniture industries, and to discuss seriously with the Quebec minister the proposals made yesterday?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I discussed the proposals very seriously during a three-week period with the provincial governments. Mr. Parizeau made no proposal to me along the lines of those he made yesterday, all the more as the sales tax cut applies to all other small businesses in Quebec, not only to those in that special area. Furthermore, the sales tax cut in the rest of Canada is going to help the Canadian people outside the province of Quebec to buy textile, footwear and furniture manufactured in Quebec. I think it is an extremely important item. Well, Mr. Speaker, we made some offers in good faith to the provincial governments. All the other governments had counterproposals to make; I even made adjustments to meet the particular situation in British Columbia and Saskatchewan, and at that time Mr. Parizeau did not mention any counterproposal. He listened kindly, politely, and he only made this proposal yesterday, after the other provinces had made their decision. What I said, and I say it again, is that we are prepared to pay for each of the items exempted under Mr. Parizeau's plan, namely 2 per cent for six months, and if he decides in future weeks or months to cut the sales tax on the other products to assist the other sectors of the Quebec economy which are also very

important, we shall be prepared to pay them the amount as promised.

Mr. Grafftey: Mr. Speaker, I wish to ask a supplementary question.

I fully agree with the Minister of Finance that we must take into account the whole secondary industry in the province of Quebec, but in view of the fact that in that province the textile, furniture, footwear and clothing industries hold the highest percentage of lay-offs, could the minister tell the House if he is really prepared to examine more seriously Quebec's proposals in that light.

Mr. Chrétien: Mr. Speaker, it is up to the provincial government, within the limits of their fiscal capacity, to help clothing and footwear industries in addition to the support I personally offered. It is up to them to decide, within their jurisdiction. They took that decision, and so much the better if they accommodated those industries with their own financial resources. On my part, I maintain my offer. My proposals involve tremendous support to the footwear, textile and clothing industries since they will prompt other Canadians to buy those products manufactured in Quebec; moreover, I think that if the Quebec government wants to help the other sectors, the money will remain available.

• (1422)

[*English*]

VALUE OF CANADIAN DOLLAR—PEGGING WHEN U.S. DOLLAR STABILIZES

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Prime Minister. The Minister of State for Fitness and Amateur Sport was quoted on April 5 of this year as saying:

> The federal government will move to fix the value of the Canadian dollar on the international money market once the U.S. dollar stabilizes.

Can the Prime Minister advise the House if that reflects government policy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will take notice of the quotation and verify its accuracy.

INTEREST CHARGES ON FOREIGN BORROWINGS

Mr. Stuart Leggatt (New Westminster): I have a supplementary question for the Minister of Finance. Can he now confirm that it is costing the Canadian taxpayer approximately $750,000 a day in interest charges, or an annual cost of $275 million and, if so, would he not agree it would be better that we use this kind of money to put Canadians to work and stimulate the domestic economy, rather than tossing it away on foreign speculators?

Hon. Jean Chrétien (Minister of Finance): The hon. member should check his figures again, because the figures he uses are completely false. We are not spending that much money.

An hon. Member: How much?

Mr. Chrétien: I can give you the figures. It is a very complex formula.

Some hon. Members: Oh oh!

Mr. Chrétien: Tomorrow I will give hon. members the exact amount of money involved. I will look into that. The figure mentioned by the hon. member does not represent the cost, and I have checked it very carefully. The figure used by the leader of the hon. member's party is unbelievably out of range. I will be delighted to make a comparison tomorrow. It would be better for the leader of that party, who claims to be an economist, to use a little calculator.

Mr. Leggatt: I am sure the minister can agree that it is in the hundreds of millions of dollars, or at least a very substantial figure.

Mr. Chrétien: No.

Mr. Leggatt: When the Minister of Finance was looking after the foreign investment review legislation, we started a welcome-wagon process in Canada. In terms of the current balance of payments situation, our merchandise trade surplus is $2.9 billion; we are running a surplus on merchandise trade. But when you get to the service account and to what we are paying in interest and dividends to foreign ownership in Canada, that is when we find ourselves in a deficit position.

• (1427)

My question to the minister is this: Can we now expect some meaningful foreign investment legislation so that we can stop paying our absentee landlords these massive amounts and driving down the Canadian dollar?

Mr. Chrétien: Mr. Speaker, I am surprised an hon. member of a party that is always claiming there are not enough jobs being created in Canada would want to take measures to restrict the inflow of capital into Canada which would create jobs.

[*Translation*]

SALES TAX—EFFECT OF REDUCTION ON QUEBEC MUNICIPALITIES

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is of course for the Minister of Finance. It is unfortunate that such a controversy would create even more division to reduce the harmony that should exist in Canada. In any event, I would like to ask the Minister of Finance if he considered, when he made his budget speech and as concerns the retail sales tax reduction that he suggested to stimulate the Canadian economy, what impact this policy will have on the income

of Quebec municipalities which get a very large part of their income from the reimbursement of the provincial sales tax?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this is a point that Mr. Parizeau raised in his statement yesterday during his press conference. He said in effect that the sales tax proposals would in no way affect the income of municipalities and that the provincial government would make the necessary adjustments.

Mr. Lambert (Bellechasse): Mr. Speaker, since the proposal of the Quebec finance minister will result in the complete removal of the provincial retail sales tax on the products of the textile, furniture and footwear industries and since this will apply over a period of 12 months instead of six months as announced by the Minister of Finance, can the minister tell the House if this delay, or this margin of six months was discussed with the Quebec finance minister and if this will result in a difference of compensation to be paid to the province of Quebec as provided in the budget speech?

Mr. Chrétien: Mr. Speaker, we have amended our proposal to the provinces and this has allowed British Columbia, for instance, to apply a tax of 2 per cent instead of 3 per cent over a longer period, up to at least nine months. Our proposal was given some flexibility, as Mr. Parizeau was well aware.

Mr. Lambert (Bellechasse): A supplementary Mr. Speaker. Since this is boiling down to a revenue battle between the federal government and the provinces, would the Minister of Finance consider reviewing having a fresh look at the possibility of subsidizing those tax reductions amounting to a discount for consumers which, as announced in the budget, is going to be paid from the taxpayers' money? Would the minister be prepared to study in depth the possibility of creating extra credit through the Bank of Canada, increasing the money supply since the minister's aim is to increase the consumers' purchasing power? I think this should be considered. Is the minister prepared to have this financial proposition studied by his officials to accommodate both the Canadian government and the provinces?

Mr. Chrétien: Mr. Speaker, as soon as I entered politics in 1963 it was my pleasure to go into social credit theories, and I am now more convinced than ever that I was right to oppose them at this time. Therefore in 1978 I am still against them.

[*English*]

GOVERNMENT PLANS RESPECTING FOREIGN BORROWINGS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. We witnessed the dollar falling even further today, to 86.79 cents, having lost $30 million this morning in trying to defend the floating dollar. So far this month, $300 million has gone out.

• (1432)

Would the minister try to give some stabilization to the market by indicating to the House what the government plans to borrow in the foreign markets? How much of their $11.5 billion total financial requirements will be raised in foreign markets?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I stated the policy of the government in my budget statement on monetary policies, and I have nothing to add to it. Of course, when the time comes for the financing of cash requirements, the market will be informed of the form of borrwing we will be adopting at that time, and where.

Mr. Stevens: A supplementary question, Mr. Speaker. Whether the Minister of Finance likes it or not, there is growing anxiety in the inernational market about this monetary policy which the minister says is so clear. In particular, last year it caused the Bank of Canada to buy 23 per cent of their total financial requirements at the federal level.

Would the minister indicate if they plan to cause the Bank of Canada to buy debt of the federal treasury to that extent this year and, if they do, does he not feel that will demoralize the international money market still further?

Mr. Chrétien: Mr. Speaker, the monetary policies are executed by the governor of the Bank of Canada, and when we decide to act we will make it public at that time.

Mr. Stevens: Mr. Speaker, my final supplementary question to the Minister of Finance is based upon a report put out by Friedberg and Company Limited this month, in which they assess the monetary policy the minister appears to be so proud of and indicate that if the government persists in their approach, it will result in a 25 per cent devaluation in Canada, to be taken out with a falling dollar or inflation, or both.

In consequence of that type of a devaluation, would the minister not reconsider the statement he made to the House and indicate that he will at least take the matter up with the governor of the Bank of Canada with a view to having a saner monetary policy in this country.

Mr. Chrétien: Mr. Speaker, I should like the hon. member to tell the House and the country if he is for pegging the Canadian dollar at a certain level, and where. I am not about to speculate on that in the way the hon. member does.

An hon. Member: Ask Jack Horner.

Mr. Chrétien: I am not about to speculate on those matters. The policy is well known, and the Canadian dollar is a floating dollar.

Mr. Hees: What does "Loose Lips" say?

Oral Questions

CAPITAL PUNISHMENT

REQUEST FOR REFERENDUM

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I wish to address a question to the Minister of Justice. I feel it should be directed to him and not to the Prime Minister because of the somersault with the truth the Prime Minister took in connection with capital punishment.

Having regard to the fact that it is estimated authoritatively that 75 per cent of Canadians, having regard to the tremendous increase in mortal crime and the number of police officers being shot down in cold blood, want the return of capital punishment, would the government, refusing to do anything to meet this problem, bring about a referendum on the question of capital punishment so that Canadians can speak and let the Government of Canada today and after a change of government in the election know what Canadians demand?

Some hon. Members: Shame.

An hon. Member: No.

Mr. Diefenbaker: Mr. Speaker, there was only one who said no, which indicates they realize they are on their way to defeat.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I am rather surprised at the question from the right hon. member who all his life has been an opponent of capital punishment.

An hon. Member: What is the answer, you coward?

Mr. Basford: —and who obviously, for partisan political reasons, is trying to squeeze away from what has been his lifetime position.

Some hon. Members: Hear, hear!

Mr. Basford: The question was whether the government would hold a referendum on the question of capital punishment. That being a question of government policy, it should be answered by the Prime Minister. However, giving my personal view and what my advice to the government would be, I would say that we should not hold a referendum.

Mr. Diefenbaker: I am naturally interested in the expression of the view of the hon. gentleman that I was for abolition through the years—and I was. I voted for the bill. Does he not recall that I voted for the bill when the government decided to abolish capital punishment although, by another bill, preserving it for the murder of police officers and peace officers?

Some hon. Members: Order.

Mr. Diefenbaker: That is the same outfit over there that interrupts all the time. All I have to say to them is: as the cuckoo in June, heard but not regarded. When the Prime Minister introduced legislation to provide for capital punishment for the murder of police officers and the like to be effective until December 31, 1977, I voted for the bill. Then the Prime Minister turned around, somersaulted and set aside—

[Mr. Hees.]

Some hon. Members: Order.

Mr. Speaker: Order please. I will have to ask the right hon. gentleman to put the question.

Mr. Diefenbaker: Mr. Speaker, I know the truth hurts. I ask why the law was changed, when there were seven murderers—vicious murderers—and the Prime Minister brought in legislation to do away with the law that was brought in by him earlier. Why the change?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, when a man claims for the whole of his life that he is against capital punishment, and then when the test comes and a bill is presented which abolishes capital punishment completely—

Mr. Diefenbaker: I voted for that.

Mr. Trudeau: —the man somersaults, he is the one who does the somersault, not me.

Mr. Diefenbaker: A final supplementary question, Mr. Speaker. The Prime Minister knows that statement is as false as so many others that he has made, and I ask him to withdraw. I voted for abolition and then I voted against the bill that the Prime Minister introduced.

Some hon. Members: Order.

Mr. Speaker: Order, please. The matter ought to finish there. I can scarcely condone the right hon. gentleman beginning his question by accusing the Prime Minister of a somersault, and then asking that the same representation made against him be withdrawn as being unparliamentary.

Mr. Trudeau: You landed on your head.

* * *

POST OFFICE

MISHANDLING OF MAIL

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, my question is for the Postmaster General. I believe the minister would agree that everyone makes mistakes, as this government more than anyone else is well aware, but does he really believe that 60 million errors per year, or 10,000 mistakes per hour, by the Post Office is acceptable to the Canadian people?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I would like to answer the hon. member in English. If he would read the article from which the question was taken, I said that the Post Office handles six billion pieces yearly and that we could have an error factor of 1 per cent. That means maybe 60 million errors in the Post Office.

I asked the Businessmen's Club yesterday if anyone in business could claim to have an error factor of only 1 per cent. If anyone can claim that, they are very good. It must be realized, too, that the consequences of a 1 per cent error factor may be a little more important in the Post Office than anywhere else. It is still a very good average for a business the size of the Post Office, however, which handles 6 billion pieces of mail each year.

Mr. Darling: Mr. Speaker, a supplementary question. In view of the fact that the Postmaster General has announced the possibility of the Post Office refusing to handle uncoded mail some time after the election, will the Postmaster General inform the House if, in fact, this is being practised unofficially in the Post Office at the present time, and will he at least come clean with the public and state clearly at this time what his intentions are with respect to the handling of uncoded mail in the future?

● (1442)

[*Translation*]

Mr. Lamontagne: Mr. Speaker, on that issue I answered quite clearly to my audience there was no question for the moment of refusing uncoded mail. I would like to point out however that in other countries certain procedures and standards have been applied which brought about better efficiency in mail delivery, because everyone finally was using the code. As an illustration, Australia has a legal requirement that a letter must show the code if it is to be delivered. Moreover, I have here an article indicating that in the United States, envelopes larger than or otherwise violating post office standards will be returned. What I meant on that occasion is therefore that in the future we will have to try and standardize the way people send their mail. If everyone were using the code as requested, certainly this would help bring about a tremendous increase in postal efficiency.

[*English*]

Mr. Darling: Mr. Speaker, my final supplementary is for the Postmaster General. It concerns Bill C-45 which is presently before the House. Is it the government's feeling that the material circulated to the Canadian people during an election campaign is more important and deserving of the immediate attention of the government, with this bill, than the millions of pieces of mail for old age pensioners and the rest of the Canadian public, including businessmen? Is the junk mail that will be going out during the election campaign more important than the important mail—

Mr. Speaker: Order, please. Surely the question is argumentative.

Oral Questions

LABOUR RELATIONS

AMBASSADOR BRIDGE—GOVERNMENT'S CONTRIBUTION TOWARD SETTLING LABOUR DISPUTE

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, my question is for the Minister of Labour. Given the fact that the Ambassador Bridge is one of the principal transportation links between Canada and the United States at Windsor, that there is a labour dispute on both the Canadian side and American side of the bridge at the moment, and that the dispute on the American side has succeeded in greatly halting commercial traffic on the bridge, to the considerable loss of businesses in Windsor, could the Minister of Labour report to the House on the state of the labour dispute on the Canadian side and indicate whether he believes he will be able to make a contribution toward the settlement of the problem on the American side?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, there is no doubt that there is an interrelationship in the dispute because it involves Teamsters on both sides of the bridge. We have jurisdiction only with respect to the Canadian side. The matter is in the conciliation process. We think we have very able mediators trying to resolve the dispute and I am hopeful it can be resolved. If the matter is resolved on the Canadian side, undoubtedly it will have a beneficial impact on the American side.

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ELECTIONS

REPORTED USE OF COMPUTER IN PRIME MINISTER'S OFFICE FOR ELECTION PURPOSES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is to the Prime Minister. I realize that my question, quite frankly, has a partisan aspect—

Some hon. Members: Oh, oh!

Some hon. Members: Shame.

An hon. Member: It is too much, Pierre.

Mr. Knowles (Winnipeg North Centre): —but I shall ask it in as low a key as possible and I hope the Prime Minister will reply in a similar vein. In view of a Canadian Press report to the effect that a $1 million computer, which belongs to one of the departments of the government, is now in a basement room of the Prime Minister's office and is being geared for use against campaign trail attacks by opposition parties, and in view of the fact the same report says that a number of those who are the Prime Minister's aides and whose salaries are paid for from public funds are spending the bulk of their time acting as election advance men, and so on—

Mr. Paproski: You wouldn't do that, would you, Pierre?

Mr. Knowles (Winnipeg North Centre): —will the Prime Minister refer this matter either to the Auditor General or to

the newly appointed Comptroller General for their views as to whether this is a proper expenditure of public funds?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the computer question, I draw to the hon. member's attention that this is an old story which appeared in the *Globe and Mail* in October, 1977. The two news people who were looking into the allegations that the computer was being used by the Liberal party for political purposes interviewed the high-level civil servant who is in charge of it, and he said that the story, and I quote him—the words were stated outside the House—was "absolute crap". I think the story was that then, and it still is today.

In so far as aides in the Prime Minister's office are concerned, of course the people working for me in the Prime Minister's office are paid out of public funds. The people working for the Leader of the Opposition are paid out of public funds also. With regard to people working in the office of the Leader of the NDP, the hon. member knows they are paid from public funds; and I would wager a large amount with the hon. member—I know he is not a betting man—that they are engaged in political pursuits, too.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, perhaps before I ask my supplementary question I might be permitted to point out that I asked my question, not on the basis of reports last October but on the basis of a Canadian Press report which appears in this afternoon's Ottawa *Journal*.

May I put my supplementary question to the Deputy Prime Minister, in view of his responsibility for the Canada Elections Act? In view of the very strict regulations as to the amount of money, either directly or indirectly, that can be spent on election purposes, will the Deputy Prime Minister ask the Chief Electoral Officer to check on these expenditures to see whether they should be reported as part of the election expenses of the Prime Minister?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I do not find it necessary to consult the Chief Electoral Officer, because it is impossible to incur election expenses in the absence of an election.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

HEALTH AND WELFARE

EMIGRATION OF CANADIAN-TRAINED DOCTORS AND SCIENTISTS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I would like to ask a question of the Minister of National Health and Welfare. In view of the fact that we are losing about 1,500 physicians a year from across Canada by emigration, costing us for their medical education alone between $100 million and $150 million, many of them trained scientists, has the minister any plans to stop this haemorrhage?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the hon. member refers to a phenomenon where different forces are at play, one of them being that the growth in the number of physicians graduating from universities every year is around 13 per cent in Canada, a country with one of the highest doctor-patient ratios in the world, namely, one doctor for every 673 persons, as of 1977. It also has to do with the attraction of certain booming economies in the southern states of the United States. This trend may be reversed, however, if the United States decides to adopt a medicare plan.

I am very concerned with the emigration of Canadian physicians, but I am not alarmed. Last week I received representations from the Canadian Medical Association, and we are looking into the matter.

* * *

● (1452)

ELECTIONS

PRIME MINISTER'S PRE-ELECTION TOUR PLANS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is for the Prime Minister. Is the Prime Minister planning a pre-election tour of Ontario such as he undertook in western Canada a few weeks ago? If he is not so planning, will he reconsider and do so, because we have found that the quickest way to switch people over and get them to vote Conservative—

Mr. Speaker: Order, please.

Mr. Hees: —is to have them see and hear the Prime Minister close up. We want him in our province as much as we can between now and election day.

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AGRICULTURE

CATTLE—STABILIZATION PAYMENTS FOR FIRST QUARTER OF 1977

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a question for the Minister of Agriculture. Will the minister indicate if and when a stabilization pay-out for fed cattle for the first quarter of 1977 will be announced and, if so, what that amount will be?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, using the 90 per cent, according to what the act states the pay-out for the first quarter would be very small. We are having discussions at the present time on what percentage we should use, because the act states that we may go higher than

90 per cent, if we desire. That is what we are doing at the present time.

Mr. Hargrave: With regard to the joint announcement by the Minister of Agriculture and the Minister of Industry, Trade and Commerce on March 30, 1978, on beef and veal import controls, will the minister carefully explain the phrase "adjusted for changes in domestic beef consumption since this base period"? Why not relative to the base period? Is the minister now actively contemplating an upward revision of the firm quotas that he announced for offshore beef?

Mr. Whelan: Mr. Speaker, there is no reason why anyone would want to increase those quotas. We made it specific that those quotas would not be increased. I am sure the hon. member knows as well as I do the GATT rules on trading, consumption within our country, and the rights of our trading partners. Those have to be considered. They have been considered. We made what we think is a very strong statement, putting our position very firmly that those quotas would not be changed and that that principle would be used for the next three years.

Mr. Speaker: The hon. member for Northumberland-Durham.

Mr. Lawrence: Mr. Speaker, my questions were for the Minister of Finance, who has temporarily left the chamber.

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AIRPORTS

VICTORIA INTERNATIONAL—POSITION REGARDING INSTALLATION OF RADAR

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is to the Minister of Transport. In asking it, I would like to warn my hon. friend from Gaspé not to pay too much attention to the promises made yesterday by the Minister of Transport in connection with airports. My question is, where does the matter stand with regard to radar at Victoria international airport? An undertaking was given to this House as long ago as January, 1977, that the report and recommendations in that direction would be made by January of this year.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I want to refresh my memory as to exactly what that exchange was. We have made it clear that the question of radar at Victoria was a matter of priority as between it and other airports where aircraft movement may be more numerous. In the case of Victoria, there is largely adequate coverage out of Vancouver: that is a very important factor.

Mr. Munro (Esquimalt-Saanich): Has the minister checked lately the relative figures as between Vancouver and Victoria with respect to traffic, both small and commercial aircraft, pointing out the need for radar at Victoria international airport?

Mr. Lang: Mr. Speaker, the most recent information from my officials was that there would be other locations having higher priority, and that up to that point no decision had been made. I can assure the hon. member, however, that we are watching these situations at all times. When it is appropriate, equipment will be put in place. However, that is not a promise to him about the specific date: it is quite the contrary.

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THE BUDGET

DEPLETION ALLOWANCES FOR OIL INDUSTRY—ASSISTANCE FOR MINING INDUSTRY

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of Finance. There are at least two points in the budget statement of Monday night relating to the resource industry which require some clarification. Are the depletion allowance provisions announced on Monday night applicable to the expansion of existing heavy oil and oil sands facilities? If not, why not?

Hon. Jean Chrétien (Minister of Finance): Not at this moment, Mr. Speaker.

Mr. Lawrence: "Not at this moment", was that the minister's answer? The second part of my question was, if not, why not? In relation to the admittedly sick portion of the resource industry, namely, the mining industry in this country, there was very little of any substance relating to that industry in the minister's budget statement. For years, to the minister and his predecessors, from the provincial governments as well as from the industry itself, there have been requests that provincial mining royalties be deductible in computing federal tax. Prior to the budget, did the minister also receive representations along this line from his colleague, the Minister of Energy, Mines and Resources?

Mr. Chrétien: Mr. Speaker, it was agreed at the first ministers' conference that there would be a meeting of the ministers of finance and ministers of resources of this country to discuss that very problem. I said in my speech that we intend to do that. Some discussion is going on at this time with regard to finding a location, a date and agreement on the agenda.

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ADMINISTRATION OF JUSTICE

NEWS REPORTS ON AMENDMENT OF CRIMINAL CODE SECTION RESPECTING CHILD ABUSE

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, my question is for the Minister of Justice. In view of the fact that it is stated in the lead article on page 1 of today's *Globe and Mail* that "Ottawa may kill law allowing use of force on child by parent, teacher", and in view of the fact that section 43 of

the Criminal Code gives parents and teachers permission to use reasonable force in the disciplining of children, is the federal government considering the removal of section 43 from the Criminal Code?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I feel very sorry for both the *Globe and Mail* and the Canadian Broadcasting Corporation who have been sucked in by someone. Those reports of some great confidential report in the Department of Justice was a report given to the Standing Committee on Health, Welfare and Social Affairs on February 24 and tabled in this House on July 7, 1976. It was an analysis by an officer in my department of the issues that are raised in this whole, sad question of child abuse and the laws relating to child abuse and parental and teacher discipline. It made no recommendations; it simply, for the guidance of the committee, raised the issues that it should examine. The committee of this House recommended not repealing section 43 of the Criminal Code, and I accepted that recommendation.

While there is a very great need to examine the law relating to child abuse, and to provide children with protection and rights, if I might express a personal view as a parent, whether I use spanking in a reasonable way is a matter for me, and not the law.

Some hon. Members: Hear, hear!

* * *

NATIONAL REVENUE

APPLICATION OF CAPITAL GAINS TAX TO FARMING

Mr. Arnold Malone (Battle River): Mr. Speaker, my question is directed to whoever on the other side is responding for Revenue Canada. I would like to draw attention to the fact that in the last budget brought down by the former minister of finance, Donald Macdonald, he had a roll-over clause for capital gains tax. We now have a situation where there should be a roll-over provision for the purchase of new farmland. The regulations are now so restricted that we find the application simply does not apply. An example of this is in a letter I received, which states that the replacement of farmland used for wheat farming—

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

Mr. Malone: That was the question, Mr. Speaker. Why have the regulations been made so restrictive that they simply do not apply to farming because of the differentiation between the styles of farming being practised? Can he give a justification for those regulations?

[*Translation*]

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, a few days ago, the Minister of Finance answered a similar question from one of his colleagues of the Progressive Conservative party. I shall be pleased to look into this matter again in order to give more information to the hon. member.

[*English*]

Mr. Malone: Mr. Speaker, I would ask the parliamentary secretary if he can indicate how finite he intends to make the regulations, because at the present time the situation is simply making the law not applicable. If you have a situation where a person changes the context to any degree, then the law of last March will simply not apply. Where do they get the quality to so easily make the simple so complicated?

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BROADCASTING

NOVA SCOTIA—REQUEST FOR REPORT ON NEGOTIATIONS RESPECTING SATELLITE STATION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is to the Secretary of State. His office has had notice of this matter for about three years. I know the minister is relatively new in this portfolio and may not be fully aware of this. It has to do with the satellite CBC station proposed for western Nova Scotia. Could the minister exercise, especially at this point in time, the weight of his good offices to expedite the negotiations being conducted by the CBC, the CRTC and affiliated stations so that we might finally get this satellite station which was promised me by Dr. George Davidson when he was president of the CBC in 1969?

● (1502)

Hon. John Roberts (Secretary of State): Yes, Mr. Speaker, I remember I heard tell of this. All the good offices I have I will exercise on behalf of the hon. member's representation.

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BUSINESS OF THE HOUSE

Mr. Hnatyshyn: I rise on a point of order, Mr. Speaker, to ask the government House leader whether he is in a position to tell us the business of the House for next week and, possibly, even further on. Can he tell us whether it is intended to carry on with the budget debate in the usual way, and what his intentions are with respect to Bill C-45 in particular? I know it is of some importance to him and to the Prime Minister.

Mr. MacEachen: Yes, Mr. Speaker. It is my intention to call the budget debate for today, and when the report is received from the Standing Committee on Labour, Manpower and Immigration, if it is received today, I propose to ask whether I can get a waiver of the standing order so that we could deal with all the final stages of Bill C-45 tomorrow. If this were done, I would call the budget debate for the next sitting of the House. I cannot, of course, proceed with Bill C-45 until I have received a report from the standing committee, but I shall do so as soon as a report is received.

Mr. Hnatyshyn: I realize the government House leader is very interested in getting Bill C-45 through, but should unanimous consent be denied in some corner of the House, what is his intention with respect to government business during the course of the coming week? Further, is the House leader in a position to make an announcement concerning days customarily allotted to the opposition, since we have now reached the last part of the session for dealing with allotted days?

Mr. MacEachen: I shall know in a few moments whether I can get unanimous consent. If consent is denied, we will go on with the budget tomorrow. But I would ask the House to waive the standing order so we could dispose entirely of the bill related to postal operations.

Mr. Knowles (Winnipeg North Centre): On the point raised by the government House leader, Mr. Speaker, may I suggest that this is a matter which might be the subject of consultation?

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

Fourth report of Standing Joint Committee on Regulations and Other Statutory Instruments—Mr. Robinson.

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

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POINTS OF ORDER

MR. KNOWLES (WINNIPEG NORTH CENTRE)—DEPUTY PRIME MINISTER'S REPLY DURING QUESTION PERIOD

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a separate point of order having to do with what, in my view, was a piece of misinformation given to the House during the question period. I realize it was probably given "off the cuff" or inadvertently, but it is serious enough to invite correction before we go any further.

The Deputy Prime Minister (Mr. MacEachen), responding to a question I put to him concerning moneys being spent now for material or information which might be used during the election period, said, "Since there is no election, there is no need to consult the Chief Electoral Officer." Sir, all of us in this House know that under the new rules governing election expenses, money spent before an election on material or information which is used during the election period has to be reported as part of our election expenses. I suggest, therefore, that before members generally get the wrong impression and think they can spend money now and not report it at election time, the Deputy Prime Minister ought to consult the Elections Act, with which he is very familiar, and revise the information he gave to the House a few moments ago.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I think I ought to revise the information, but only because the hon. member revised his question.

MR. HNATYSHYN—QUESTIONS DEALING WITH NATIONAL REVENUE

Mr. Ray Hnatyshyn (Saskatoon-Biggar): I rise on a separate point of order, Mr. Speaker. Today the hon. member for Battle River (Mr. Malone) addressed a question to the Acting Minister of National Revenue. The question was answered by a parliamentary secretary. I realize that the government is in the process of final disintegration, but I think we are entitled to know who is the acting minister for this particular portfolio since the hon. gentleman who was the minister has been appointed to another place. Could the Deputy Prime Minister (Mr. MacEachen) advise us to whom we should address questions having to do with national revenue?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): The parliamentary secretary is available to answer questions. I believe there are acting ministers and I will provide this information as soon as I have had an opportunity to refresh my memory.

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[*Translation*]

LABOUR, MANPOWER AND IMMIGRATION

Second report of Standing Committee on Labour, Manpower and Immigration—Mr. Guay (Lévis).

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

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[*English*]

BUSINESS OF THE HOUSE

Mr. MacEachen: On a point of order, Mr. Speaker, I would like to ask if it is possible to secure a waiver of Standing Orders in order to deal with Bill C-45 in all its stages tomorrow.

Mr. Hnatyshyn: I understand a reasonable proposition was put forward by the hon. member for Winnipeg North Centre (Mr. Knowles) with respect to consultation. The hon. House leader may have legitimate reasons for his request, and I believe we are prepared to listen to them, but I think the suggestion put forward by the hon. member for Winnipeg North Centre is a reasonable one.

Mr. MacEachen: The hon. member asked me what my intentions were with regard to the bill, and I gave him an answer. I want to call it tomorrow, if I can get consent. I am

having consultations now on a very broad basis on the floor of the House of Commons so that we and the Canadian people may know who is not prepared to agree.

Mr. Knowles (Winnipeg North Centre): This seems to be the day on which the Deputy Prime Minister (Mr. MacEachen) has chosen to play with words. Surely, what he is now doing does not amount to consultation. I suggest this question be delayed until there has been real consultation among the House leaders.

Mr. MacEachen: Open decisions, openly arrived at.

Mr. Diefenbaker: The suggestion by the Deputy Prime Minister (Mr. MacEachen) that we should consent to that bill coming on tomorrow simply means that the House is being asked to bail the government out of the position in which it finds itself, and I, for one, will not agree to do so. That bill is not necessary at the moment. Let us get on with the budget and do something for the economy of this country.

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● (1512)

MULTICULTURALISM

TABLING OF STUDY

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, pursuant to Standing Order 41(2) I wish to table, in both official languages, a study entitled "Multiculturalism and Ethnic Attitudes in Canada".

TABLING OF COUNCIL'S ANNUAL REPORT

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, in accordance with Standing Order 41(2) I would like to table, in both official languages, the report of the Canadian Consultative Council on Multiculturalism for 1977.

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AGRICULTURE

STATEMENT ON DAIRY POLICY

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am pleased to announce the broad outline for the 1978-79 dairy program. As of April 1, 1978, total market sharing quota remains unchanged for the dairy year ending March 31, 1979, for a total of 103.7 million hundredweights. The level of the federal subsidy paid on all industrial milk produced within Canadian requirements remains unchanged at $2.66 per hundredweight. The target price will be increased by 24 cents, to $12.42 per hundredweight. This will mean a five-cent increase in the support price of butter, to $1.27 per pound. The support price of skim milk powder also goes up by two cents, to 74 cents a pound.

[Mr. MacEachen.]

The extra 24 cents, plus two other increases during the year, will raise returns to producers by a total of about 76 cents a hundredweight compared with what they got at the same time last year. That means a producer of 300,000 pounds annually will get an additional $2,300. However, let me remind the House that those increases are less than the present general rate of inflation and are needed to maintain producer incomes in the face of rising costs.

The direct levy on in-quota production is reduced to $1 per hundredweight, but every hundredweight of in-quota industrial milk and cream will be subject to a new contingency level of 20 cents, refundable to those producers who, at year end, have managed to keep their production within national requirements.

There will be a levy of $1 on every hundredweight of surplus cream diverted from fluid to industrial use. I should remind the House that this levy is equivalent to 20 cents per hundredweight on fluid shipments which, in fact, were subject to a 25 cents per hundredweight levy last year.

The over-quota levy will be raised by 50 cents, to $7.50 per hundredweight.

Some good news for those hon. members who have long been asking questions about the difficulties faced by Canada's cheese industry is the new level set for cheese imports. Total imports of cheese will not be allowed to exceed 45 million pounds over the dairy year, down 5 million pounds from the previous 50 million.

The market sharing quota period is being changed to a new basis, which will be August 1 to July 31, starting next year. This will provide the framework within which a more even milk production pattern can be achieved, which will benefit all sectors of the industry.

Our federal budget for the 1978-79 dairy program is made up as follows: $260.7 million in producer subsidy payments; $24.8 million for export assistance; $17 million in carrying charges; and $20 million for international food aid. This $20 million remains unchanged from the amount provided to the Canadian International Development Agency last year to buy skim milk powder and distribute it as part of its food aid program.

Finally, there is in that total an allowance of $6.5 million to the Canadian Dairy Commission to assist in exploring new ways to utilize skim milk powder. This amounts to a total of $329 million in federal assistance.

So far as the Canadian national requirement is concerned, this year's total has been estimated by the Canadian Milk Supply Management Committee to be 98 million hundredweights. Total market sharing quota is made up of these market requirements plus a 5 per cent sleeve. The Canadian Milk Supply Management Committee will, as it normally does, be monitoring production and demand during the year and will make any adjustments needed in quota allocation according to the policy.

I should point out that it is the responsibility of provincial boards to allocate and monitor individual quotas. It certainly is

my personal hope that provincial boards will show a special concern for the administration of their quota policies when it comes to the small producer who may have been hard hit by some of the quota cutbacks in the past. I also hope that if a quota cut is needed during the coming dairy year, then it will be made through transfer assessments or reallocation and not through direct quota cuts.

Some will be concerned because this announcement was not made prior to April 1. However, I do not believe there has ever been as much discussion and consultation between the different dairy producers concerned, provincial organizations, the market share quota committee, the management committee, and the Canadian Dairy Commission as there has been with respect to the program for this year. The last meeting of the consultative committee took place on the day the House adjourned for the Easter recess. It has taken some time to put the program together, but I know it is one of the best we have had, and I congratulate the provincial people and the marketing boards which make up the committee which worked out this program along with the Canadian Dairy Commission.

Some hon. Members: Hear, hear!

Mr. John Wise (Elgin): Mr. Speaker, I welcome this occasion to respond on behalf of my colleagues to the minister's statement regarding the 1978-79 dairy program. I want to begin by saying that, generally speaking, the dairy year just completed has been one in which the industry has adjusted with a fairly high degree of accuracy to the policy announced a year ago.

Given the many factors which are beyond the control of our producers, they must be commended for their efforts—some at very considerable expense—and for their ability to match milk supplies with domestic consumption and that of the export market. This government ran the very serious risk a year ago, when it applied the 25-cent per hundredweight export levy on fluid milk producers, of destroying the whole national plan. That statement is not an exaggeration, and it appears that the minister today has paid a nickel's worth of attention to that particular problem.

The plan could not have been achieved without the clout of subsidy dollars. The manner in which it was put into force caused disunity among producers within their own provinces, and concern between provinces, and embedded suspicions and anger in the minds of producers and their leaders at all levels.

I am convinced that this minister and certain officials of the Canadian Dairy Commission have not recognized to this date, or choose to ignore or forget, the seriousness of their unilateral action. It is true that time is a great healer, but it is essential if this program is to continue— and it is in everyone's best interest that the program does continue—that this or any similar type of action be avoided in the future. Practically all the provinces rejected this levy, and, indeed, most of the participating provinces did not sign the agreement until well on into the last dairy year. This should provide the government with a clear indication of their dissatisfaction and their deep resentment about this type of action.

I do not know the exact situation today, but as recently as last week British Columbia had not signed the national agreement. In not doing so B.C. signified its desire to withdraw, and in accordance with the terms of the agreement B.C. is at liberty today to exercise its right to withdraw from the program. The minister said nothing about this problem today in his statement. It is important and vital to the survival of the national plan, and it must be addressed and resolved immediately.

Another issue which still remains not completely resolved is the matter of the collection of the levy based on fluid milk sales. Whatever policy is followed, it must be brought clearly into conformity with agreements reached on the obligations of the participating provinces. Changes in the sleeve portion, and indeed any changes in the plan, must be administered to eliminate any possibility that producers in any one province can gain an advantage over producers in any other province.

● (1522)

Maximum flexibility and autonomy should be given to each province in the management of its quota system. It is not clear from the minister's printed statement today, but the minister did indicate in his remarks that the changes in the quota year have been made from April 1, 1978, to August 1, 1979, for a 16 months' period. I believe that the intention behind such a move is to level out seasonal production. Although such a move is desirable, I doubt that any real success will be achieved in this regard without such a move being accompanied by a financial incentive.

While it is generally agreed that complete integration of fluid and industrial milk production is desirable, it must be recognized that it would not be in the best interests of the industry to have such a plan forced upon it by the federal government. But it is important that the provinces be allowed to carry out their own plans and to establish their own timetable to achieve this desirable result.

The industry people indicate that there are severe inadequacies in securing accuracy and quality of information regarding production, disappearance of products, and the movement of milk, cream, and milk products. This problem has caused serious difficulties in the past and it can and will cause difficulties in the future, if the accurately of product volumes are not more accurately identified. The Dairy Farmers' Association of Canada has made a recommendation and has called for an improved system of provincial auditing.

The government has a responsibility to ensure that when a surplus is created by certain producers who consistently overproduce, and consequently cause a general reduction in the national quota, that reduction should not be applied across the board but rather should be assessed to those producers who cause the problem and not to those who have kept within their quota. The statement today containing the new contingency level of 20 cents per 100 pounds takes this disturbing factor somewhat into consideration. In addition, in applying price increases under the federal formula, the rule of triggering price adjustments with a 4 per cent change in the formula

should be changed to 2 per cent in the interest of price stability in relation to inflationary change.

Dairy producers, and particularly the manufacturing sector, continue to call for a reduction in the level of cheese imports by 10 million to 15 million pounds. The statement today goes in the right direction, but it calls for a reduction of only five million pounds. It is interesting that only recently the minister said that import levels were not reaching that particular level. If we could find out the exact level, we would be in a position to assess intelligently whether or not this five million pounds reduction would have any benefit at all.

An import levy could be placed on imported cheese products and the revenues used to reduce the export levy or for sale and promotion of dairy products. It must be stated that every ten million pounds of cheese imports result in a loss of over $3.6 million to Canadian producers, and heavy losses to the manufacturers as well. Greater restrictions should be placed on the importation of skim milk powder and other dairy products which are imported as components. I do not have the latest figures on these amounts, but the products to which I referred have increased by some 80 per cent between 1973 and 1975.

There is no mention in the minister's statement today of the reinstatement of even a portion of the skim milk powder consumer subsidy which was recently withdrawn by the government. I spoke at some length on that issue on March 9, and I will not go into any great detail today except to say that the program should be continued in areas where no fresh milk supplies are available, in areas of high unemployment, and also in areas where the wage rates are less than the national average.

Some hon. Members: Hear, hear!

Mr. Wise: But it remains incumbent on this government to make every effort to foster and encourage a greater degree of good will and trust between government, the Canadian Dairy Commission, and the industry, than now exists. Some may scoff at that comment, but those who do give an indication that they have been out of touch with people in the dairy industry. I can assure you, Mr. Speaker, that that is a major concern.

Finally, it is unfortunate, unfair to the dairy industry, and completely unacceptable to us, that policy changes continue to be announced after the effective date rather than well in advance of it. It should be noted that subsidy payments to producers have been reduced by $5.3 million, the carrying charges have been reduced by $3 million, and the $20 million commitment for food aid remains the same. There is certainly a great need to increase that $20 million for the purchase of about 60 million pounds of skim milk powder. Next time the minister consults people from the industry perhaps he would be prepared to ask them what kind of commitment they are prepared to make in that area, because I am sure they would be ready to increase their commitment from 60 million pounds to 100 million pounds of skim milk.

The minister continues to refer to this plan as being the best, to use his own favourite terminology "in the whole wide, wide world". In fact, Mr. Speaker, it is not uncommon for the minister to use the same modest description in referring to himself.

I agree that the Canadian dairy industry must be the best in the world to survive many of the programs and policies of this government. With some of the changes I have suggested today, with more consultation and co-operation and more forward planning by the government with the dairy industry, the goal referred to by the minister could be achieved.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I was impressed by the last remarks made by the hon. member when he mentioned the fact that the minister always refers to "the best minister" and "the best program". I think this is one of the times when the farmers thought it would be a better program. However, this is a program which will not change very much, and in fact will not provide even the changes that were recommended by the Dairy Council of Canada at its recent convention.

The minister stated that the target for this year will be about the same as last year, that there will be a slight increase in industrial milk, but that we are still plagued with the same problems we had before. In that respect he did not mention the contribution made by individual farmers. Farmers have been plagued by two things: the actions taken by the governments, both provincial and federal, and the inability of the government and its agencies to ascertain exactly what the market will be in the forthcoming year.

Over the last four or five years the concept of establishing the dairy year has become very important to farmers and has become increasingly difficult to establish for the Minister of Agriculture (Mr. Whelan). The one thing on which I wish to congratulate him is the fact that he has only been 13 days late this year. This is an improvement on the past. The delay is caused in part by our inability to decide what the target will be and exactly where we stand in terms of quotas, because we have not done the one thing for which the dairy farmers have asked, that is, we have not been able to achieve an understanding between the marketing boards in the various provinces, the provinces, and the Canadian Dairy Commission with regard to quotas and how to operate them. As the hon. member who preceded me has said, we are unable to bring all provinces into line, with the farmer down at the bottom agreeing that this is the manner in which the program has to work and these are the contributions he will be required to make.

● (1532)

In drafting the press release, the minister got the best out of it. That is normal, of course. Several weeks ago I spoke with a young farmer. He is not a big farmer, nor a small farmer. He has approximately 40 heads of milk cows. At that time he indicated that his over quota levy would amount to approximately $5,600. The minister indicated that we were to receive an additional 300,000 pound quota. I think 40 cows would produce something over that. Thus, the average probably would be something over that. He indicated they would receive $2,300, and that the increase did not meet inflation. Most

farmers have not been able to make that $2,300 because they would be required to make the over quota payment. The minister is faced with a problem which most dairy farmers thought would be solved in this statement. I am referring to the recommended change in the dairy year.

One problem we have been faced with in arriving at a target quota is the movement of the dairy year to a point in time further in the year, with a period of adjustment of perhaps three or four months. Perhaps it could be from April to July. It could be a 16-month year in order to arrive at a more even quota structure. The dairy year would take into consideration part of the problem with respect to seasonal milk. The elimination of summer milk was discussed at all farm meetings. I am sure the Dairy Commission has great difficulty with this problem. Certainly it is a problem with which the industry has great difficulty. In his statement the minister did not give much consideration to that particular problem.

Like the fluid milk producers of Canada, the industrial milk producers should be required to produce milk under a monthly quota which will involve the total year, so that producers in the industrial field will not make their total production in the summer months. Total production in the summer months causes great difficulty to the cheese industry which operates year round. That particular problem has not been faced as yet.

Another problem we are faced with is skim milk powder. It would be wise to sit down sooner or later and decide whether we are going to produce any skim milk powder, whether it is worth taking off the $7 over quota levy, whether it is worth supplementing by approximately 50 cents the production of skim milk powder for international sales. Perhaps we are not receiving any advantage from the skim milk powder program. Perhaps there is a better way of handling it.

There are things which can be done in Canada to assist in levelling out surplus production. As the minister is aware, it comes from the industry as well as the producers themselves. When the average Canadian buys milk, he is not buying fluid milk from the cow. He is buying 2 per cent, skim, or some other product or by-product from the fluid field. We should put some money into the disposal of skim milk powder. It is a valuable commodity. We are attempting to give it to other countries, at the same time as indicating that it has nutritional value. Perhaps it could be distributed in Canada through a school milk program. That would cost a few dollars, but it would be better than what is occurring at the present time. Farmers are finding it easier to dump milk down the drain than putting it into the system. That is a waste of a nutritious and very useful resource. It should be distributed through a school milk program or through a food stamp program which would benefit poorer families.

Several other things should have been included in the minister's statement respecting the sales program of quotas. Last year when some farmers had huge quotas, quota was available and many people borrowed, rented or loaned quota, and it was fairly satisfactory. This year the price of quota fluctuated to an unreasonably high level. In fact, most producers have indicated that it will take two to four years of production to pay for the industrial quota, and there is no assurance that the price will remain at that level.

There are a number of programs which could be implemented. If time permitted, I could outline a number of ways that are better to utilize skim milk powder than paying people to take it off our hands. In many cases it is delivered to countries where, if their water were added to the powder, it could become a poisonous substance. There are better ways of handling skim milk powder.

Farmers will not be very happy with the dairy program this year. It does not indicate anything of substance or any value, with the exception of the reduction of cheese imports. I am surprised and pleased with the industrial developments which have taken place in the production of cheese in Canada. Unfortunately, Kraft is one of the companies which has been involved, but companies have been able to produce probably 30 or 40 types of cheese which previously had to be imported from Europe and other parts of the world. At the present time probably 110 types, varieties or brands of cheese are being imported. With the help of the Department of Agriculture, perhaps Canada would be able to manufacture every one of those specialty cheeses.

How was the minister able to change the only thing which developed the contractual link of the Prime Minister (Mr. Trudeau) with the European Common Market? Cheese imports were reduced by another ten million pounds, but most Canadian farmers feel those imports should be stopped altogether, or a tariff should be placed on those imports in order for Canada to double its specialty cheese production.

The minister will not receive any kudos out of this year's announcement. Many things should have taken place. There should be federal leadership from the Canadian Dairy Commission to the pooling of industrial and fluid milk sales in Canada. Most farmers have made the expenditure which would allow them to produce the high quality milk which has always been available to Canadian fluid milk users. In the main, industrial milk producers are now meeting those standards. It appears to me it is time for us to give some leadership in the pooling of all milk so that it is not handled in a different manner in different provinces.

● (1542)

The minister has not solved the problem of over production by food-milk producers although this is something that has caused difficulty. I am sure he would not have collected from most people if we had not been paying the subsidy.

I think there are many things that can and should be done to make our dairy industry a more viable industry.

In closing, I should like to say that Canadians in general should appreciate the efforts of the dairy producers in this country. Under great hardship over the last two or three years they have been able to overcome their difficulties and establish a sound industrial and fluid milk industry which has provided milk for Canadians at a reasonable price.

Dairy Policy

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, last week I asked the Minister of Agriculture to announce as soon as possible the dairy policy for the current year. At that time, the minister answered proudly that he would announce it soon and that we should certainly be happy to learn that it would be the best in the world.

Now, as it looks very much like the one we had last year; it is nothing new since the quota is still 98 to 103 million hundredweights. So it is exactly the same as last year. As concerns the subsidy which remains at $2.66, I thank the minister on behalf of dairy producers, because there were rumours in my province to the effect that the federal government intended to discontinue the subsidies paid to industrial milk producers. This is further proof that the public is not always adequately informed, since I received many calls from people inquiring whether that was true or not.

Mr. Speaker, the target price per hundredweight of milk, as mentioned in the minister's statement, has been raised to $12.42, or a 24 cent increase per hundredweight. I feel, and the minister agrees with me, that this increase is far below those made in other sectors. I am convinced that at least farm and dairy producers will not be blamed for the rising inflation in Canada and the fall of the Canadian dollar.

I am pleased, Mr. Speaker, that the import levy has been reduced to $1 per hundredweight. I wonder how it came to be set at $1, because a little further in the statement we find that "every hundredweight of in-quota industrial milk and cream will be subject to a new contingency level of 20 cents, refundable to those producers who, at year end, have managed to keep their production within national requirements."

So, it is $1 or $1.09. Who is going to decide whether it is really only $1 or $1.09? In what circumstances is this really going to be set at $1.09? Mr. Speaker, the levy on surplus cream diverted from fluid milk for industrial use, which is equivalent to 20 cents on fluid milk, is also announced in the dairy policy. This is a matter, Mr. Speaker, which gave rise last year to terrible discussions, manifestations, even confrontation here in front of parliament and this problem was solved very late in the year. I would like the minister's assurance on this question, so we could know if the management committee, the Canadian Dairy Commission and the minister really reached an agreement which will prevent manifestations of the kind we had last year.

What is less welcome, Mr. Speaker, is the raise to $7.50 of the over-quota levy and as I often said before, as have others, it is not easy for a dairy producer to control precisely the production allowed by his quota. I have been a dairy producer for some time, and I always preferred a great unit production. Our agronomists and our technicians were teaching us various formulas for improving the milk production of our cows, and with this penalty policy, as milk production is not as simple to control as a tap, some producers must have their cows treated with injections to reduce their production, and this certainly upsets the cows. So instead of giving milk, they give "spite", because this is against the law of nature. Thus, the quality of our herds depreciates, and I am afraid that in the next few years we will have to pay for that, because it is not normal to give chemical injections for keeping the dairy cow from producing milk. Mr. Speaker, I now would like to discuss cheese imports. The minister is telling us that there will be a reduction to 45 million this year. Last year they were at 50 million.

On behalf of producers, I would like to urge the minister to stimulate research programs to make greater use of our dairy production and develop various kinds of cheese which could be made available to our Canadian consumers to eliminate the surpluses that will be penalized, according to the minister's statement. Mr. Speaker, I am convinced that the minister is sincere because he mentioned in his statement that last year small and young producers experienced problems as a result of the quotas but he also added: I also hope that if a quota cut is needed during the coming dairy year then it will be made through transfer assessments or reallocations and not through direct quota cuts.

Now if we want to ensure that a new generation will carry on in agriculture, we must not discourage the young people who run into debt and decide to buy the family land and adjoining lands to have a productive operation. Yet our laws force them to get into debt and to buy quotas to be able to. I am sure the hon. member for Lévis (Mr. Guay) who is listening to me very carefully sees those things happening, because it also happens in this riding. So we should devise a formula to encourage them.

Mr. Speaker, the rise in the price of milk falls far short of the rise in production costs. It is a well known fact that electricity costs went up sharply, that gas costs went up sharply, as did the cost of farm machinery parts. On that matter, I would like to take this opportunity to ask the Minister of Finance (Mr. Chrétien) to see to it that the recommendations of the Barber Commission be implemented as soon as possible, so that farmers are not forced to pay prohibitive prices for replacement parts. Something must be done in this regard to help milk producers and improve their situation.

Finally, Mr. Speaker, to conclude I must confess that I am a little disappointed that the school year, I mean the dairy year, has not been changed. I am sorry if I said school year but I was a school commissioner for a long time and we had to talk of school years then, but what I meant was dairy year. I believe it would be an excellent solution and it should be studied further. The dairy year should be changed to run from October 1 to September 30 of the following year so that the producers would be able to eliminate from their herd the necessary number of heads for the winter months and maintain it at the established level of the quota. As everyone knows,

during the winter beef prices are higher and the dairy producers could then dispose of their cattle at prices which would bring them additional revenues. Mr. Speaker, I think that the minister should retain this proposal, and apply it to the current year as it is not too late to do so; but if they did change the dairy year, why not say so in the statement?

Mr. Pinard: But it is in the statement.

Mr. Lambert (Bellechasse): Well, I must have some pages missing then. I know it was late reaching me in any event, and if it has been done, it is all for the best; it will be August 1, so that is already a step forward. But I think it would be preferable to postpone it to October 1. In any event, I am quite pleased and things could have been worse. I hope that other countries will follow the example of Canada and that their producers will be as satisfied as Canadian producers.

● (1552)

[*English*]

Mr. Towers: Mr. Speaker, I have a three-pronged question. The reason cheese is being imported is because there is a profit in it. In the past brokers have been receiving profits from its importation. I was wondering if there has been any discussion in the department to ensure that the Canadian Dairy Commission receives the profit on the importation of cheese.

With regard to the advertising program relating to cheese, will there be greater flexibility given to provinces like Alberta which has its own program? Has there been any discussion with the Department of Manpower in devising ways and means whereby manpower could be provided for the dairy industry? Up to the present time it has been very difficult for those in the industry to get employees.

Mr. Whelan: Mr. Speaker, on the question of import/export of cheese and that profit must be there for importers/exporters to be in the business of bringing in this product, I would agree with the hon. member that we have discussed the same type of an operation which we use for butter at the present time. We need butter. On the butterfat exchange program last year we did import some butter, but that is brought in and put on the market at a domestic price. If there is any money to be made, that goes into the treasury. For instance, if butter was brought in at world price last year it would have been around 35 cents a pound, plus a little bit, I believe towards the end of the year. That was put on the domestic market at our price in Canada. The money that was made belonged to the Dairy Commission, or the Treasury of Canada, I believe you would say.

With regard to sharing of advertising, I think I know what the hon. member wants. Alberta was the only province that asked that it be given the money to advertise provincially. That decision was made by all the producers, etc., that the advertising should be national, that electronic and paper media be used. We think it has been very successful because the consumption of cheese has gone up, in the case of cheddar by over 3 per cent, and specialty cheese by over 6 per cent which is a sizeable increase in any one year.

Mr. Epp: Mr. Speaker, very briefly I would like to ask the minister, in view of the fact that we will now be changing the dairy year, for the first time with an additional four months for a total of 16 months, could he indicate how the quota will be determined for those four months in view of the fact those four months are in the spring and shippers generally have a higher amount of shipping during that period of time, and yet our regular shippers through the year—12 months—have a fairly steady supply of milk? How will this be determined, and will there be very close monitoring and increased monitoring by the CDC in order to make sure that whatever arrangement there is, it will not be misused by those in the shipping of milk for specific periods?

Mr. Whelan: Mr. Speaker, the whole idea of changing the dairy year has come about not from the Dairy Commission solely but from the producers themselves. We want a constant production of fresh milk for those markets that are developing. Of the $6.5 million that will be used to develop new programs and new ways to sell the industrial dairy products, part at least will be going for that kind of development. We need the fresh milk for yogourt, etc. These types of products are rapidly expanding for consumption in homes and restaurants. This is an area in which we think we should be involved.

We have increased the sales of condensed milk on world markets last year by around 40 per cent. That lessens the need for butter and skim milk powder. When you can sell the complete product, condensed in a can, in some other part of the world it is better to do that even if, as the spokesman for the New Democratic Party has said, some of our fat needs must be imported, and it is better to do that because it is not so costly.

I think the monitoring system is the best we have had for a long time. The co-operation between the provinces, the provincial marketing boards, and the CDC I feel is excellent at the present time, to make sure that they know when they are getting out of line with production. I believe the hon. member for Elgin (Mr. Wise) made a comment about that when he spoke.

When one section or the other is getting out of line it is watched much closer. Under the program for this year, no longer will it be that one province over-produces and the other one pays a penalty. If a neighbour over-produces, no longer will the other neighbour pay part of that penalty. If they get out of line on the quota allowed to them, they will be the ones who will pay for it; in other words, the individual who breaks the rules. This is something which the producers want, and we want.

The four months will be reported month by month to the Dairy Commission. We know there will always be that production in that four months the hon. member is talking about. That should be taken advantage of and can be used for those products we are discussing. That is a time of year when there is an extra consumption of dairy products. Those are also some

of the better months for tourism. The advertising program will be geared to using as much of that in as many new ways as we can possibly think of.

Mr. Schellenberger: Mr. Speaker, my question relates to the movement of people within Canada. If I might use the example of Alberta, in the last three years Alberta has increased its population by movement, from within Canada, by some 60,000 per year. This has placed the province of Alberta in a shortage of supply situation at times. Will the minister instruct the milk supply committee to meet again in order that we can come up with an adequate quota to reflect the movement of people in this country in order to solve the problems, particularly in Alberta and British Columbia?

● (1602)

Mr. Whelan: Mr. Speaker, the supply management committee and the Dairy Commission are very much aware of the different areas of consumption in Canada. Even without the movement of people, certain parts of our society consume more of the product than others because of income, their way of life, and so on. It may be because of the kind of program a province may have. For example, the province of Nova Scotia has a milk program for school children. Therefore, the children there are trained, if not at home, at school, that milk is a good protein product and is highly nourishing. That has a consumption factor built in from the time they go to kindergarten. This is being tried by some of the other provincial groups. Provincial marketing boards have special advertising programs.

The Alberta producers are not in the difficult position the hon. member talked about. If he has evidence about a shortage in Alberta, it has not been brought to my attention. They had a slight surplus problem in Alberta last year. They distribute within the province, not by the federal Dairy Commission.

Mr. McGrath: Mr. Speaker, we are all anxious to hear the Leader of the Opposition (Mr. Clark). However, I would first like to ask a short but important question. I hope it will elicit a brief reply. It is a simple question. The consumer subsidy on powdered skim milk has been removed. Concern has been expressed by his colleague, the Minister of Consumer and Corporate Affairs (Mr. Ouellet), who stated in committee the other night that it should be placed back on for certain groups. The Minister of National Health and Welfare (Miss Bégin) has also expressed concern about it. Has the Minister of Agriculture (Mr. Whelan) had consultation with these two colleagues to see what can be done to offset the 40 to 50 per cent price increase on powdered skim milk which will flow from his announcement, and which will lean pretty heavily on poor people, native people, and particularly on people in the north?

Mr. Whelan: Mr. Speaker, if there is a 40 or 50 per cent increase in the price of skim milk powder, something is very wrong. It should not amount to anything more than 34 cents a pound. Thirty-four on to 74 does not make a 50 per cent increase in the price of that product. Even if they add the total on to it, and there is nothing saying the store has to do it, they will supply a quart of a healthy, life-giving substance with many of the minerals that all age groups need, for about 28 cents a quart. You cannot buy Pepsi, Coca Cola, Seven Up or any other soft drink beverage for that amount. With regard to the question of whether I am consulting with my colleagues, yes I am. I again say that I do not think that it is the position of the Department of Agriculture to be in the subsidy business. Possibly transportation should be considered. Over half the cost of food in some of the northern parts of this country is transportation. Maybe it should be in the form of more direct aid through subsidization. We are looking at all these matters at the present time.

Mr. Peters: Mr. Speaker, I would like to ask a very simple question. Why did the minister not include in his statement in the House the information that he provided in his press release in relation to the dairy year? If the minister is going to make a statement, he should make the whole statement in the House rather than making part of it in a press release where he is apt to get away with a lot of things which may be of doubtful authenticity.

Mr. Whelan: Mr. Speaker, if the hon. member thinks I did not want all that in the statement, he is mistaken. We are cautioned not to make too long a statement in the House. That is why it was narrowed down. Those who drafted the notes for my presentation were more conservative than I thought they would be. They left out two of the articles about the fund for export costs, $24.8 million, and the fact that the dairy year was going to be extended for four months. I added in both of those. If the hon. member was not in the House when I made my presentation, I am sorry. I did ad lib those comments when I made my presentation.

[*Translation*]

QUESTION OF PRIVILEGE

AVAILABILITY OF INFORMATION TO MEMBERS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I raise a question of privilege.

Earlier in the day, while commenting on the statement made by the Minister of Agriculture (Mr. Whelan) on the dairy policy, I made certain suggestions and I made them on the basis of a document which was delivered to me, namely the statement made by the minister to the House today and which I received just before coming to the House. So, in view of the fact that I did not have the official communiqué which the hon. member for Lévis (Mr. Guay) handed me some time after, I therefore raise the question of privilege because I suggested a change of date in the dairy policy while the official communiqué contained precisely a change of date which is official.

As a result I have found myself stating things which I should have known and the fact is that it makes you look very silly when you take a position regarding a document in your hands while there actually exists another document which is more complete and more informative. I do not intend to blame

the minister for that, Mr. Speaker, but I would like to seize this opportunity so that in the future, when there is a minister's statement of such significance, we may get at least the full text of the communiqué while the minister himself could summarize it before us. That way, we would be in a position of total awareness regarding all the facts. I do not wish to complain needlessly, but I am convinced that my question of privilege is quite justified and well-grounded so I would appreciate if it could be taken into account.

* * *

[*English*]

BANK ACT

MEASURE TO ENSURE STANDARDIZATION OF FORMS USED BY BANKS

Mr. Stuart Leggatt (New Westminster) moved for leave to introduce Bill C-442, to amend the Bank Act (standard forms).

Some hon. Members: Explain.

Mr. Leggatt: Mr. Speaker, the purpose of this legislation is to allow the Inspector General of Banks to regulate the contents of standard bank forms. The reason this is necessary is that in some provinces, particularly in British Columbia, "seize or sue" legislation has been passed. There is now evidence that banks have been refusing to amend their standards to comply with provincial law, thereby leaving the customers to believe there is a necessity to pay deficiencies where by provincial law this is not required. In brief, this will bring bank forms into compliance with provincial law.

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

* * *

TRADE

MEASURE RESPECTING IMPORTATION OF BEEF

Mr. C. Douglas (Bruce-Grey) moved for leave to introduce Bill C-443, respecting the importation of beef.

Some hon. Members: Explain.

Mr. Douglas (Bruce-Grey): Mr. Speaker, the purpose of this bill would be to put in the hands of the Minister of Agriculture (Mr. Whelan) the legislative authority to protect the economic and national interest of Canada and the primary producers of beef from unfair or unwarranted interference in domestic beef markets. The intent would be to put in place a mechanism that would allow beef producers in this country to plan and develop better their production schedule while knowing that a legislative device is in place to avoid those wide fluctuations in the levels of offshore imports which can so adversely affect their industry.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 747, 788, 1,235, 1,341, 1,353, 1,366, 1,367 and 1,461.

[*Text*]

OFFICIAL HOSPITALITY

Question No. 747—**Mr. Howie:**

Since April 1, 1976, what amount was spent for entertainment by the Department of External Affairs?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): April 1, 1976 to March 31, 1977, $1,640,371; April 1, 1977 to October 31, 1977, $719,330.

In so far as the Canadian International Development Agency is concerned, the reply is as follows: The amount spent for entertainment was $66,339.10 for the period April 1, 1976 to December 31, 1977.

FAMILY PLANNING CENTRES

Question No. 788—**Mr. Herbert:**

Does the government share any part of the cost of the family planning centres recently announced by the Quebec Provincial Government?

Hon. Monique Bégin (Minister of National Health and Welfare): Yes. The federal government has shared in the costs of establishing family planning centers by the Quebec provincial government. The family planning division assisted the department of social affairs, Quebec, in setting up family planning centers in the centres locaux de services communautaires by contributing $220,000 in 1974/75, $100,000 in 1975/76 and $330,150 in 1976/77. The role of the family planning centers in the centres locaux de services communautaires is to provide the whole range of family planning services, counselling, information and medical advice in fertility and contraception. Most centers employ a nurse, a social worker and a medical doctor. There are no abortion services within the centres locaux de services communautaires.

CBC—FUNDS ALLOCATED FOR RADIO AGRICULTURAL BROADCASTS

Question No. 1,235—**Mr. Towers:**

1. Have additional funds been allocated to strengthen CBC Radio agricultural broadcasts since the report of the Standing Committee on Broadcasting, Films and Assistance to the Arts was presented in the House in July 1977?

Order Paper Questions

2. Have amounts designated for CBC agricultural broadcasting been reduced since the Committee's hearings in December 1976 and, if so, by how much?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. Additional funds have been allocated to produce the new program "The Food Show", which began January 8, 1978. Some extra moneys have also gone to strengthen the syndication of agriculture and food items, i.e. the exchange of topical items among regional production centres for use on local and regional programs.

2. No.

RCMP—PURCHASE OF MORTICIAN SUPPLIES

Question No. 1,341—**Mr. McKinnon:**

Is the RCMP buying $19,210 worth of mortician supplies from Finnie Mfg. Co. Ltd. and, if so, for what reason?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Yes. Finnie Manufacturing Co. Ltd. supplied 247 body bags and 200 body bag liners to the RCMP for use at various locations across Canada. These items are used when bodies are removed from fatal motor vehicle accidents, scenes of suicides and sudden deaths, etc. The body bag is made of a heavy rubberized material and the liner fits inside the bag and is disposable.

PSC—TERMS OF REFERENCE OF LANGUAGE TRAINING BRANCH

Question No. 1,353—**Mr. Brisco:**

What are the terms of reference of the Public Service Commission's Language Bureau?

Hon. John Roberts (Secretary of State): I am informed by the Public Service Commission as follows: The mandate of the Language Training Branch is to aid departments agencies and other organizations of the federal government, in the realization of departmental and individual plans regarding language training and the continual application of such activities as orientation, curriculum development, teaching, evaluation and counselling.

N.B. On July 1, 1977, the language bureau and its regional operations directorate became the Language Training Branch.

OLD AGE SECURITY

Question No. 1,366—**Mr. Lambert (Bellechasse):**

During the 1976-77 fiscal year, did the government pay old age security pensions and guaranteed income supplements to spouses and, if so (a) what was the (i) total amount (ii) amount per province (b) to how many recipients (i) in all (ii) per province?

Hon. Monique Bégin (Minister of National Health and Welfare): No old age security pensions or guaranteed income supplement benefits were paid to persons between the ages of 60 to 65. However, information concerning the spouse's allowance program during the 1976-77 fiscal year is provided below:

[Mr. Towers.]

		Amount Paid ($000's)		No. of Recipients
(a)(i)		100,626	(b)(i)	71,781
(ii)	Newfoundland	5,456		2,849
	Prince Edward Island	1,158		696
	Nova Scotia	6,264		4,104
	New Brunswick	4,397		3,027
	Québec	31,898		21,535
	Ontario	20,614		17,714
	Manitoba	6,096		4,215
	Saskatchewan	5,916		3,998
	Alberta	7,443		5,371
	British Columbia	11,272		8,215
	Northwest Territories	90		45
	Yukon	22		12

OLD AGE SECURITY PENSION

Question No. 1,367—**Mr. Lambert (Bellechasse):**

1. During the 1976-77 fiscal year, how many persons, 65 years and over, received the (a) old age security pension (b) guaranteed income supplement?

2. In each case, what (a) was the amount paid (i) in total (ii) per province (b) was the number of beneficiaries per province?

Hon. Monique Bégin (Minister of National Health and Welfare):

1.

	The number of recipients in 1976-77 of Old Age Security (a)	in 1976-77 of Guaranteed Income Supplement (b)
Newfoundland	37,595	30,820
Prince Edward Island	13,421	9,966
Nova Scotia	81,376	54,461
New Brunswick	61,914	41,379
Quebec	492,172	310,704
Ontario	737,867	343,891
Manitoba	107,891	62,231
Saskatchewan	103,638	57,002
Alberta	137,406	78,510
British Columbia	239,333	124,505
Northwest Territories	1,096	863
Yukon	592	346
Total	2,014,301	1,114,678

2. The amount paid per province in 1976-77 for:

	Old Age Security ($)	Guaranteed Income Supplement ($)
Newfoundland	61,896	30,711
Prince Edward Island	22,148	9,487
Nova Scotia	134,248	51,461
New Brunswick	103,542	39,434
Quebec	808,042	294,238
Ontario	1,215,438	299,586
Manitoba	177,809	55,999
Saskatchewan	172,011	51,598
Alberta	226,901	71,789
British Columbia	393,961	111,487
Northwest Territories	1,908	977
Yukon	1,015	361
Total	3,318,919	1,017,128

EXPENDITURES IN CONSTITUENCY OF NICKEL BELT

Question No. 1,461—**Mr. Rodriguez:**

With reference to the answer to Question No. 1,131, what were the major programme areas under which the money was spent and what was the amount going to each area?

Hon. Joseph-Philippe Guay (Minister of National Revenue):

Operating costs of the Sudbury District Taxation Office	Customs and Excise Program
1969-70—1,245,108	Not available
1970-71—1,341,857	$ 62,931
1971-72—1,595,678	66,459
1972-73—1,815,946	82,571
1973-74—2,081,095	100,280
1974-75—2,560,100	100,323
1975-76—2,731,566	122,288
1976-77—3,139,299	133,303
1977-78—2,625,191 (to date)	128,380

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 1,446 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Does the House agree that question No. 1,446 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

ETHNIC NEWSPAPER

Question No. 1,446—**Mr. Mitges:**

1. How does the Department of National Revenue define "ethnic newspaper"?

2. In which ethnic newspapers did the Department advertise (a) in the fiscal year ending March 31, 1977 (b) since March 31, 1977 and, in each case, what was the total amount of advertisement placed?

3. What criteria does the Department use to determine which ethnic newspapers will receive government advertising?

Return tabled.

[*English*]

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

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Wednesday, April 12, consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government; the amendment of Mr. Stevens (p. 4439), and the amendment to the amendment of Mr. Saltsman (p. 4443).

● (1612)

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, it is appropriate that moments before I rise to speak on a budget which should have been brought in long ago, we saw introduced as a private member's bill a piece of legislation—a meat import law—which should have been introduced by a minister of the Crown, by the Minister of Agriculture (Mr. Whelan), some time ago. He promised three years ago he would introduce such a bill, and again he promised it would be introduced by the government this session. That responsibility was abandoned by the government and passed off to a backbencher, in the certain knowledge that, because of the way in which this government works, that piece of agricultural legislation would never see the light of day in this House.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, in dealing with the budget which was brought down on Monday night by the Minister of Finance (Mr. Chrétien) I have to say with real sadness that my response, as I listened to the minister deliver his first and last budget address, was very much like my reaction to the speech given by the Prime Minister (Mr. Trudeau)—the latest in a series of televised speeches shown on CBC and CTV across the country—when he went to New York. What happened with this budget, as happened with the speech made by the Prime Minister in New York, was that the government, presented with an excellent opportunity to give Canadians some sense of economic leadership and to give the international community some certainty and confidence that there was a government here which was prepared to give economic leadership and to give some direction to our economy, failed to meet that opportunity to respond.

That opportunity was lost for two fundamental reasons. First, the government just does not want to admit how very

serious Canada's economic problems are today. Second, this government no longer has the energy or imagination to give the Canadian economy the leadership it needs. The problems are only too well known to all of us. The Canadian dollar has fallen far below the level it should reach. The point which troubles most of us as we look at daily declines in the value of our dollar is the incompetence of this government which has created such concern among the international community. This government alone has cost us at least three points on the value of our dollar. I say "at least". It has cost this country somewhere between a billion, and one and a half billion dollars—a billion, or a billion and a half dollars wasted already because the international community—people who have to make decisions about the value and worth of the Canadian currency—just cannot find in this incompetent government anyone in whom to place their confidence.

Some hon. Members: Hear, hear!

Mr. Clark: We see the situation in this country where investment money—money which should be invested in this country to create jobs in this country, Canadian investment, and money which could come in from abroad if there were a climate in which foreign and Canadian investors could have confidence—instead of coming into this country is flooding out of it. Again, we see the rise of inflation in this country. Yesterday the figures showed it has risen once more—up to 8.8 per cent on an annual basis, an inflation rate which has been driven even higher by the finance minister's handling of the Canadian dollar.

We know the grievous situation which exists among the unemployed in Canada. More than a million Canadians are out of work now, and the government's answer to those million people is to say: It does not matter; they have unemployment insurance; they do not need to work; they can go on welfare. That is the philosophy of this government—

Mr. Paproski: Shame!

Mr. Clark: —and then they go on to say: Besides, that's not the real figure. Those are not real people, they are just women who want to work. Or: They are just young people who want to work. Mr. Speaker, that is a shameful attitude.

Some hon. Members: Hear, hear!

Mr. Paproski: A heartless minister.

Mr. Clark: Of course women in this country want to work. And they have the right to expect that this will be a modern community in which they can find work to do, if that is what they want. Of course young people in this country want to work. And they want to be able to start their careers with jobs to go to, rather than having to go to the Unemployment Insurance Commission. They should want to work. But in too many cases, among women and among young people, it is not simply a matter of wanting to work; it is a matter of having to work.

If the Minister of Finance, who so cavalierly blames unemployment on the women of Canada, would take a look at the actual situation of many of the women who are working, he would know that in many cases they are working because they have to work. He would know that if they did not work, or if they were not seeking work, their families would be without bread on the table, their children would be without the kind of future which should be theirs in a country such as Canada. These women have to work because we have a government which has let costs get out of control and which has destroyed the sense of possibility which used to be the basis of the Canadian nation.

The Prime Minister, with that lack of concern for economic matters and for the situation of the ordinary Canadian which he has demonstrated over the years, blames these problems on the world. He says they result from world conditions. It used to be the weather that he blamed, but now he needs a different explanation. The real problem is the ten-year failure of this government. Of course the world is tough. The Prime Minister should have known this from all his reading and all his travels. We live in a tough, hard world, but no matter how tough it is, ours is a country which should lead the world and not fall helplessly behind as we have under the direction and policies of this government—

Some hon. Members: Hear, hear!

Mr. Clark: The difficulty is that the government is just worn out. Even when it was a young government—if you can cast your mind back that far to a point at which this government had some energy—when its best ministers were coming in instead of going out, and I refer to those like the Minister of Justice (Mr. Basford) who is across the aisle, back when it had energy and imagination, this government even then laid the basis for many of our economic problems of today by putting its priorities in areas other than the Canadian economy. It is uncontestable that by focusing so much exclusive attention on language policy and on theories like the contractual link, the government ignored the realities of the Canadian economy. Not only did it set the stage for the economic problems we now have, but it also sowed fresh seeds of separatism in the province of Quebec. That is the legacy of this government.

When it is forced to face the economic reality of Canada, this government is just too worn out to take command. Government members content themselves with trying to fool people instead of trying to lead them. There has been an absolute failure in economic leadership. I ask the House to consider these facts.

● (1622)

Tomorrow, April 14, is the date for the termination of controls, and two points are important for the House and the country to recognize. This government broke its word when it brought in controls. That is well known, but the government also broke its word in the way it operated the controls. Hon. members and the people of Canada will recall that when the Prime Minister introduced controls, he went out and promised

that there would be major reforms in housing policy, in energy policy, and in other areas where change was needed, and that we would use the period of controls and the atmosphere of emergency to achieve those changes. Well, none of those reforms has come about. Untold millions in Canadian investment left this country because of the uncertainty that was generated by the controls regime, and inflation today, which was "wrestled to the ground" and which this government said it would end, stands at 8.8 per cent, and is rising.

Mr. McGrath: A shameful record.

Mr. Clark: In October the new minister took a half step toward dealing with this problem when he brought down a budget which was not a budget. It was a document marked by a stimulus which was not a stimulus. The centrepiece of that proposal, as hon. members will recall, was a two-month tax cut of about $700 million, and the evidence is that it had almost no impact on the Canadian economy because the initiative of the government in October was too timid and far too limited. We asked for a real budget to be brought forward, and this government ducked, delayed, refused, sought every refuge and subterfuge it could, and finally brought in a patch-up budget which has the same weaknesses as the last excuse for stimulus. There is no over-all economic framework in this budget. There is no commitment to cut government spending, and no stimulus permanent enough to make a real difference in creating jobs and growth for Canadians.

[*Translation*]

Of course the budget features one or two provisions which we can support; there has never been any budget which did not contain valid proposals. I am pleased to note that the minister has complied with our request for action to promote research and development and has at least restored the tax deduction for research and development set under the Diefenbaker administration, a deduction which was subsequently removed by the Liberals. We are also pleased to note that our suggestion for a more equitable treatment of incorporated family farms has been accepted. We were also satisfied with the necessary options suggested for the pension plan as well as the limited incentives granted in the transportation and energy areas.

[*English*]

The Minister of Finance faced three major challenges in preparing this budget, but the sad report card is that he failed on each challenge. The most immediate challenge was to create jobs for Canadians. More than one million Canadians are out of work, and the challenge was to create jobs by stimulating the economy. By the government's own calculations, the stimulus the minister proposed will create just a few more jobs in six months than the government lost last month alone because of its economic policies.

Some hon. Members: Shame!

Mr. Clark: The second challenge was to halt the costly run on the Canadian dollar. Well, the results are in. Every half measure this minister takes drives the dollar further down. Just an hour after the minister finished reading his budget statement, the vice-president of the Bank of America said on CBC television from New York that nothing in the budget would help bolster the dollar or help assure international investors about the long-term prospects of the Canadian economy. In this morning's Montreal *Gazette* a senior trader was quoted as saying:

> The events of the last few days have only increased downward pressure on the dollar. First came what was seen as a neutral budget, then poor unemployment figures and (then) figures showing a sharp rise in the consumer price index.

Every action this government takes makes our dollar figures worse, and one of the reasons is that this government will not come clean with the Canadian people, spell out its strategy, and take full measures instead of half measures. The government knows it must do that.

The third and perhaps most important challenge the minister faced was to restore some sense of confidence in Canadians and to demonstrate that we have here a national government which is doing more than plugging the leaks in a sinking ship. The centrepiece of this budget reflects the minister's view of Canada's future. That reflection of his view causes alarm among many Canadians because he thinks of our future in terms of six months, and he brings in a stimulus which will stop after six months. It will stop when it is needed most, when unemployment grows most acute in this country.

That measure may be considered to be politically clever. That measure provides election stimulus—or so the minister hopes—if not economic stimulus, and it perpetuates the old pattern of this government of creating problems for the provinces. We can be sure that particularly in the next two or three months the federal government will be going around this country and taking credit for introducing this measure. However, the provinces will bear the burden of restoring this tax, and that will be a particularly heavy burden because the provinces will be seen to be increasing sales taxes when this half measure ends. That will happen at precisely the time when unemployment in Canada becomes most acute. One wonders how Premier Regan of Nova Scotia will welcome that particular burden from his Liberal friends in Ottawa.

Mr. Nowlan: He won't be there.

Mr. Clark: As my colleague from Nova Scotia reminds me, Premier Regan, who represents the western beachhead of Liberal strength in this country, will probably not be there come fall. If he is, and if he goes to the people and has to defend the re-introduction of sales taxes because of the short-sighted economic policies of his colleagues in Ottawa, he will certainly be on his way down the road after an election in his province.

Mr. Hnatyshyn: Then he will know how Bourassa felt.

Mr. Clark: With an aptness which Canadians who are concerned about the national unity debate should clearly understand, my colleague says that Premier Regan will know how Premier Bourassa felt, because Premier Bourassa was

betrayed in every step and in every initiative he took by people in his own party.

The Minister of Finance could have met the challenges which were before him. He owed it to Canada at least to try to meet them. He could have produced the major permanent economic stimulus which is needed to create jobs in this country. He could have learned from his own experience of last October that half measures just will not work. They did not work in October; why does he think they will work now? We told him then that a two-month tax cut would not turn the economy around, and I tell him now that a six-month tax cut will not do so either.

Granted, there might be some small economic bump this summer. That might help the Liberals just a little bit during the only period in which they are interested, the period of the election campaign. I hope that we do get that economic bump, I hope there is some effect. But, sir, I repeat this because it is the fundamental weakness, not only in this legislation, but in the thinking of this short-term, part-time government. The impact of this measure stops when it is needed most. We have a stimulus that stops when a stimulus is most needed. We have a job creation measure that stops in October and November when the need for jobs in this winter country is at its most acute.

● (1632)

Some hon. Members: Hear, hear!

Mr. Clark: The minister says he cannot afford a larger stimulus. He said the government cannot find another nickel to cut. They could not find it in AECL, they could not find it in "Air Otto"—I see the flying minister has temporarily left the House—they could not find it in the advertising programs that the Minister of Industry, Trade and Commerce (Mr. Horner) told the House yesterday he intends to bring in to encourage buying in Canada. Get this, the Government of Canada intends to run advertising programs to persuade the Government of Canada to buy in Canada!

Some hon. Members: Oh, oh!

Mr. McGrath: That is the only way he can reach his colleagues.

Mr. Clark: It may well be that the impact of this budget upon the native province of the temporary member for Crowfoot indicates that the only way he can reach his colleagues and influence their deliberations is by advertising.

I say to the minister that I could find some saving in AECL, and I could find some savings in the advertising programs of the government, as well as in the extravagant travels of the Minister of Transport (Mr. Lang) and in a number of other areas which I spelled out for the minister before, and which I will spell out again later in this debate. I could find some savings also in the fact that if we get more Canadians to work in this country, we will get them off the unemployment insurance rolls.

Some hon. Members: Hear, hear!

Mr. Clark: I just cannot conceive of how a modern government which dares to call itself liberal, which dares to follow its tradition of building in this country, would prefer to spend on unemployment insurance rather than to spend on jobs, this from the party of C. D. Howe, from the party of people who have encouraged Canadians in the past to go out to build and to work. The tradition of the builders in the Liberal party has been put in the ground and buried by that party which prefers to encourage Canadians to go on welfare rather than to go to work.

Some hon. Members: Hear, hear!

Mr. Clark: We need a tax cut of at least $2 billion now. It should be a permanent tax cut, not some kind of six months' wonder. It should be a tax cut which gives Canadians back some of their money rather than just lending it to them for 180 days.

We propose just such a permanent measure, putting money permanently in the hands of lower and middle income Canadians, people who are most likely to spend that money quickly, to spend it in Canada, to spend it on Canadian goods, and by spending to allow Canadian plants and industries, which are now operating under capacity, to produce more goods and to go out and hire some of that army of Canadian unemployed. That is what we need to create jobs in this country now.

Some hon. Members: Hear, hear!

Mr. Clark: Among other advantages, that proposal is guided by an elemental sense of social justice. The Trudeau government offers the rich the same kind of stimulus as it offers the poor. Indeed, in many ways this minister offers the rich more. Under its proposal, the cost of Cadillacs will go down but the price of food will remain the same.

Some hon. Members: Shame!

Mr. Clark: That shows the priorities of this government. Among other dangers, the failure to bring in a budget which would be a document of economic leadership has added to the great sense of uncertainty about our future in this country. That is not the first time, because if this government is expert in anything, it is expert in uncertainty.

[*Translation*]

One of the basic causes of the problems which occurred during the Trudeau years was the government's refusal to consider the provinces, business and labour as true partners in our society. It refused to consult the unions before deciding on the Economic Council of Canada for the post control period and it refused to clearly state the regulations which would allow oil companies to expand their exploration in the north. It refused to divulge to the provinces the outline of its national policy, which would have given the provinces a basis on which to develop their own plans of action. It even refused to publish the new Bank Act. We know, Mr. Speaker, that the new act is drafted and ready, but the Trudeau government continues to hide it. Why? That is true and the minister knows it is.

Mr. Chrétien: It has not yet been translated into French.

Mr. Clark: It is available. The minister can answer questions asked in the House on the policy, on different aspects of that piece of legislation. I asked a question regarding the directions. I asked the minister to tell Canadians, here in Parliament and throughout the country, if the government intends to include caisses populaires and credit unions in that legislation. He refused to answer. He replied that we had to wait and study the legislation. The first time he said it was not for the House of Commons. Now, his excuse is that it is not translated. This is a matter which involves the government's policy and we are wondering whether the Trudeau government intends to include the Quebec caisses populaires and the credit unions in the Bank Act.

Mr. Chrétien: What are your views about it?

Mr. Clark: My policy, as leader of the opposition, is to force the government into putting an end to the practice of hiding the truth from Canadians and, when it has a policy or a bill it must say so here in the House of Commons. I am sure, Mr. Speaker, that the bill is hidden somewhere, not because of the translation, but because the government intends to act against the interest of the Quebec people and caisses populaires. They want to keep their intentions quiet until the election. The impact will be serious on the province of Quebec, and it is irresponsible on the part of the Trudeau government to hide the truth about its intentions from Quebecers.

The minister wants to speak now. Perhaps later, since he is in the frame of mind to speak now, he could indicate exactly what the government intends to do about the Quebec caisses populaires. The bill is ready, he said so today, the policy is very clear on the matter. Why then should the policy be kept locked up, why does the minister refuse now to tell the House of Commons, Parliament, the Quebec people, the truth about the policy of the government? Why hide it? That is the question I now put to the government.

It must be remembered that it was that same Trudeau government that condemned the controls program, and then adopted one. Clearly, the Trudeau government cannot be trusted. Today the government must reveal its intentions with regard to the caisses populaires. They are threatened now by the government; the government should at least put out the bill: it is ready and only awaiting translation. It cannot be kept hidden any longer and serve to betray the Canadian people as it was betrayed in the case of the controls program.

● (1642)

[*English*]

This budget and this budget debate demonstrate the fundamental difference between the Liberal party and the Progressive Conservative party, in our view of the country, in our view of the economy, and in our view of the purpose of the budget. They regard the budget as a place to bluff. We regard the budget as a place to build.

Some hon. Members: Hear, hear!

Mr. Clark: Instead of a temporary tax cut which stops when unemployment becomes acute, we would have introduced a permanent tax cut which would have created jobs into the foreseeable future. Instead of ignoring Canadian small business, which is the backbone of the Canadian enterprise system, we would have introduced a tax credit to a limit of $5,000 per year to encourage Canadians to invest in Canadian small business.

Some hon. Members: Hear, hear!

Mr. Clark: Instead of six months' help in the summertime in Atlantic Canada, we would have combined the permanent stimulus of a permanent tax cut with the introduction of long term tax contracts to draw strong industry to build and to stay in Quebec and in Atlantic Canada.

Some hon. Members: Hear, hear!

Mr. Clark: Most important, instead of a budget which takes such a limited view of Canada, which sees Canada as a six months' place, we would have used this budget to start the process of building a national development policy for Canada.

Some hon. Members: Hear, hear!

Mr. Clark: This budget fails completely to give Canadians any sense of national direction. In that respect, I regret to say it is a budget very much in the Trudeau tradition. We have had a full decade of such budgets, budgets which tinker with the tax rates but offer no framework, no direction, no development plan on which Canadians can count and in which they can lay their own plans and set their own priorities. There is no excuse for any of that full decade of drift, this full decade of opportunities lost for Canada.

This minister has even less excuse, because at the first ministers' conference in February, the provinces of Canada, which take their responsibility by and large much more seriously than this government does, gave the government a lengthy list of positive, constructive proposals which could form part of a new national development strategy. Thanks to the premiers, the minister had plenty of raw material from which to draw. Yet this budget does not implement and does not even deal with a single one of those proposals. It merely confirms that, having succeeded in getting the government a few hours of television time, the first ministers' conference is as dead as a dodo. In terms of a policy instrument, it has been a deliberate waste of the time of the premiers of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: Had this budget been ours, it would have spelled out a comprehensive plan for national development, not for a few months but for at least the next five years. As well as permanent stimulus, it would have spelled out the means we

would take as the government to reduce significantly government's demands on the productive sectors of our society. I have presented this proposal to the government before. It is a proposal including sunset laws, which this nation very urgently needs. It is a proposal involving new means of budgetary control; a proposal involving deregulation; and a proposal requiring a tough-minded review of Crown corporations by this government which has more Crown corporations than it can count.

The Prime Minister talked about it being a tough world. Well, it is a tough world. He should stop just talking about that and begin to develop policies which recognize that we have to compete, grow, and build in a tough world. It is clear that the basis of any national development plan that we have to bring in, and certainly the basis of the plan we intend to bring in when we form the government, would be to build upon the great natural strengths of this country, build upon those strengths where we can become competitive in the world. Not just competitive, we should build upon those strengths where we can become leaders in the world. That used to be a concept of Liberal governments. There was a lot wrong with C. D. Howe, as the right hon. member for Prince Albert (Mr. Diefenbaker) will remember. There was a lot wrong, but he was a man who believed in making Canada a leader in the world. That used to be a tradition of the Liberal party. It is no longer. That tradition has gone from the Liberal party and it sits now in the Conservative party.

Some hon. Members: Hear, hear!

Mr. Chrétien: Who is C. D. Howe?

Mr. Clark: The minister indicates not only has he forgotten the traditions of C. D. Howe, he does not even know who the man was.

Some hon. Members: Hear, hear!

Mr. Clark: I suppose we cannot expect much more vision backward than we find forward from a minister of the Crown who brings in an economic policy for only six months.

Miss MacDonald: Does he remember Laurier?

Mr. Clark: I hope he remembers Laurier. Laurier was the prime minister who said that the twentieth century can belong to Canada. The Progressive Conservative party is the only party in Canada today which can begin to realize the promise of making the twentieth century ours.

Some hon. Members: Hear, hear!

Mr. Clark: I should like to enumerate some of the natural strengths upon which we can build as a country. For example, Canada already is one of the world's major producers of food. We can build on that strength by increasing our investment in food products and processes; by developing the storage vessels and processing capacity which our fishermen need to get the most out of the 200-mile limit; by aggressively seeking markets for our dairy products in places like Britain where cheddar cheese is actually being rationed today. We would stop talking about the OPEC crisis of the past. We would start acting on Canada's energy potential for the future by accelerating development of tar sands and heavy oil deposits, by getting on with tidal power.

Mr. Gillespie: Look at the budget.

Mr. Clark: I am pleased to hear from the hon. Minister of Energy, Mines and Resources (Mr. Gillespie). He is the minister who is left at home when Canada goes abroad to negotiate treaties in his domain.

Some hon. Members: Hear, hear!

Mr. Clark: As I indicated, we would do that by getting on with tidal power and by moving forward on the construction of a reversible pipeline to Atlantic Canada. We would acknowledge the success of a company in this country like Northern Telecom, in becoming a major exporter of communications equipment. We would build on the strength of that industry, especially its expertise in long distance and remote area communications. We would use the billions of dollars Canada is going to have to invest in fishing, defence and energy vessels. It would be used as the base for a world scale shipbuilding industry in Atlantic Canada.

Some hon. Members: Hear, hear!

Mr. Clark: As the premier of Ontario has proposed, we would use our domestic need to improve rail services in the Windsor-Quebec corridor to assist our transportation industry to meet competitive world standards. We would end the atrocious situation at the port of Vancouver where, on average, 24 vessels are always waiting two to six weeks to load Canadian grain.

Some hon. Members: Right on!

Mr. Hnatyshyn: At the expense of farmers.

• (1652)

Mr. Clark: We would recognize in our national development policy the fact that in the Middle East alone countries are planning to invest more than $200 billion over the next decade in infrastructure—in schools, in communications, in transportation and in housing. In this country we have companies like ATCO which have succeeded in this kind of world market despite the obstacles governments have put in their way. We would get behind more Canadian companies that have the experience and expertise to serve these markets.

The budget refers to research and development. By our debate in parliament some weeks ago, we forced the government to stop ignoring innovation in this country. But it is ironic to note what they count as an accomplishment. They have reinstated precisely the policy that a Progressive Conservative government introduced in 1961—the government of my colleague, the right hon. member for Prince Albert. A

Liberal government abandoned that policy as quickly as it could. We are glad to have it back; but bringing back the status quo in research and development is not enough.

One of the fundamental failures of this government has been the failure to recognize how important it is for Canada's research and development policy to become the basis of our ability to grow in the world. We have a serious problem—more serious, probably, than that faced by any other industrialized nation—in that so much of our natural research capacity is drained out of Canada to head offices elsewhere. That means that the specific intent of much of Canada's innovation policy must be to encourage Canadian scientists to stay at home and to encourage Canadian companies to build on Canadian strengths in a world that needs our innovation. The government has opened the door it closed several years ago. But there is no sense of direction to their innovation policy—just as there is no sense of direction to their economic policy.

That is the tragedy here. We have a nation of people who want to go to work—of provinces who want to cooperate as partners in economic growth—and of plants that are operating well below capacity. We are a nation that was once respected in the world, that was once a source of pride at home. Now we are a country whose Prime Minister tells its young to leave.

Some hon. Members: Shame!

Mr. Clark: This is a government which, in a decade, has debased our currency, divided our country and destroyed the natural confidence of Canadians in this country. They had an opportunity, in this budget, to begin to turn that around. But they are too old, too worn out, and once again they show themselves blind to the possibilities of this country.

Some hon. Members: Hear, hear!

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I want to say at the outset that I thoroughly enjoyed the speech made by the Leader of the Opposition (Mr. Clark). I felt it could have effectively been divided into two parts. The first part, and I think the most interesting in many respects, was the proposals he made to indicate how he would have cut taxes in the budget and how he would have cut services in the government. I think that is an appropriate position for a Tory leader.

The second half of his speech, however, was devoted not only to spending all the money he was going to cut but to spending that and more. It seems to me that the Leader of the Opposition is trying to have it two ways. He is trying to say that on the one hand he would cut taxes, cut services, and have a lean and hungry government, and that, on the other hand, there are a great many things they would want to do and a great many things that have to be done, and they are not only prepared to spend the $2 billion or whatever amount they are going to cut, but even more.

It seems to me the speech of the Leader of the Opposition would have been far more effective had it concentrated on one of those two themes, instead of trying to combine the two, which just will not wash. If I could give the Leader of the Opposition any advice, I would suggest that he pay some attention to the two themes he was discussing and choose one or the other, but not choose both, because that will make the next election much too easy for the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Chrétien).

The Leader of the Opposition took the opportunity to quote some comments favourable to his side. I think it is only fair to indicate that there is a division of opinion in terms of the situation with the budget. Let me quote from this morning's *Globe and Mail* some remarks made by the chief economist of the Bank of Montreal. An article on the first page of the Business Section reports him as follows:

'It follows that in my view there is no basic justification for the Canadian dollar to continue to slide, and before long, one could expect to see some improvement,' Jack Toten told a seminar on Canada in the world economy.

The article goes on to say:

The lower Canadian dollar, causing higher prices for necessary imports, does increase inflation in Canada, he said. 'Quite obviously, if we fail to hold down increases in wages and costs to something like those experienced in the United States, our position will once again deteriorate and the dollar will inevitably decline.'

He pointed out that jobs would be created in Canada as a result of the decline of the dollar, because our costs are too high. There is no indication by industry or labour that they would voluntarily lower those costs, so the market is doing it for us. I think we have to admit on balance that if we cannot sell what we are producing at high wages, we are better to produce what we can at a cost which is more reasonable in the world economy. That will put people back to work and get our dollar back to where it belongs and ensure that jobs are created.

In the same newspaper the columnist Ronald Anderson had some comments to make about the way the budget was perceived by the business sector of Canada. He said:

Reaction to the budget indicated that the private sector, by and large, regards it as an acceptable and responsible budget. It is questionable whether it would have been so regarded if the sales tax program had been more ambitious, with a federal cost of, say, $1.5 billion. Furthermore, provinces that are prepared to cooperate in a six-month program may not have agreed to a one-year reduction.

That seems to me to be eminent good sense. I think the Leader of the Opposition hit on a good point by accident when he commented that if you want to stimulate the economy by spending, you help people at the lower end of the income scale. I think the point is made explicit in the subamendment presented by the New Democratic Party. There is an argument to be made about how best to stimulate spending at the lower end of the income scale, however.

It is obvious to anyone who has looked at economics that the most regressive tax is a sales tax levied by the federal government, and more particularly a retail sales tax levied by a provincial government. I think we understand why those taxes are there, but if you were trying to stimulate the economy it seems to me the fastest, most expeditious, and easiest way to do it would be through the reduction of sales tax.

The important thing—and it is difficult for hon. members opposite to acknowledge it—is that this was done with cooper-

ation from provincial governments. It was a joint economic effort, not an initiative of the federal government alone. It followed upon what was decided at the premiers' conference instead of what the Leader of the Opposition says, that it was initiated by the Minister of Finance. Let us give credit where it is due—to the provincial premiers and the provincial ministers of finance as well. It means that in Canada we have entered into a new era of trying to determine federal and provincial priorities together. This is a unique achievement, it is the first time, to my knowledge, that it has happened.

● (1702)

We should go further and point out to members opposite that this follows up the agreements which were reached when the House of Commons passed the federal arrangements bill that took a fair chunk of federal spending. This was turned over to the provinces without strings, and is surely a tremendous initiative in federal-provincial relations. I should also point out it is a substantial area of federal budgetary funds over which the Minister of Finance now has no control and is not able to direct.

I want to take a look now at some of the proposals which the Leader of the Opposition has produced in terms of cutting spending. The question of the dollar is a question in many respects of confidence, of how sound our economy is and how sound our policies are. Let us be frank; we have a problem in Canada in that the federal government has a policy and we have ten provincial premiers who may have different policies. Often it is difficult to coordinate these policies.

As Premier Davis said at the first ministers' meeting, it is very difficult for an investor to understand that he must deal with ten separate industrial policies. I think Premier Davis is right to point out that an industrial policy is not necessarily within the purview of the federal government but rather is within the purview of the provincial government.

What would happen if we had the policies as enunciated by the Leader of the Opposition and the official critic of the opposition? It seems to me that the first effect it would have would make the dollar even more unstable than it is now—

Mr. Hnatyshyn: That is impossible.

Mr. Reid: Why do I say that? I say it because the calculations which I have before me indicate that the programs of tax cuts and other tax measures which they have just suggested would appear—and I use the word "appear" because nobody can get a grip on them since they have been so unspecific—to cost in the range of $2.5 billion to $3 billion. They would seek to offset a part of this through a reduction in government spending.

I am sure it would be possible for a Conservative government, if it ever formed that at the federal level, to follow the example of Premier Lyon in Manitoba who has shown the way to destruction of social services by putting the burden of inflation on the backs of the poor. In Manitoba, I am told, if they do not have a display of at least 2,000 people on a regular day that it is a boring day in the Manitoba legislature. Those members on the Conservative side should ask the hon. member for Churchill (Mr. Smith) just what the cuts have meant to his constituency and ask what it means for his chances of re-election.

It seems to me the deficit that is envisaged by the Conservative party would be enough to send the dollar scurrying down faster than anyone could anticipate. Let me give you three responses to this. First of all, the Canadian dollar exchange rate could drop sharply, leading to an accelerated rate of inflation through the price of imports. This would cause financial markets to view such an increase in the deficit as constituting irresponsible action. I emphasize the word irresponsible. The point is, as I quoted Mr. Anderson from the *Globe and Mail* earlier, that the business community, the private market, consider that the cuts which were made by the Minister of Finance to be appropriate under the circumstances. They further consider that the means taken to get that money quickly into circulation was appropriate, and done in as speedy a way as could be devised.

Secondly, if the money supply was not increased, and we are not clear at the moment just what the status of the official opposition is on this, the larger deficit would force interest rates up higher, hurting all private borrowers and increasing the cost of maintaining the public deficit now.

It seems that some of us were disappointed in the speech made by the Leader of the Opposition. From the build-up he received we anticipated he would come in as a knight on a white charger and be able to produce the necessary miracles from his hip pocket. We found no miracles, unfortunately. We did find a rather interesting stump speech which he was trying out on the House of Commons. He made a number of charges which I feel are totally irresponsible and not valid.

One of these charges deals with the question of the unemployment figures for women and young people. I am sure we all agree without question that this is indeed a very serious matter. In the comment which the Leader of the Opposition made in speaking of the high unemployment rate we have in Canada, he made a remarkable omission. He did not admit that from March last year to March this year some 305,000 new jobs have been created in Canada. This is a remarkable achievement for an economy which we all agree is not performing as well as we would like. I would go further and point out that that increase in the number of new jobs created in Canada is the third highest in the last 15 years. That surely is a remarkable record, Mr. Speaker.

If one wishes to discuss the economy and the budgetary problems, one has to put these things in proportion. Canada is in a unique position. A baby boom occurred in Canada. Those of us who pay attention to what is going on in local communities know that the result of that baby boom has moved now through the elementary system causing schools to be closed and along with that teachers are finding it difficult to get jobs. This lack of people coming into the school system is now beginning to affect the high schools, and the universities are planning for it. It is a remarkable phenomenon which is unique to Canada. So in the 1960's and 1970's the Government of

Canada threw the economy wide open to make sure there were as many jobs as possible available for these people coming into the work force. That tends to be the same principle we have in effect today.

It is also important to note, Mr. Speaker, that Canada has one of the highest participation rates in the work force by women and young people. That is a fact. If to admit these facts is an attack on youth and women in the work force, then I suppose anybody who looks at the facts is guilty of pointing out these embarrassing things.

It is important to recognize what is going on and, on the basis of those facts, to look for solutions. Let me take a look at the situation in terms of the labour force.

Canada's unemployment problem should be looked at in the context of the baby boom and the young people coming into the work force, and in the context of this not happening in the world economy as a whole. If we look at the Canadian record of youth employment from 1971 to 1976 we find that employment increased more rapidly in that period of time in Canada than in almost any other country in the world; three per cent per year on average in Canada; two per cent per year on average in the United States, and less than 1 per cent for the countries of Europe, and Japan. It is surely a remarkable record, Mr. Speaker. This is a record which the Tories would be well to recognize when they make their speeches.

Youth unemployment is a phenomenon which is not unique to Canada. The severity in Canada, however, is less than it is in the United States, less than it is in Italy, less than it is in France. It is the same as it is in the United Kingdom, and it is worse than it is in Japan and Germany. Not a bad record. If you measure this as a ratio of youth to adults unemployed you come up with a figure in 1977 of 2.5 in Canada and three in the United States. Certainly a creditable performance indeed. I would like to point out also that in terms of youth unemployment the money which the government is putting into Young Canada Works this summer amounts to direct job creation.

• (1712)

We all agree that jobs in the private sector, permanent, steady, well paying jobs, are the ideal. However, if you want to deal with an economic problem you cannot pull levers today that are going to have an effect further down the line in a year or two. It is often said that by the time you pull one of the major economic levers, what you get is a result within a year or 18 months. The problem is more urgent.

The government has moved smartly and quickly into the field of direct job creation. The programs we have initiated in Canada, and I stress the word initiated, are now being copied throughout the world. We have been innovators in dealing with direct job creation. That should be acknowledged by the opposition parties. I believe it would make their job much more honest and easy.

There have been tremendous gains in real income in Canada. Real personal income per capita in 1971 was $3,426. In 1977, and I am using a constant 1971 dollar, that had risen to $4,650. That means, after accounting for inflation, personal incomes rose by $1,224. That is a very impressive performance in anyone's income.

We always forget the international context. In the speech today by the Leader of the Opposition, he did his best to denigrate any external influence. He said it is a tough world out there, but basically we can solve all our problems domestically. If he takes that attitude, he does himself a disservice.

The Leader of the Opposition should cast his mind back to what was the turning point in modern world economic history, August 15, 1971, the day President Nixon took the world off the gold standard, the day he imposed wage and price controls in the United States. That basically was the day which signalled the breakdown of the Bretton Woods economic system that was constructed so laboriously after World War II.

We have not yet got a truly functioning, operating international economy. We have a system that has been patched together. Canada, as one of the countries so heavily dependent on foreign trade and the international exchange markets of the world, has suffered the most from this change.

If we do not take these changes into account, we really do not understand what happens. Canada, above all nations, is dependent upon world trade. We certainly cannot expect our economy to grow any faster than those of our competitors.

The Leader of the Opposition would have been wise indeed to have read the transcript of the President's address on inflation that was given yesterday. The President of the United States pointed out he was losing some $45 billion a year on oil imports. That means $45 billion in purchasing power is leaving the United States.

Our figure, now that we have become a net importer of oil, is about $2 billion a year. That money goes basically to the Middle East. Even more important, it is going into the hands of people who have no background in spending. By and large, there is a great gap between that money going out and being recycled.

The kind of money you could look forward to in past years to taking and recycling through our economy is no longer available to us in those amounts. This massive transfer of wealth is unparalleled in modern history. It has gone from the North American continent, the Common Market nations and Japan, what we call the western industrialized nations, to the Middle East, an area of tremendous political instability. That does not make anybody sleep well at night. It is an important factor we have to remember.

Who can remember the time in 1972-74 when there was tremendous world demand for North American food supplies, and when the growers of Australia, New Zealand and Argentina were virtually wiped out? In 1974 nobody protested the rise in food prices. We were all worried where the next supply would come from. Who can forget the droughts suffered in the western part of the United States and the western part of Canada?

Let me take it a step further. One of the most unique things that happened in the economic front in those days was the fact that for the first time the economies of all of the western world

came together in synchronization. Normally the situation was that there were some strong economies going up and some going down. Now we are all in synchronization. In 1972 to 1975, we went up together, a single boom. We have gone down together since. We are all in recession together, and we are all fighting to get out. The amount of international cooperation which is required at the present time is not forthcoming.

I want to refer hon. members to an interesting article in the March 18, 1978, edition of the Toronto *Star* by Anthony Westell. He refers to an interesting speech made by a Labour member of parliament in Great Britain. He indicates that one of the problems facing the western economies is the question of moving the surpluses and deficits around. He makes the point that countries like Germany and Japan are desperate to create substantial surpluses in their trading accounts in order to have the funds necessary to buy the oil which they require to keep their economies going. What they are doing is deliberately, from self interest, and who can blame them, moving in this way. What it means to us and to North America is that this mad scramble for surpluses is forcing recession in a number of countries, particularly the United States which has the most grievous outflow of all. Let me quote from his column:

> In short, in the scramble to earn enough in trade to pay for oil, developed countries are forcing each other into recession. They ought to realize what is happening and stop before it is too late.

He then quotes Mr. Lever:

> 'The surplus countries must not seek to impose, and the deficit countries must not accept, mutually injurious deflation with currency wars and lengthening dole queues.'

That is the fact of the matter. It is an analysis that makes some sense and indicates some of the substantial nature of the problems we face.

When I take you back into this little history lesson, I then come to the formation and effective action of the OPEC oil cartel. The increases in North America, the price we had to pay for imported oil on which we were all dependent, were massive. If western society has an Achilles heel anywhere, it is the way we use energy. Energy is North American society's Achilles heel.

Since World War II, our whole economy has been based in terms of cheap and abundant energy. Now we find that oil is no longer cheap, nor is it abundant. Two of the major terms on which we have based our economy have been demolished in one blow.

Perhaps it should be pointed out that the Arabs and the OPEC nations did us a favour. To some extent Canada and North American society at that time were living in a fool's paradise, thinking this could go on forever. Now we know it is not possible, that changes have to be made.

North American society, and Canada in particular, will have to go through a massive change. No longer can we base our economy on cheap and abundant oil. We have to re-examine the roots of this social and industrial policy, based on these two fundamental concepts. This is serious business indeed.

I would have thought the Leader of the Opposition would have dug a little deeper into what is going on and explained his view on these matters to the House. He cannot cavalierly dismiss them as being outside his purview or outside his concern.

The Leader of the Opposition had an opportunity to develop some interesting points and engage in a debate of some substance. He did not. He deliberately chose not to do that. I can certainly understand why. It would have forced him to change his views on a number of the points that he made.

I read with a great deal of interest the speech made by the hon. member for Waterloo-Cambridge (Mr. Saltsman), who always makes an interesting speech in the House of Commons. At this point I should indicate that I am one of those who are sorry to see the hon. member for Don Valley (Mr. Gillies) make the decision to retire. I can certainly understand the pressures he went through, and the reasons. He is another gentleman who has always had something interesting and of substance to say. I must say that in economic matters it is difficult to get substance in this House.

● (1722)

Let me deal with the point which was made very well indeed by the hon. member for Waterloo-Cambridge, namely, that the minister's forecasts were all wrong. I agree. I think there is no one who would agree more with that proposition than the Minister of Finance himself. If you take a look at the forecasting institutions in Canada you will find that in the sixties, by and large, their figures were accurate and could be relied upon. But if you look at the seventies, you will find that nobody's forecasting figures are worth the paper they are printed on.

Mr. Orlikow: But nobody is as wrong as the minister.

Mr. Reid: But the point I am trying to make is that the traditions and experience built up in the sixties which allowed the government, by and large, to run the economy reasonably well and to provide a remarkable number of jobs for the tremendous number of people entering the labour force, have all been wiped out by the changes which took place and which I have described, starting on August 15, 1971.

The old techniques no longer work. And if anyone doubts this let them take any of the major economic houses, and they will find that, by and large, the accuracy rate has dropped off substantially. What this means is policy makers are increasingly in the dark as to what is going to happen.

A perfect example is what happened to the mini-budget of last fall. Certain things were expected to take place as a result of the tax cut. It was expected that additional money would go into the consumer spending side of things. What do we find? According to the figures which are coming out, we find that very little of that money went into the consumer spending side. Where did it go? I think it went into savings. I think the bulk of it went into savings. So it strikes me that when you find personal tax cuts going into the savings side instead of into the spending side, although the concept is, in my judgment, virt-

uous for private persons but almost disastrous for society as we have constructed it, it makes no sense for the Minister of Finance to contemplate personal tax cuts at all. It makes no sense, either, in this economy for any party to advocate them.

It does make sense, though, to attack the retail sales taxes because this can exercise a direct and immediate effect not only in terms of consumption but in terms of the inflation rate. We do require these cuts in sales tax at the retail level in order to cut down the inflation rate caused by the devaluation of the Canadian dollar. One will balance the other.

I think the budget met a number of disparate points remarkably well and that both the minister and the provincial premiers deserve a great deal of credit for the action they took.

I want to deal with one last point. The last point I want to deal with is the question of where do we go, how do we go, from here.

An hon. Member: Go Conservative!

Some hon. Members: Hear, hear!

Mr. Reid: It seems to me we have to look at a number of things which are rather foreign to the way in which Canadian governments, and I include the provinces, have approached the business of stimulating the economy. I have given the example of personal income tax cuts and its relative uselessness in current circumstances.

Take another favourite fiscal tool which was used with great success during the sixties. I refer to the corporation tax cuts. They do not seem to be effective any more, either. There are a variety of reasons for this, but I shall not enlarge upon them at this time. I am simply pointing out that two of the major engines of economic growth and stimulant in the sixties no longer apply as they did then.

I want to quote the hon. member for Waterloo-Cambridge who has given this matter some thought. He said on a television show:

> It is fairly obvious that some profound change is taking place in our society and governments are no longer able to cope with this kind of change . . . It's an old society that is dying and there's a whole set of rules that we have to apply now and I don't think anyone is quite sure. In my conversations in the States I was very impressed with some young, bright people who had been brought into the Carter administration for the purpose of rethinking the economics and the kinds of things the government can do, and while they haven't come up with any solutions, all of them are pretty gloomy about the prospects and the abilities of governments to manage the economy in the way that was once thought possible.

If the hon. member is correct, that is a gloomy prescription for us all.

An hon. Member: He is not correct.

Mr. Reid: My hon. friend from Scarborough East (Mr. O'Connell) says he is not correct. I hope my hon. friend is right. But the conclusion we have to draw from his comments, and from what I have said earlier, is that governments will find themselves called upon to experiment with many new techniques, because the old ones are inadequate. New economic conditions are different. The crucial test of a budget, it seems to me, is whether or not the minister has experimented with new techniques and used new techniques in a way likely to stimulate the economy to a meaningful extent. I believe the judgment of the Canadian people, of the provincial premiers, and of this House, will be that the Minister of Finance has done just those things.

I want to take a look at a last point, to run through some things I should like to see the government deal with, and I want to say that these apply not only to the federal government but to the provincial governments as well. Both levels of government suffer from the same symptoms.

First, all governments in Canada have limited fiscal flexibility. The western democracies, and particularly Canada, have all run substantial deficits over past years to meet the widening expectations of their people and, in Canada, to provide jobs for new entrants into the work force. As growth continues, this is not a serious matter. We could cope with it. But growth has slowed down and governments now find themselves in a fiscal bind. It seems clear we are not likely to experience the high growth of the sixties while we are in the process of transforming the economy. This is a consideration with which policy makers will have to deal. The tax policies we have developed at federal and provincial levels were useful during the sixties but are no longer so in the seventies. There has been a preoccupation with equity and redistribution in our tax system. Now I think we shall have to refocus, and look not only at those two principals—

Mr. Clarke: Order! Mr. Speaker, I have a recollection that the hon. member for Kenora-Rainy River (Mr. Reid) began his speech well over 30 minutes ago and that, under the rules, there is a time limit of 30 minutes.

The Acting Speaker (Mr. Ethier): I am sorry. The hon. member is quite correct. I have to tell the hon. member for Kenora-Rainy River (Mr. Reid) that his time has expired by almost four minutes. I regret that this should have happened. I will now call the next speaker.

Mr. Bill Clarke (Vancouver Quadra): Thank you, Mr. Speaker. I hope hon. members opposite will forgive any sign of self-interest I might have shown in raising that point of order, but I thought the House had probably heard enough from the hon. member for Kenora-Rainy River (Mr. Reid).

● (1732)

I think it would be a good idea to start off by mentioning a few of the good points about the budget, because there are a few good points. It is a good news-bad news budget. We have already stated that we agree with the changes made in the research and development field. Write-offs with respect to research and development expenditures will be helpful. It is strange that it has taken Liberal governments 13 years to come back to the idea that we should be encouraging research and development expenditures. It was a Liberal government in 1965 which reversed a policy instituted by the previous Conservative government which allowed the very same 150 per cent write-off for research and development expenditures.

I am sure that the changes in transportation policy will help the industry, and we welcome those changes.

In the energy field, fast write-offs and other special write-offs for machinery and equipment and an increase in the depreciation write-off allowance will also be helpful and do their little bit toward getting the economy going again.

Coming from British Columbia, I am disappointed to note that the only mention of the mining industry, which is very important to British Columbia, was a statement by the minister that the government would keep mining provisions under review. Reviews will not help us very much. We need action.

I am sure that many Canadians, particularly older Canadians, will be glad to see that the government has finally bowed to pressure from consumer groups, particularly the Consumers' Association of Canada, supported by members of parliament, particularly members on this side of the House. The government has finally agreed that the rather harsh provisions of the Income Tax Act as they relate to registered retirement plans should be relaxed and that it should not now be mandatory for a Canadian taxpayer to purchase his life annuities before his 71st birthday. The flexibility provided by these new provisions will be welcomed.

The proposed revisions allowing free transfers between spouses for capital gains purposes will be helpful, as will free transfers of incorporated farms to children. However, none of the residents of my riding of Vancouver Quadra are farmers, and many of them will wonder why the government considers that their incorporated family businesses—or unincorporated—are not afforded the same advantage afforded to the farming businesses of Canada's great prairies.

I said there were some good points and I think that pretty well covers them. I would like to dwell for a moment on the bad points of this budget. The effect of the sales tax measure, increased business and so forth which will be created and about which I will be saying more in a few minutes, will amount to a change of less than one-half of one per cent in the unemployment rate. It is clear that we need some program to increase productivity, and in the opinion of hon. members on this side of the House the proposed measures will not do very much. There is absolutely no sign that the government plans any measures to control its expenditures. Without that control the measures contained in the budget will perpetuate the deficits we have had, and debt and interest will mount year after year. It is clear that this budget contains inadequate stimulus for the economy.

When we consider both the good and the bad things in this budget, we might ask whether the government cares about whether its effects will be good or bad. It seems clear that the government does care to a certain extent because I have here a list of the bills introduced by the government since the beginning of this session. Up until the end of February, which covers about four and a half months of this session, 26 items of legislation were introduced. Over five months, that would be an average of five pieces of legislation per month. After February the government felt it might be going to the people and that it should show a little more concern, so in the month of March 11 pieces of legislation were introduced in the House. In April, up until yesterday, seven pieces of legislation were introduced.

Some might congratulate the government for introducing all that legislation and say that the government is demonstrating forward thinking, but if we look at the list of legislation, we find that the government's forward thinking extends only to the date of a proposed election. For example, what does the government intend to do with Bill C-28, the amendments to the Public Service Staff Relations Act? I think we can safely assume that it will not be debated on the floor of this House before the election and that during the election hon. ministers opposite will traipse around the country telling taxpayers of their intention to pass that legislation, telling them what a great team they are, asking why they should not be re-elected and telling them to forget about the bad things they have been doing for the last ten years.

Another bill which has "election" written all over it is the bill dealing with a public referendum on questions relating to the constitution, Bill C-40. I am sure government ministers will be telling voters what good fellows they are and how well they will do in the next little while. I must confess that hon. members on this side will be doing the same thing in support of our policies but, thankfully, we do not have the record of the government opposite to drag behind us. I can assure hon. members opposite that voters will not forget the last ten years. They have been fooled before by this government, but they will not be fooled again. There are a few items on the list of legislation I have in my hand which indicate what the government will be telling us in any coming election campaign.

As to whether or not the government cares, I would like to refer to the employment tax credit bill which was passed in this House with the co-operation of all opposition parties within one day, which is a very unusual happening. That day was January 26, nearly three months ago, and we are told that there is no sign of the effective date of that tax credit program. The forms are not ready. The government is in disarray, and nobody knows when the program will get started.

The Bank Act is another example of the procedures adopted by this government. The Bank Act expired in 1977. It was extended for, I think, nine months, and it has been extended for another year. Perhaps it will be extended even longer if the House is not in session during the month of March, 1979. What we need is some certainty so that businesses and individuals will know what the government expects of them and they can in an orderly fashion shape their lives and make their own plans. However, the government has presented no measures to stimulate the economy, to make people confident in the government, to stop them from taking their capital and fleeing to other countries to invest, or taking their expertise to other countries. How foolish is it, for example, to have Canadian expertise in building housing for residents of the U.S.A.? Why does the government think that Canadians are saving at a greater rate than ever before? Of course, it is because they do not have confidence that the government will protect the

value of the dollar or the value of any investments they might make.

● (1742)

I want to say something about the past policies of the government, since the government likes to defend them so well, to see how they have affected our country recently. Yesterday we saw the cost of living figures rise again. We found that the increase in the Consumer Price Index based on year over year was 8.8 per cent, and we are now in a position where something that cost $100 in 1971 now costs $170.08. The most notorious rise in prices is to be found in food. The index on fruits and vegetables stands at 226.9, and on housing the index for fuel and utilities stands at 221.5—hardly figures which indicate that any of the government's policies have worked. They say: "We have the policies, but you fellows do not have them". We have the proposals and we are expecting very soon to be able to make them into policies. Clearly the policies that have been devised by those fellows opposite have not worked, and there is no way one can say that the figures I have quoted are the result of any kind of good policies.

Yesterday we had cost of living figures. On Tuesday of this week we had the latest figures on unemployment. Total unemployment in Canada stands at 1,045,000, which means a rate of unemployment of 8.6 per cent. Youth unemployment stands at 16.1 per cent. Can the government tell us what great policies they have and how their economic policy has created new jobs in Canada? They say they have created 330,000 new jobs. I say, how nice! It would be wonderful were it not for the fact that there was an increase in the labour force of 432,000. What does that mean? It means that job creation has lagged behind the labour force growth by 102,000 people. Naturally the number of unemployed and the rate are on the increase.

I should point out at the same time that because of the faulty economic policies of the government, not only have the new jobs not kept pace with the new members of the labour force but employment in manufacturing has fallen by some 12,000 through lack of confidence and lack of use of the capacity of industry, thus further aggravating the problem.

What we need is some confidence in the government, as I said earlier. How are we going to get it? Let us have a government that is willing to bite the bullet, to use the old expression. Let us have a government that is ready to put the lid on expenses. The President of the Treasury Board (Mr. Andras), in introducing his estimates this year, took great pride in announcing that the government was cutting down on the rate of increase of government expenditures. You have to stop to think about that statement for a minute because it sounds good, but what he was saying is that the government is not spending as much this year as it spent last year or the year before. All that is coming down is the rate of increase. That might be a step in the right direction if it were not for the fact that the annual growth in the GNP will not be as large as the increase in the rate of growth in government expenditures.

Every time we try to suggest some place where the government could cut down on its expenditures, the government gives us a reason why that cannot be done. They have the facilities over there to determine what the priorities should be, and they are the ones who must make the decision about where they are going to trim. It is impossible to continue spending at an ever increasing rate of deficit. The country will not stand it, the people will not stand it and the economy will not stand it.

The result of the continual policies of overspending and deficit financing by this government over the past ten years can surely be seen in the present low value of our dollar. They call it the floating dollar, and they ask what is wrong with a floating dollar, but a sinking dollar is pretty awful. Today our dollar compared with the U.S. dollar is at a lower point than it has ever been in my lifetime. Not for 45 years has the dollar been as low as it is today. There is no way in which the government can explain away the present level of the dollar compared with the U.S. dollar. The present situation does not even reveal the total problem, because we know that the international economic community does not favour the U.S. dollar very much either and that in relation to the currencies in other industrial countries, such as Germany, Switzerland and Japan, both the Canadian and U.S. dollars are in very bad shape. It is the government that is to blame, and I do not know how they will try to explain that away if we go into an election campaign soon.

The national policies which the government is giving us and which do not work have their effect in British Columbia as well. Every time I go to my riding in Vancouver overlooking English Bay I see 15 ships. The Leader of the Opposition (Mr. Clark) said today there were 24 ships in the harbour. In any event the figure does vary slightly, but I have never seen less than 15 ships at anchor in English Bay waiting to pick up cargoes which this government cannot get to port. Why can they not move the grain? We do not know. A few years ago they told farmers not to grow more grain because there was too much. Then they turned around and said they needed all the grain that the farmers can grow. Now that the farmers are growing lots of grain, where is it? The minister responsible for moving it to port is saying that it is being moved at the right levels.

Mr. Lang: No, at record levels.

Mr. Clarke: I wonder what the growers of that wheat are saying. What about the ships lying at anchor? I am afraid it is my friends on the farms in the prairies and my friends back home in Vancouver Quadra who are paying for the storage of grain and for those ships at anchor in the harbours. What we need is someone who will take the grain from the farmers and arrange to move it in orderly fashion down to where the ships are. The minister is saying they are doing it in orderly fashion, but I ask: who arranged the ships? I ask the minister to answer this question.

Mr. Lang: I am delighted that the hon. member allows me to answer the question because he missed my interjection. I want to ask him whether he recognizes that while there are some ships waiting in Vancouver because of difficulties in getting grain there as well as weather conditions, grain is being

moved at record levels and we are almost certain to get a record level of exports in this country. The difficulties are there because of the fact that, in trying to achieve those record levels, we are pushing the system to the full. The hon. member might reflect back—and I wonder if he knows about it—to February of 1961 when his party was in power and when ships were waiting 28 days. At that time the exports were about half those we are achieving this year.

Mr. Clarke: I am glad to be able to answer the minister's question because I need the practice. I realize that what he says is correct, but obviously the minister does not understand my complaint. I am glad that the farmers are producing grain at record levels and I am glad Canada is selling grain at record levels. All I ask is why can the government not get the same rate of ship loading as the rate of grain arrival? What is the point of having ships lying at anchor if the grain is not there, although I admit that it adds to the seascape.

The government is always asking us what we would do. What do we need in this country? We need an economic stimulus, and we have been saying that for a long, long time. The hon. member for York-Simcoe (Mr. Stevens) told the government in a very interesting speech yesterday of about one hour's duration, and earlier in another speech of about three and a half hours' duration, quite a few things they should be doing and things we would be doing. The essential thing which the hon. member for York-Simcoe has urged upon the government is meaningful permanent tax cuts. I do not know how it can be said any more clearly than that. There is a minor temporary tax cut in the budget. It is going to be shared with the provinces. In his statement the minister said we needed action on this now. He said:

● (1752)

> Any further stimulus should obviously be fast-acting. It should encourage consumer spending, not more spending by government.

I agree with that, but I cannot see how spending will be increased by a reduction in the sales tax of 2 per cent, except for government spending as it will be contributing money to offset the reduction of revenue at the provincial level. People who are spending in Canada will spend their money regardless whether there is a 5 per cent sales tax or a 7 per cent sales tax; that is not where the judgment is made as to whether a person is going to buy.

The hon. Leader of the Opposition made reference to the saving on a purchase of a Cadillac. That is a dramatic example. Not many Cadillacs are sold. Certainly on a large purchase like that, there will be a large saving. We are talking about everyday spenders, people who are spending money on essentials. We are not referring to the purchase of food, because that is tax free. We are referring to the other things they are required to buy in their ordinary lives. This kind of stimulation of the economy will not have a permanent effect.

It is asked, what can be done to balance the budget? When a $2 billion tax cut has been given away, it is necessary to increase the revenues on the other side and/or reduce expenditures. There are only two sides to a balance sheet, simple debits and credits. Because I am an accountant, perhaps I understand it better than others. If credits are to be reduced by giving tax cuts, then we must increase our revenues. We could put a goodly number of those 1,045,000 unemployed people to work. We know there is an 18 per cent under productivity factor in our economy and our productive facilities. If those people are put to work, instead of contributing to the $2 billion deficit in the unemployment insurance account, they will become taxpayers and will contribute to the general revenue of the country. That money does not just go out once and end up there. There is a multiplier in the economy of Canada. When $2 billion is sent out into the economy, it is spent time and time again. That creates more jobs because there are more demands, needs and so on. I am not suggesting any funny money theory when I express that proposal, but it should be obvious to anyone who has studied the economy that it works in that manner. A step in the right direction would be to stop overspending in the unemployment insurance account by putting people back to work.

Many years ago in the United States when there was a tremendous tax cut of $11 billion, at the end of the fiscal year when the revenues were totalled up it was found that revenues were exactly the same because additional taxes paid by the citizens of that country had filled the gap of the $11 billion tax cut.

The Leader of the Opposition referred to some of the policies of our party. I do not think I need to repeat them. We heard the hon. member for Kenora-Rainy River (Mr. Reid) say that he did not understand or agree with what the hon. Leader of the Opposition said. That hon. member seemed to think the rules had changed and therefore it is all right for the government to overspend, have huge deficits and so on. Also he indicated that the government was not at fault, that circumstances had changed. We cannot agree with that and Canadians will not agree with that. They want measures to get Canada working again.

We require a little honesty from the government. I should like to remind hon. members opposite about some of their campaign promises made four years ago. How can people have any confidence in a government like that? A promise was made to Toronto regarding a $30 million waterfront park. Perhaps that won a lot of votes, even a few seats in that area. I wonder if the people of Toronto will think of the park which they did not receive when the next election rolls around. What about the statements of the Prime Minister (Mr. Trudeau) in 1974 during the same election campaign, when he campaigned against controls and 15 months later instituted a lengthy program of controls, which hopefully we will start to get out of tomorrow? Another 1974 campaign promise was that there would be aid to cities for rapid transit. I have been to at least half a dozen cities as a member of a special committee sent out by my party since the 1974 election. We find all across the country that every promise to cities of aid for rapid transit has been broken. How can we have confidence if the government behaves this way, overspends, breaks promises and does not do what it indicated it would do?

The leader of my party said it well today. Perhaps he said it somewhat better once or twice in other forums. In the remaining minute or two, I should like to refer to the five points he mentioned. Stop hiring in the federal public service. It is not that we are going to kick anyone out, nor that we think the public service is not doing a good job, but we think the public service has too many employees. They are tripping over themselves. For three years we would impose a freeze on hiring by the public service, and by normal attrition that will save 60,000 jobs at the end of that period.

Also my leader said we should turn back to the private sector Crown corporations like Petro-Can, Eldorado Nuclear Ltd. and Northern Transportation Ltd. There is an enormous amount of money involved in these Crown corporations, most of which do badly. Many of them no longer need the comfort of being owned by the government. They could be and should be turned back to the private sector.

Cutting back on federal regulations is another important point, especially in the manufacturing and mining industries. In particular, today small business is facing difficulties. With regard to cutting down on unnecessary government advertising and consulting, it is well known that the public service uses consultants or contract workers to circumvent the man-year limitations which are put on it. The most important point is the strengthening of parliament's power to control spending by introducing sunset laws and restoring parliamentary control of estimates.

The estimates will be ordered out in a few days. The possible consideration which can be given to the estimates in committee is appalling. The second report of the Standing Committee on Public Accounts was tabled in the House this week. It shows many of the problems regarding the estimates, particularly those of Crown corporations.

I have referred to the unemployment numbers in general. I have some notes regarding the effect on British Columbia, but I see my time has expired.

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, on entering the debate this evening I want to concentrate on a number of what I think are very important aspects of Canadian life, the budget and the economy. In particular, I want to show how some of the economic measures in the budget reinforce Canadian energy policy, and how Canadian energy policy reinforces Canadian economic security.

Future economic security is going to depend upon the energy decisions we take now, and how we take them. It is going to depend upon the ability of the federal government to work with the provinces and to take decisions with those provinces. I hope to show in the course of my remarks the kind of progress we have made in this country toward that objective of taking big decisions now, and taking them in co-operation and conjunction with the provinces.

I should like to go back a little bit, about four years ago to January, 1974, when the OPEC nations raised the price of oil. Oil represents the single most important energy source in this world, and the OPEC nations raised the price of oil by four times. The economies of the western world have never been the same since.

Almost immediately the g.n.p. growth and the economies of the western world slowed down, prices rose, inflation became endemic, unemployment increased. The Canadian economy was no different from any other. It too was affected, notwithstanding the fact that our economy depends more than most other nations on export sales. For close to one half of all the goods produced in Canada are exported. To put it another way, close to one half of the goods we produce depends upon the health of economies outside Canada to purchase Canadian production.

• (2012)

The Canadian economy has suffered notwithstanding that fact, but it suffered less, not more, than the economies of other countries. I believe our experience with the performance of the Canadian economy, where it has in effect, in terms of g.n.p. growth, outperformed by a factor of two the OECD countries since 1973, is very significant. Equally, I believe the fact that since that massive price increase we have had less inflation than the OECD rate of inflation is also a considerable achievement as far as Canada is concerned.

To listen to members of the opposition and their leader one would think they had not read the figures. Has anyone in this House heard the Leader of the Opposition (Mr. Clark) recognize the importance of that Canadian achievement against that kind of international background? He has been silent on that.

The other important aspect of that OPEC oil price increase is the fact that it involved a massive transfer of resources from the consuming nations to the producing nations—from the western world to the OPEC nations. Again, Canada was no exception. But has the Leader of the Opposition addressed himself to this central fact of international life? Has he addressed himself to this central fact of the international economy? No, he has avoided it, as he has avoided virtually all the central facts with respect to the international situation. I listened very carefully and he did not once recognize the interdependence of the international trading system. He has not recognized that the health of the Canadian mining industry depends on the health of the consuming economies of the countries that buy Canadian mining products. The Leader of the Opposition has a very large blind spot. Other people, less

kindly disposed, would ask why the Leader of the Opposition sells Canada short.

Mr. Stanfield: Because of the government.

Mr. Gillespie: Mr. Speaker, Canada's oil import bill was just a fraction over $1 billion in 1973. Last year it was about $3.5 billion. Had it not been for the extension of the pipeline from Sarnia to Montreal, our oil import bill would be running at about $5 billion per year.

Since 1974 the United States has had the same problem—indeed, a gigantic hemorrhage might be the way to describe it. Before the OPEC increase the oil import bill in the United States was around $7.5 billion per year. Last year it was well over $40 billion. The jump in the value of oil imports for Canada has hurt the Canadian balance of payments, but for the United States it has been a disaster. That $41 billion-plus for oil imports by the United States has affected the value of United States currency in world markets. The United States secretary of the treasury cites this as a major reason for the fall of the U.S. dollar. Unfortunately, it has also contributed to the decline of the Canadian dollar. International experts would ask, when the Canadian economy is so dependent on the United States, why would we not expect an adverse effect on the value of the Canadian dollar?

There was another important message that the OPEC nations conveyed. The first message was that the era of cheap energy was over. The second message was more ominous. They said, "Don't count on us for your future energy supplies." Some of the OPEC nations tightened the tourniquet on the life blood of the western world. I refer to the Arab OPEC nations which cut off a number of their customers, including the United States. That action underscored the position of the OPEC nations and the vulnerability of the economies of the western world. That message, "Don't count on us for your future energy supplies," has been restated many times.

It is against that background that Canadian energy policy has been developed. Two years ago we set forth as the objective of Canadian energy policy to reduce our dependence on foreign oil imports. We put a strategy in place to bring that objective about. The strategy had three basic elements. First came effective conservation measures. There were two others, both of which are part of the replacement. The first is to find substitute kinds of energy indigenous to Canada to replace foreign imports. I am referring, of course, to natural gas, coal, nuclear, hydro, tidal power and other renewable forms. The third main element was to develop our own indigenous supplies of oil, particularly the non-conventional sources—the tar sands and the heavy oils of western Canada.

I believe that we have made a good deal of progress in implementing this strategy. Let us consider conservation. Last year, for example, our record was roughly a 3.3 per cent annual rate of growth, which was perhaps close to one-half of what it had been prior to the energy crisis caused by the OPEC nations in 1973-74 and on the target which we set of less 3.5 per cent annual rate of growth, a target which we hope to be able to reduce to 2 per cent on an average in the 1980's and hopefully, eventually, to a zero rate of growth per capita.

The International Energy Agency has commented on the Canadian conservation program and described it as one of the best conceived and most comprehensive energy conservation programs in the world. They have, however, criticized one aspect of our policy on conservation because our oil prices have not risen to the international price. They have argued that if we had moved our prices up faster we could have reinforced Canadian conservation objectives. We recognize the merits of that argument. Clearly a faster and higher price would have had a beneficial effect on conservation, but in Canada we tried to balance the conservation objective with another, which is to maintain economic activity, to maintain the competitive advantage of Canadian companies and to sustain the employment and job-creating atmosphere in this country.

I think the record will show that we have been successful in this. At the present time we have met our energy conservation target, but more than that we have more exploratory and development drilling in western Canada than ever. There is not one spare drilling rig available. At the same time, there are more people employed in Canada then there were a year ago—330,000 more.

Some hon. Members: Hear, hear.

Mr. Gillespie: Did the Leader of the Opposition once mention that there are 330,000 more Canadians at work in this country? Did he once suggest that this country was moving ahead of other nations? Did he once refer to the dynamism which would provide 330,000 jobs in one year? I listened very carefully, Mr. Speaker, and he implied the reverse—that there were fewer people at work in this country than a year ago.

I believe we have made a lot of progress on the second thrust of our energy strategy, which would use every indigenous source of energy to replace foreign oil imports. I believe we have been able to do it because we have been able to work out with the provinces a co-operative approach to the development of our massive energy resources. Was there one moment when the Leader of the Opposition suggested that the Canadian government had been successful in working out massive projects? He once talked about federal-provincial co-operation, but he does not now.

• (2022)

One is left with the impression that he does not want to draw attention to the successes of the federal government in working out co-operatively massive projects and an economic plan for this country. He does not want to draw attention to the success of the first ministers' conference. He does not want to draw attention to the fact that the major budget provision of the Minister of Finance (Mr. Chrétien) with respect to the sales tax arrangement was worked out co-operatively with the provinces. He does not want to draw attention to the fact that

many of the major energy projects, which I am going to mention, have been worked out co-operatively with the provincial governments.

He does not want to talk about the maritime energy corporation, a corporation which, as the hon. member for Halifax (Mr. Stanfield) knows, offers the people of the maritimes an opportunity they have never had before, an opportunity to work together with the federal government to bring on massive new projects which by themselves they could not afford. For example, an integrated electrical grid for the maritimes which people have talked about for years can now be a reality. We have agreement on a maritime energy corporation. We have an agreement with respect to the terms of reference, the operating and planning of an integrated maritime electrical system, the management, financing and construction of new generation and transmission facilities, the buying of power and the selling of surplus power. I believe that this particular corporation offers the people of the maritimes an opportunity to be sure of getting the power they need at the lowest possible cost.

The decision of the maritime premiers and the federal government to move forward with phase II of the Bay of Fundy tidal power project is yet another example of the kind of federal-provincial co-operation that I am talking about, but not what the Leader of the Opposition is talking about. He is not talking about these things to the Canadian people because he recognizes them as strengths, as successes of the federal Liberal government.

He has not referred to the conservation and the renewable energy projects we have worked out with the province of Prince Edward Island. He has not talked about the exciting new Cape Breton Island coal mine development project for the Donkin mine. He has not talked about the agreement with the province of Newfoundland for the creation of the lower Churchill Falls development corporation to develop the massive potential of the lower Churchill Falls, the 2,000 megawatts of power which is spilling out over the rocks and into the sea. He has not talked about that, Mr. Speaker, because he does not want to draw attention to yet another successful enterprise of the federal government with the provinces.

There are a number of other major projects which will assist Canadians to become less dependent on foreign oil. I am referring to the Canada/U.S. development of the emergency oil storage in Wabana, Newfoundland and in Canso, Nova Scotia, presently before our two governments. As well I am referring to the Petro-Canada activity off the Nova Scotian shelf and off the shores of Labrador. He has not talked about those Petro-Canada activities and he has not talked about the fact that, if it was not for the leadership of Petro-Canada, one would not see the kind of study that is taking place right now in Quebec and the maritimes with respect to moving western gas to the maritimes.

Hon. members have not heard from the Leader of the Opposition about the liquefied natural gas projects which have been developing in the minds of those in charge of Trans-Canada Pipelines and Petro-Canada, projects which could move high Arctic natural gas to the east coast, perhaps through the terminal at Saint John, New Brunswick at Lorneterm, or perhaps through another terminal at Canso.

Hon. members have not heard about these projects because the Leader of the Opposition wants to abolish Petro-Canada. That is what he has told the Canadian people.

Mr. Hnatyshyn: Tell us about natural gas.

Mr. Gillespie: Mr. Speaker, I think it is for the Leader of the Opposition to judge whether that is good politics in Bow River. I think the Canadian people will want to judge it bad policy for Canada.

An hon. Member: Tell us about AECL.

Mr. Gillespie: The people of Atlantic Canada will be asking: "And what about us? Who is going to do the drilling off our shores?" If it was not for Petro-Canada there would not have been any oil drilling last year off the Nova Scotia shelf.

An hon. Member: The government relies on Alberta.

Mr. Gillespie: The Leader of the Opposition quite clearly wants to turn back the oil future of Canada to the international oil companies. That to me sounds like a sell-out, where he would put Canadian public interests behind the interests of the international companies and be prepared to see energy priorities for Canada settled in the board rooms of Houston, Rotterdam or London.

I listened very carefully to the hon. member for Vancouver Quadra (Mr. Clarke) because he also expressed one of the favourite positions of the Leader of the Opposition. He has promised the Canadian people that if he is returned to form a government his government would sell Eldorado Nuclear Limited. Anybody who knows about Eldorado Nuclear Limited knows that it is the only company in this country which can produce the fuel for the world's most successful nuclear reactor, the Candu reactor.

Canadians would be well advised to ask the Leader of the Opposition why he would auction off a national asset, an asset which is part and parcel of the world's most successful system. Why would he turn that over to private entrepreneurs for private profit? Why would he turn it over to somebody else to peddle? Why would he put the national interests behind the convenience, as he perceives it, of selling a Crown corporation? Mr. Speaker, to me it is a sell-out to auction off an integral part of the Canadian Candu nuclear system. Perhaps it more than anything else reflects the knee-jerk reactions of an unthinking and very inexperienced leader.

An hon. Member: Tell us about AECL.

Mr. Gillespie: The hon. member has asked about AECL. If it had not been for federal initiatives, there would not be the massive nuclear program going on in Ontario, the significant program going on in Quebec and in New Brunswick, and the heavy water program in Nova Scotia, in Quebec and Ontario.

Nuclear energy has to be one of the major options for Canada in reducing our dependence on foreign oil. That is not something which the Conservative party have yet addressed themselves to.

I could go on about exploration and drilling in the high Arctic, the importance of the polar gas operation and Petro-Canada's position in that. The hon. member perhaps does not realize that one-half of all the wells drilled offshore last year in the frontier areas were drilled by Petro-Canada. But the Conservative party would sell Petro-Canada. They would abolish it. They do not give a damn for Canada.

Some hon. Members: Hear, hear!

Mr. Gillespie: I would like to deal with the third thrust of our energy strategy, the development of our own indigenous resources. Hon. members will be aware that the government has presented to parliament Bill C-19, which is presently before the House and awaiting third and final reading. Bill C-19 would provide authority for the government to offer international prices for the production of tar sands projects and heavy oil projects. That represents a truly massive opportunity for Canadians. The budget has introduced a number of very important measures aimed at helping to provide the fiscal climate or regime whereby these massive projects will be undertaken. This fiscal regime will have to be worked out and negotiated with the provinces concerned.

● (2032)

In addition to the incentives in the budget I have referred to, the depletion incentives, the fact we will move to world prices for these new products and the other new incentives which the Minister of Finance referred to, there are a number of important measures which I should announce this evening. One has to do with the federal government's decision to meet the costs of moving domestic crude oil through the Interprovincial pipeline between Toronto and Montreal.

Secondly, to make full use of this pipeline, to which I referred earlier, I believe we should increase the throughput of that pipeline from 250,000 barrels a day to 350,000 barrels a day. Such an increase of roughly 100,000 barrels daily would be the equivalent in balance of payments terms of a saving of $500 million a year. That is a truly significant saving in terms of balance of payments. To this end, I have initiated discussions with the Alberta government and the Interprovincial pipeline.

Hon. members will agree that the government has taken several important and very necessary steps to encourage expansion of non-conventional oil production. However, the federal government cannot do everything. I think this is recognized by the producing provinces. Alberta has already acted to provide heavy oil producers with alternative royalty incentives. It is my hope that Alberta and Saskatchewan will announce in the very near future measures they are prepared to take so that the total fiscal regime, including income tax and royalties, will lead without doubt to commercial development of these massive oil reserves in western Canada.

I believe the governments of Saskatchewan and Alberta are sympathetic to our objectives. In general, they appear willing to adjust their own royalty regime to provide the further incentives which are absolutely necessary if these projects are to go forward. Shell Oil has already announced its interest in a consortium. Imperial Oil has announced their interest. There have been discussions with respect to the Pacific petroleum group and another group headed up by Husky. We have also been—

Mr. Paproski: This is not new. It has been going on for years.

Mr. Gillespie: Yes, Mr. Speaker, but we are now waiting to hear from the provincial governments as to what royalty changes they are prepared to make. I am confident that in the spirit we have been able to work out these other arrangements we will also be able to work out the new fiscal regime which will bring on the kind of production we are looking for. I hope we will be successful in being able to produce close to one million barrels a day from the tar sands and heavy oils of western Canada by 1990.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: You are whistling in the dark.

Mr. Gillespie: I am listening to the heckling of members opposite. That is not the kind of attitude that will build this country. However, that is the kind of complacency we have had from there. When will the Conservatives ever recognize a Canadian achievement? They do not talk about Canadian achievement. They just talk about gloom and doom. They are more interested in selling Canada short than in building Canada.

The large number of projects I have identified this evening will go a long way toward ensuring economic security of Canada in the years to come. During the construction and operating period, they will provide a significant number of jobs, hundreds of thousands of man-years of employment for Canadians, and the purchase of all kinds of Canadian goods and services.

Mr. Crosbie: What about the one million jobs?

Mr. Gillespie: Members opposite do not like this achievement either. They do not like our moving forward. They would prefer that the Canadian people not know about it. I guess if we were in their position, we would be a little envious too. They ought to get out and tell Canadians what our opportunities are and what can be done to help Canada go forward.

I believe in a very real way these projects can become a launching pad for a new decade of development in Canada. It will take determination and willingness to work with the provinces to work this out.

Mr. Crosbie: It will take a change of government.

Mr. Gillespie: These projects in Canada are not going to be developed by negative attitudes, by people who only look at the

problems, who do not build a sense of achievement in Canadians, people who would try to deflect Canadian opinion away from the kind of opportunities which are in Canada.

Mr. Anderson: Mr. Speaker, I wonder if the hon. minister would entertain a question.

Mr. Deputy Speaker: Will the minister accept a question?

Mr. Gillespie: Yes, Mr. Speaker.

Mr. Anderson: Mr. Speaker, my question deals with one of the most innovative and exciting proposals in the energy field in Canada. I refer to the potential of methanol being blended with gasoline from our renewable resources, wood fibres. Since the minister did not include this in his speech, can he now indicate whether there is a time frame for a methanol test program in Canada for cars to test the 85 per cent gasoline, 15 per cent alcohol blend. Are there any announcements forthcoming? Studies undertaken by the federal government seem to indicate the feasibility of this form of fuel.

Mr. Gillespie: Mr. Speaker, I did not have time to deal with this area in my remarks. I did refer to the importance we attach to renewable energy. This particular area of methanol research is one which several departments of the government are actively engaged in at the present time. Discussions have been carried on with several provinces. This again is a good example of a federal-provincial undertaking.

Reference has been made to Alberta. I believe there are two other provinces also actively involved. I am not in a position at the moment to announce when the participation of those other provinces can be made public. However, I can assure the hon. member that methanol is one of the major potential fuels that we regard as important to the Canadian future. Indeed, in talking about forests and forest wastes and the energy associated with forests and forest wastes, I expect that after hydro energy our forests represent the single most important renewable energy source for Canadians.

Mr. Bawden: Mr. Speaker, I have a question for the minister.

Mr. Deputy Speaker: The hon. member may ask a question only with the consent of the House because the minister's time has just expired. Is there consent to allow the hon. member for Calgary South (Mr. Bawden) to ask a question?

Some hon. Members: Agreed.

Mr. Bawden: Mr. Speaker, in view of the minister's claims of gloom and doom on this side and optimism on his side, I have two questions bound into one. I wonder if the minister can say when Canadians can expect the next agreement with regard to the Alberta oil sands to be reached. Can he give us a precise date as to when the next project will be going ahead? There have been negotiations between governments. Can the minister give us a definite date?

● (2042)

I would like to ask another question. On February 20 the Minister of Industry, Trade and Commerce (Mr. Horner) said that if the House got on with the job and the bill on the northern pipeline reached committee stage, some advance contracts could be made with the steel making empire of this country in order for them to commence rolling plate and pipe. The minister said the government wanted to see immediate action to create jobs in this country. I wonder if the Minister of Energy, Mines and Resources (Mr. Gillespie) can say whether any contracts have been awarded to the steel making industry in this country. If they have, have they been awarded on the strength of the pipeline company, or is the government proposing to guarantee the contracts to these steel makers or other suppliers in the interim while they build prior to the time when the pipeline is completely financed?

Mr. Gillespie: Mr. Speaker, the two questions of the hon. member underline one of the points I was making in my speech this evening—the importance of other governments in the decision making process when it comes to energy. The first question had to do with when the next agreement with respect to the tar sands will be reached. I would be much better able to answer the hon. member if he could tell me when the Alberta government will decide upon the royalty system it is going to introduce with respect to the tar sands.

Mr. Crosbie: You represent the national government. When are you going to decide about your tax system?

Mr. Gillespie: If the hon. member had read the budget speech he would not ask such an uninformed question. However, we have come to expect that from the hon. member for St. John's West (Mr. Crosbie).

The hon. member for Calgary South (Mr. Bawden) asked a serious question about pipe contracts for the northern pipeline. Here again the Canadian government is waiting for another government to respond. I refer, of course, to the government of the United States.

Mr. Bawden: Blame it on somebody else.

Mr. Gillespie: Until the United States congress has dealt with the energy package of President Carter, contracts with respect to the purchase of natural gas and even the price of that natural gas cannot be determined by shippers in the United States. I think the hon. member knows that. He should know that contracts for the movement of gas will depend upon United States action.

He should also know that no orders for pipe will be placed with Canadian manufacturers of pipe until such time as the ability to finance the project is assured. If we follow that train of interconnected events to its source, we will see that the Canadian government and the Canadian economy are awaiting a decision by the United States congress and the United States administration.

Mr. Bawden: Mr. Speaker, I have a supplementary question.

Mr. Deputy Speaker: I think I should see the hon. member for Joliette (Mr. La Salle) because the minister's time has expired. In addition, there is a vote tonight, so I think we should proceed to the hon. member for Joliette.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I would not want to miss the opportunity to make a few remarks on this mini-budget, because, in my opinion, that is exactly what it is. It would seem that the first part was presented before Christmas and, under pressure, the minister decided to add to it. But I do not think that this budget will impress economists, experts and Canadians.

Unfortunately I had to be absent from the House a few days as I was called to an important meeting in my riding last night. I would have wanted to make these remarks sooner, but as this was my nomination meeting, Mr. Speaker, I had to be there and prepare myself for a good fight with my opponent who will be a candidate in the coming election. I heard the Minister of Energy, Mines and Resources (Mr. Gillespie) recall the efforts made by his government and try to justify the proposals put forth by the Minister of Finance (Mr. Chrétien) as well as the situation which exists today.

He even blamed our leader (Mr. Clark) for not having referred to certain government achievements. In view of the unsatisfactory performance and the shortcomings of this government in virtually all areas, our leader certainly did not have much time left after having noted the many failures of the government in meeting nearly all its objectives. Everyone will recognize that it is our duty to tell the Canadians about the sad performance of the government in its monumental failure to restore our economy. I do not think we can be prevented from doing so, not only in the House, but in all public forums. I think that it is our duty to tell the Canadians how miserably this government has failed to meet its objectives in the last decade especially in the last four years.

I do not understand, Mr. Speaker, how the minister can accuse us of seeing only doom and gloom in view of the present situation concerning unemployment, inflation, and so on. Members on the other side may well ask why we are so pessimistic about the future, and why we seem somewhat negative about the proposals made by the government.

I was listening to a member from Quebec City. He too is worried, but he would like Canadians to accept the unfortunate administration that we have had in the last ten years. But we will have the opportunity to describe our present situation to the people of Quebec City and of other areas of Quebec as well as of the rest of Canada. Monday night, the Minister of Finance seemed quite happy when he delivered his budget speech. In principle, he announced his budget. Perhaps we could ask this question: Why did he wait so long? As I recall, we have been requesting for many months a budget which could correct in part, or at least satisfactorily, the present situation.

• (2052)

The highlights of this budget show that unemployment and inflation have reached their highest level, while the dollar is at its lowest level. This bears out a forecast made a long time ago and according to which the deficit would reach $11 billion. This is not what we were told six or seven months ago. They were then trying to convince us that the deficit would not be over $6, $7, or $8 billion. About four months ago, one of my colleagues, our financial critic, predicted a deficit of over $10 billion.

Still our friends opposite accuse us of being prophets of doom, and of being responsible for the lack of confidence shown by Canadian and foreign investors. But we have been saying the truth for the last six months. We were also saying the truth when we reminded the government on many occasions or tried to warn it that Canada was heading toward a lengthy and costly depression.

Those are the highlights of the budget of the Minister of Finance: unemployment has reached a record high, as did inflation, and our dollar is at its lowest. The Minister of Finance argues that our Canadian dollar is still floating, but we believe it is sinking. We are certainly considered as prophets of gloom. But, Mr. Speaker, this is the present situation and we cannot hide it.

I also believe that this $11 billion deficit will certainly not encourage businessmen and that it will rather make them worry about the present situation. The predecessors of the Minister of Finance have already made economic projections. The present Minister of Finance also made his projections. It did not change the situation. And this budget confirms what we have been expecting for several months. But in spite of this, earlier the Minister of Energy, Mines and Resources tried to reassure Canadians by telling them that the situation is not too bad.

However, we are blamed for not being willing to endorse those projections without too much discussion. But, Mr. Speaker, how could we trust a government that is responsible for the unemployment of 1,500,000 workers. The Prime Minister told us last week that he had created thousands of jobs. But how would you explain that with such positive results we have four times more unemployed than when the Prime Minister came to power? How would you explain that this government has not been able to plan for new jobs to accommodate new markets and the people who arrive on the labour market every day? The Minister of Finance refused to make sufficient credit available for job creation for students. He knows that is true either in his riding or in mine.

The hon. member for Montmorency is also aware of the difficulties students will experience this summer. If I refer to what has apparently been the experience of the Prime Minister when he was a university student, there is no doubt that he can hardly understand the financial difficulties encountered by our

students because he has never had to wonder where the money would come from. It is therefore difficult for him to think that our students will go through financial difficulties. We are perfectly aware that this government is asking us to put our trust in it and will soon ask the Canadian people to trust it, yet the government is indeed responsible for refusing to grant enough funds to create jobs for students. I can see members opposite trying to argue but in each of their ridings the students are in the same predicament as in mine; they are worried because they will not find summer jobs. Mr. Speaker, this same government is asking us to trust it while it is responsible for the 5,000 to 6,000 dairy producers who went out of business during the last two years.

An hon. Member: That is not true.

Mr. La Salle: I am being told that it is not true. But who can pretend that this is not true, Mr. Speaker? Dishonesty becomes obvious. It is clear that the government's poor administration and poor management of the dairy industry has thrown thousands of producers out of business. That same government is asking us to trust it when it refuses to compensate the cost of maintaining provincial police forces in the provinces of Quebec and Ontario, as it has been requested recently. There are no funds, no provision for that in the budget.

We will be asked to trust this government while it is responsible for the deterioration of the textile and footwear industry. Thousands of jobs have been lost because of the passiveness of this government. My friends opposite know that, some members in front of me have experienced serious problems in their own riding because of that and we are going to hide those facts. We should not mention it. This government is responsible for the highest inflation rate we have ever experienced; it is responsible for the declining purchasing power of Canadians; it is responsible for failing to provide sufficient grants for research which might have prevented the closing of plants in our country; it is responsible for the deterioration of our dairy industry and now we are called prophets of gloom because we have reasons, I believe, to blame the government for its inertia and its lack of success in finding the necessary solutions, Mr. Speaker.

We have been making proposals for quite a while, Mr. Speaker. I would also like to point out an important aspect of the budget where my friends from Quebec have a major responsibility as regards the proposal which was made by the Minister of Finance and which is rejected by the Quebec government.

The Minister of Finance rejects the proposal made by the Quebec minister and at the same time opposes the will of Quebecers, and not only of the Quebec government, since in principle the opposition parties of the Union Nationale or the Quebec Liberal Party have agreed on the position and the request of the Quebec government, and that is important. I suggest that is the most significant factor. The National Assembly has unanimously requested the Minister of Finance to answer affirmatively to the proposal of the Quebec government which is asking for only one thing—

Mr. Duclos: And your leader, what does he think about it?

Mr. La Salle: They are not asking for one cent more from the federal government. They are simply asking that Quebec be allowed to use the same amount of money as befit the realities and the needs of the province and the Quebec government is prepared to suggest any province which would like to get the same advantages. Obviously Quebec would not object to any other province getting the same advantages.

Something I find repulsive, something I feel is a scandal is the attitude of our members from Quebec on that question. I heard over the radio this evening a report I hope is true. The report on TV was that a number of members from the Quebec Liberal caucus were meeting this evening to oppose the decision or position taken by the Minister of Finance. I hope this is true, I hope I am not the only one of this side to understand Quebec's true interests.

There are 60 Quebec members on the other side, and their silence this afternoon is the worst act of betrayal I have ever witnessed in this House in respect of a highly legitimate request from the Quebec government, which the Minister of Finance apparently is refusing. I hope my friends opposite will take this opportunity to rise and take a stand in favour of Quebec's request. It is certainly not at odds with the rest of Canada. And when apparently the Minister of Finance is not in a position to accept such a proposal, he must be subject to unknown pressures. He is betraying his mandate to respond to his province's true interests, as every member has a responsibility to do so. If this measure that will not cost Canada one cent more could be implemented in a fashion more germane to Quebec's vital interests, it would allow Quebecers to take advantage of the 8 per cent tax reduction in vital areas, products of almost daily consumption. I feel this would meet the legitimate aspirations of Quebecers. In conclusion, Mr. Speaker, I call on people in authority on the government's side, Quebec members who took a commitment in 1974, who have been promising the province of Quebec these last ten years that if the federal government were represented in large numbers by Quebecers, the province would derive additional benefits. God knows what has been happening during those last ten years. After so many requests were turned down, and not only since 1976 because Mr. Bourassa also faced refusals from the same government, as much as Mr. Johnson, Mr. Bertrand and Mr. Lesage. Since they are now in power—

• (2102)

Mr. Béchard: Mr. Speaker, I rise on a point of order. I wonder if the hon. member would accept a short question?

Mr. La Salle: When I finish my remarks, Mr. Speaker, I will accept any question. I conclude, Mr. Speaker, because the hon. member for Winnipeg North (Mr. Orlikow) has asked me to end my remarks in order to leave him the floor. In conclusion I appeal to my friends from Quebec, Mr. Speaker, I ask my friends from the province of Quebec to have the guts to urge the Minister of Finance (Mr. Chrétien) to respect the interest of his own province. No member in the House would blame the Minister of Finance for assuming that responsibility as regards the interest of his own province. I thought I had to appeal to them tonight and I hope we shall get the answer from my Quebec colleagues on that specific issue.

Therefore, Mr. Speaker, I believe it is important to underline this fact because the Minister of Finance did not consult the provinces sufficiently. I remember that at the federal-provincial conference, the right hon. Prime Minister (Mr. Trudeau) promised negotiations and consultations with the provinces, which he has not done in ten years. But as he was in difficulty at the last conference, he tried to reassure the provinces. However, if the federal government has $1 billion available to increase the purchasing power of Canadians, why did he not call on the premiers or the finance ministers to ask them how they wanted to spend this money—

Mr. Guay (Lévis): The Quebec premier left!

Mr. La Salle: It is not what this government usually does. If this government wants to make a decision, it tells the provinces: Take it or leave it. That is the attitude of this government and that is the problem. For our part, we believe in consultation to correct the situation. I have been asked what should be done to achieve that. We believe that in a healthy and viable federal state, it is important to allow the provinces to take part in the major national decisions. We all recognize that the provinces must participate fully and truly in the making of the major national decisions and that this would eliminate our present problems, including that raised in the House today. Therefore, Mr. Speaker, I hope that the Minister of Finance will reflect tonight about the request made by the Quebec government and approved, as I said before, by the opposition parties.

The measure proposed by Quebec is so reasonable, timely, desired and wanted by the people that it has been approved unanimously by the government. The acting leader of the Liberal party and the leader of the official opposition stated it was sound federalism. The colleagues, the friends of members opposite in Quebec consider that co-operating with this proposition is sound federalism.

I notice that the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) does not agree with me, and that is a scandal. Furthermore, Mr. Speaker, I see that some of my colleagues from Quebec do not care for the vital interests of their province, and in a few days they will ask the voters in Quebec to trust them when they have been betraying them so blatantly as they are doing today, when they have lied to them for ten years, they have forgotten their promises, and they have shown no respect for their own constituents. I hope this matter will be reconsidered, Mr. Speaker, that reason will prevail and that the requests and the interests of our province will be paid more consideration.

Mr. Béchard: Now that the hon. member for Joliette (Mr. La Salle) is through with his speech, I would like to know if he would answer one question. And before I ask my question, I would like to say, Mr. Speaker, that the reason why the Progressive Conservative party has so few French Canadian members in Quebec is quite obvious after listening to such rubbish inspired by such intellectual dishonesty. Mr. Speaker, the hon. member for Joliette said that since the Prime Minister (Mr. Trudeau) has been in office, his province did not receive anything. I would like to give one example: I would like to ask him if he could tell the House the percentage increase in equalization since 1968?

Mr. La Salle: Mr. Speaker, in no way did I suggest the government did nothing. In my opening remarks I stated the minister had stressed actions and accomplishments. What I said is that was done too late. This is what I said. When the hon. member for Bonaventure-Îles-de-la-Madeleine accuses me of being intellectually dishonest, I must tell him I only stated the government's poor performance and failures. The hon. member for Bonaventure-Îles-de-la-Madeleine among others is objecting. He is only proving he is dishonest because he knows he is refusing once more, as so many other Quebecers, to support Quebec's position and best interests.

I am truly ashamed at that member's behaviour and certainly I cannot accept his accusations, because every time I rose in this House I endeavoured to enhance our responsibilities as members in this House. I feel therefore that the question or the interjection of the hon. member for Bonaventure-Îles-de-la-Madeleine is quite malicious, and much more dishonest than anything I may have said since the beginning of my remarks.

Mr. Béchard: I was right in suggesting he is dishonest, because he did not even answer my question.

Mr. La Salle: Mr. Speaker, I answer intelligent questions only.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I suggest that both hon. members are now getting into a debate.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in rising to participate in this debate I want to begin by spending a few moments discussing the words of wisdom we heard today from the Leader of the Opposition (Mr. Clark) and the words of wisdom we heard from the hon. member for York-Simcoe (Mr. Stevens), who led off the debate for the official opposition a couple of days ago. As part of his prescription for what

ails the government the hon. member for York-Simcoe suggested, among other things, that a Conservative government would reduce the size of the public service by attrition, would stop filling vacancies in the public service, and over a period of three years would reduce the public service by between 50,000 and 60,000 people. Of course, the impression he created was that this would be done very gradually and in a way that nobody would be hurt.

Those words had an oddly reminiscent sound. It seemed to me I had heard them somewhere before. I hear my colleague the hon. member for Nickel Belt (Mr. Rodriguez) say "in 1930". No. Mr. Speaker, I heard them just a few months ago, within the last year. I concentrated and suddenly I realized that in Manitoba we heard all that talk last year in August, September and October. The leader of the official opposition, the present Conservative premier of Manitoba, was telling the people of Manitoba just that kind of thing. One Conservative candidate in that provincial election was approached by a civil servant who said to him: "I am concerned, I am not happy with the NDP government. I have been thinking about voting Conservative but the way the leader of your party talks, it sounds to me as if there are going to be wholesale lay-offs of civil servants". So this candidate thought that he should find out what the party position was and he wrote a letter to the then leader of the opposition, Mr. Lyon, who sent him a letter which he authorized him to use in his campaign, and which was used in the campaign, in which he said that the Conservative party of Manitoba believed that the civil service in that province could be made more efficient and could be slimmed down, but that this would be done by attrition and that certainly no permanent employee would be laid off. The Conservative party won the election and Mr. Lyon is the premier of Manitoba. He has been in office for six months, and between 1,000 and 2,000 civil servants have been laid off in that time.

However, I want to talk for a few minutes not just about the people who were laid off but to put on the record what that Conservative government has done. I think members of the House and the people of Canada can get an idea of what the Conservative party of Canada mean when they talk about restraint and about cutting the expenditures of government. They can see what happened in Manitoba in six shorts months.

● (2112)

Before the NDP formed the government in Manitoba, the total number of senior citizens' housing units and public housing units, despite the fact the federal government for many years has paid 50 per cent or more of the cost of building those units, amounted to less than 1,000. That is the total which was built during the time of the Liberal government and the Progressive Conservative government. During the eight years in which the NDP formed the government, 12,000 housing units were built for senior citizens and for people who could not afford to buy or rent their own homes. The housing units are beautiful. Senior citizens who have no income except their old age pensions qualify for efficiency apartments. That program applied to senior citizens who received old age pension payments of $50 a month or less. That program has been discontinued, with no exception. The public housing unit program has been discontinued as well.

The provincial government inaugurated, with the federal government assisting in financing, a very impressive home repairs program for senior citizens who needed modest repairs to their electrical systems, plumbing systems or foundations. They were entitled to a loan, a grant, or a combination of the two, from the governments in order to have their homes repaired. Some 20,000 homes were repaired when the NDP was in power. That program has been stopped as well.

The government funded a school nutrition program in the core area of the city of Winnipeg. In that area there are a large number of students who come from new immigrant homes and native families. That program has been discontinued.

The universities have been told that the money they will get in this coming year will be not more that 2.6 per cent over what they received last year. That means a decrease in funding for the universities in Manitoba of approximately 6 per cent. The students' fees were increased by 20 per cent in one year as well. The grants to municipalities were very drastically pruned, so that the municipal taxes in Winnipeg, as well as other cities and towns in Manitoba, will go up between $75 and $125 this year.

During the last few years I have not used a car in Ottawa. I have used the public transit system. I have seen the ticket price go up from 25 cents in 1974 to 55 cents, or seven tickets for $3, in the three and a half years since the 1974 election. Until approximately two weeks ago, the fare in Winnipeg was 25 cents a ticket, with the provincial government picking up 50 per cent of the deficit incurred by the Winnipeg transit system. The new provincial government in Manitoba refused to increase its contribution, so the cost of a fare has risen from 25 cents to 35 cents, which is an increase of 40 per cent in one year.

The fees for people in nursing homes have been increased. Despite the promises made before and since the election by Mr. Lyon, today user fees were announced for elderly persons in acute care beds in hospitals. There are old people and sick people in Manitoba who should be in senior citizens' housing projects or nursing homes. Despite the job the former government did in building such facilities, there is still a shortage, as there is in most parts of Canada. There are people who have gone into hospital with acute illnesses and who are now ready to leave the hospital but cannot because there is no place for them to go. These are the people who are to be charged a fee.

Perhaps some of my friends, particularly my Conservative friends, will say that I am exaggerating. I should like to quote from a news story which appeared in the April 11, 1978 edition of the Winnipeg *Free Press*. Its headline is: "Take 3.2 per cent cut to avoid lay-offs, hospital asks". It reads as follows:

> Victoria General Hospital is asking its employees to accept a 3.2 per cent wage cut to avoid lay-offs.

The hospital told four unions late last week the province's 2.9 per cent limit in additional operating funds this year means substantial lay-offs otherwise.

Mr. Rodriguez: What about collective bargaining?

Mr. Orlikow: They have collective bargaining. They finalized an agreement which gave them a 6 per cent increase. It was the maximum permitted under the guidelines of the anti-inflation legislation. The hospital is acting under the instructions or direction of the new government. Since it can only get an increase in operating grants of 2.9 per cent from the province, the hospital must react in the only way it can. It has told the employees either to take a cut in wages or people will be laid off. Not only does that result in more unemployment, it means a drastic cut in the standard of hospital care in the province of Manitoba.

When hon. members of the official opposition talk about the government being wasteful, about a freeze in the number of public servants, slimming down the public service by not filling vacancies when they occur and so on, they are talking about a very substantial reduction in the services which are provided by the federal government to Canadians, similar to what happened to the people of Manitoba since the Conservative government was elected provincially there.

Now I should like to turn to the budget which was placed before parliament a few nights ago by the Minister of Finance (Mr. Chrétien). We have been given a part-time budget to meet the needs of a spring election. That is how the budget speech was described virtually by every newspaper, radio station and television station. Now we are faced with a situation such as we have not seen since prior to World War II, such as we have not seen since the great depression of the thirties. For the first time in the history of Canada, for three months running, there are more than one million unemployed people. For the month of March, the last month for which we have figures, according to Statistics Canada the official figure is 1,047,000 unemployed people. That is an increase of more than 100,000 people over the same month last year. On a seasonally adjusted basis, that represents 8.6 per cent of our labour force.

There is not a member of parliament who does not realize that several hundred thousand people are unemployed but are not counted. Our estimate is that 500,000 people are in such a position. In order to be counted you must be actively looking for work. There are many areas in this country, such as in Newfoundland, Cape Breton Island and the Inter Lake District of Manitoba near my constituency, where there are no jobs and have been none for several years, and there is no real point in someone who is unemployed there looking for work.

● (2122)

The Minister said the other night in his budget speech that it is not possible to provide jobs for everybody in Canada who wants to work. He trotted out some stale figures and prided himself on the jobs that have been created in Canada. It is true we have more people employed than ever before in Canada, but that is cold comfort to the more than one million people unemployed at this time.

In the years I have been here I suppose I have heard one hundred or more speeches at various times damning trade unions because they are too demanding and because sometimes they call a strike. Many of those spokesmen have suggested that the people do not want to work. How many of us have asked ourselves what one million unemployed people really means?

Every day we have one million people unemployed we lose one million days of productive work. One economist has calculated that between 1974 and 1978 we have lost some $20 billion in lost production because of unemployment, and that is unemployment over and above the 3.5 per cent to 4 per cent which has always been taken as full employment. Every three and a half days we have one million unemployed we lose more than we lost during all the strikes in Canada last year. Every twelve working days we lose more through unemployment than we lost in total to strikes in 1976. Members will remember how the newspaper editorial writers talked about the terrible things unions were doing to this country by going on strike.

Almost 40 per cent of the unemployed today are young people between the ages of 15 and 24 years. These are among the best educated and trained young people this country has ever had. We have spent hundreds of millions of dollars in our school systems, our community colleges, our technical institutions and our universities training our young people, and now they find there are no jobs. Our young people are graduating as teachers, as social workers, as engineers and in almost every field, but are being told not only that there are no jobs, but in such a way it seems as though it is their fault they have so much training. What could be more cynical or more cruel than that?

The Minister of Finance interjected during the speech of the Leader of the Official Opposition this afternoon: "Who is C. D. Howe?" I do not know whether he was joking or in fact did not know. For the information of the minister, C. D. Howe was probably the most important cabinet minister in this country during World War II. He was in charge of war production and virtually everything that mattered. In 1945 when the war ended he was the minister of reconstruction. I think in April of that year he tabled on behalf of the then Liberal government a white paper on reconstruction in which he said on behalf of the government that a Liberal government would not be satisfied with anything but full employment. He did not refer to a "large number employed", or to "most people", or to 85 per cent, 90 per cent or 95 per cent, or to "people who want to work"; he referred to "full employment". That is what that Liberal cabinet minister, who really was the most important minister during and after the war, had to say about what the Liberal party felt in 1945. This Liberal government of 1978 could take a lesson from that Liberal government of 1945.

Not only did we get the latest unemployment figures this week showing more than one million unemployed, we got the latest figures on the cost of living. Lo and behold, in spite of all the huffing and puffing of this government, in spite of lectures ad nauseam to the people of Canada by the Prime Minister (Mr. Trudeau) and the Minister of Finance, and in spite of

that whole bureaucratic jungle of the Anti-Inflation Board, the cost of living in one month jumped by 1.1 per cent, and for the whole year, from March 1977 to March 1978, the cost of living rose by 8.8 per cent. This is in the third year of the so-called anti-inflation program.

We get lectures from the Prime Minister, the Minister of Finance and occasionally from the chairman of the Anti-Inflation Board in which they have told us that if we exclude fuel prices and food prices we are right on target, just as though the people could live without paying for heat and power and buying food. We are told we are on target and doing better than most countries, but occasionally even this government has to tell the truth.

Frequently when we read about some of the terrible things that happen in the United States, such as Watergate and other things a super power like the United States can become involved in, we like to think that cannot happen in Canada because we are better than they. However, there are some things the United States has that we do not have, and one of those things is a securities and exchange commission.

If any corporation, individual or government wants to borrow money by selling bonds in the United States, they must first file a prospectus with the securities and exchange commission. Unfortunately we do not have similar legislation in Canada and we do not have such a commission. If you want to sell bonds in the United States you must go to the securities and exchange commission and explain what you are trying to do, what collateral you have, what your assets are, and so on. Fortunately or unfortunately, depending on how you look at it, the United States government requires this kind of information to be made public. People in Canada who do not think this kind of information should be made public, such as the President of the CNR, would think this is unfortunate, and he in fact does think it is unfortunate.

● (2132)

When the Government of Canada went to the United States recently to sell bonds they had to file a prospectus with the securities and exchange commission there. I hear the hon. member for Cape Breton-East Richmond (Mr. Hogan) say that was one of the first times ever. In our view it is fortunate they did because the prospectus has been published. Let me put on record what this great Liberal government, which tells us that inflation is under control, is on target and so on, put in their prospectus. In an article in the Montreal *Gazette* of April 12, Don McGillivray quotes from the prospectus as follows and adds his comments:

"Specific inflation targets, as measured by the consumer price index, were set"—

This refers to the Anti-Inflation Board and the guidelines.

—"at 8 per cent, 6 per cent and 4 per cent for the first, second and third program years ending in October 1976, 1977 and 1978, respectively. During the first program year, the rate of price increase was 6.2 per cent, but in the second year was 8.8 per cent."

No nonsense there about the 6 per cent target for this year or about the 'underlying' rate of inflation, minus food and energy prices, being within last year's guideline. The government evidently felt it had to level with foreign investors but could snow Canadians a little.

That is the situation, Mr. Speaker. Until budget night the Minister of Finance claimed that the rate of inflation for 1978 would be on target at 6 per cent. That in itself was a misstatement of the original target, because this is the third year of the program and the rate should have been 4 per cent. We will give the minister some leeway, however. He was saying that the rate of inflation should have been 6 per cent for this year, although he knows that devaluation of the dollar means substantial increases in the price of everything. Increases are particularly sharp in the price of all the food we import, which means virtually all vegetables in winter and all fruit in a large part of the year.

The minister knew that the government is committed to regular increases in the price of oil and natural gas until, within the next three or four years, they reach the international price. That means in the coming year at least two increases of $1.00 per barrel of oil and similar increases for natural gas. Those two increases alone will drive the cost of living up by about 2.5 per cent. When the minister spoke about a 6 per cent inflation target on Monday night, he must have known that it was in fact going to be substantially more. You can only bluff the people for so long, Mr. Speaker. On Monday night the minister finally admitted that the 6 per cent target for the cost of living increase in 1978 was not feasible and said the increase would be 7 per cent. It is obvious to anyone with the most elementary knowledge of economics that, unless the exchange rate on the Canadian dollar climbs in comparison to the United States dollar, we are facing not a 6 per cent increase in the cost of living or a 7 per cent increase but probably in the neighbourhood of 8 per cent.

We have not yet seen the effects of the things that are happening in the United States, such as the increase in wages won by the coal miners and the increase in prices that the steel companies imposed. These will work their way through the United States economy and will mean a sharp increase in inflation which will be reflected in Canada. As my colleague the hon. member for Cape Breton-East Richmond says, it will be between 8 and 9 per cent. I am sure he is much closer to the truth than the Minister of Finance.

There were some goodies for various interested groups in the budget, but essentially it was a political budget. Sales taxes were cut by 3 per cent for six months. That means that in October when unemployment traditionally begins to climb and the economy needs a boost the cut in sales tax will come off. The minister hopes the cut will find favour with the Canadian people and help his party win the next election, after which they can face the consequences for another four years. I have more confidence in the Canadian people, Mr. Speaker.

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

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, in the short time available to me I will try and go over the sad record of this government in the past ten years and judge

just how much support it deserves in the election that is coming up shortly.

Let me take unemployment first. In 1968 there were 375,000 people unemployed; in 1978, there are over one million unemployed, almost triple the number. In 1968 inflation was 4.5 per cent; in 1978 it is 8.7 per cent, triple the rate. The cost of a new NHA house in 1968 was $18,900; today it is $40,500, more than double. The mortgage rate in 1968 was 8 per cent; today it is 10¼ per cent, an increase of nearly one-third. In 1968 the current account deficit was $97 million; today it is $4.5 billion, having increased 44 times. In 1968 the trade deficit for manufactured products, the ones that produce the jobs, was $3.1 billion; today it is $11.6 billion, an increase of almost four times.

From these figures it is evident that this is the worst performance ever put forward by a government in the history of this country.

Some hon. Members: Hear, hear!

Mr. Hees: Let me look at who has resigned from this government in protest over the way the economy has been run. The first was Mr. Eric Kierans, economics professor at McGill University, president of the Montreal Stock Exchange and a provincial minister of revenue before he entered the cabinet. Then there was in succession Mr. John Turner and Mr. Donald Macdonald, both of whom served as minister of finance. These three gentlemen resigned because the Prime Minister (Mr. Trudeau) insisted on following an irresponsible socialist line which they could see clearly was leading the country into economic disaster.

Another member of cabinet, Mr. Paul Hellyer, the then deputy prime minister, quit because the Prime Minister refused to bring in a housing program to benefit low income people. That took place, Mr. Speaker, immediately following the Prime Minister's campaign across the country on the program of a just society. What a farce that turned out to be when he took over with a majority after the election!

Let us see who is left running the store. First of all, we have the Minister of Finance (Mr. Chrétien) who, in this budget, brought in a sales tax cut which is to expire in six months' time, in the fall when unemployment always starts to rise. This is going to bring about a disastrous slump which, of course, this government does not care about because there is only one purpose in bringing in that measure. That purpose is to tide this government over the election, which is to be called in the next day or so, and that is the only purpose of this tax cut.

● (2142)

Then, Mr. Speaker, we have a departmental study which was produced by the Department of Industry Trade and Commerce entitled "Manufacturing Performance". It states that the manufacturing sector of our economy has lost no less than 80,000 jobs in the last four years. The minister's idea of helping the manufacturing industry of this country is to lower tariffs. He stated that in the House of Commons recently. He said that all tariffs are going to be cut an average of 40 per cent. If under his direction and the direction of this government that proposal is adopted at the GATT negotiations in Geneva today, then later this fall those disastrous tariff cuts, will result in complete disaster for the manufacturing industry in this country and will produce far greater lay-offs than we have seen for a very long time.

This government is going to the country in the next few days with the slogan "Show you care". I have news for the Prime Minister: the people of this country are already adding four words to that slogan which the Prime Minister is going to hear. He will hear these words all over this country in his election campaign, and they are "Get rid of Pierre".

Some hon. Members: Hear, hear!

Mr. Hees: The obvious alternative to the shambles this government has made of running this economy into the ground is the program of economic competence and responsibility which has been presented in the last two days by the hon. leader of this party and by our financial critic, the hon. member for York-Simcoe (Mr. Stevens). This program is a positive program, a national development program which will get this country back on its feet. This is what this country deserves. It will restore the economic performance which the people of Canada deserve to receive from the government which they will have sitting over there, a Conservative government, as soon as the election results are announced on election night.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. It being 9.45 p.m., it is my duty pursuant to Section (6) of Standing Order 60 to interrupt the proceedings and put forthwith the question necessary to dispose of the amendment to the amendment now before the House.

The question is on the amendment to the amendment. Is it the pleasure of the House to adopt the amendment to the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the amendment to the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment to the amendment (Mr. Saltsman) which was negatived on the following division:

(*Division No. 40*)

YEAS

Messrs.

Alkenbrack
Allard
Andre (Calgary Centre)
Bawden
Beatty
Benjamin
Brisco
Cadieu
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Coates
Crosbie
Crouse
Darling
Dick
Dinsdale
Dionne (Kamouraska)
Elzinga
Epp
Forrestall
Fraser
Friesen
Gauthier (Roberval)
Gilbert
Gillies
Halliday
Hargrave
Hees
Hnatyshyn
Hogan
Huntington
Jarvis
Johnston
Kempling
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Korchinski
La Salle
Lawrence
Leggatt
MacDonald (Miss) (Kingston and the Islands)
Mazankowski
McCain
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Neil
Oberle
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Roche
Rodriguez
Schellenberger
Schumacher
Scott
Smith (Churchill)
Stanfield
Stevens
Towers
Wenman
Wise
Woolliams—68.

NAYS

Messrs.

Abbott
Allmand
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blaker
Boulanger
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Corbin
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Douglas (Bruce-Grey)
Duclos
Dupras
Duquet
Faulkner
Fleming
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Gray
Guay (Lévis)
Guilbault
Harquail
Herbert
Hopkins
Horner
Isabelle
Joyal
Kaplan
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc (Laurier)
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Marceau
McIsaac
McRae
Milne
Nicholson (Miss)
O'Connell
Ouellet
Parent
Pearsall
Penner
Philbrook
Pinard
Portelance
Prud'homme
Railton
Raines
Reid
Roberts
Robinson
Rompkey
Rooney
Sauvé (Mrs.)
Savard
Sharp
Smith (Saint-Jean)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Wood
Yanakis
Young—108.

● (2212)

Mr. Speaker: I therefore declare the amendment to the amendment lost.

It being after ten o'clock, this House stands adjourned until tomorrow at 11 a.m.

At 10.14 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, April 14, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

PROTEST AGAINST REMOVAL OF TELEPHONES FROM RURAL POST OFFICES—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Rural post offices are the lifeline of the community. Farmers and ranchers depend on the post office for mail-order service for garden seeds, clothing, and so on. It has been brought to my attention that telephones are being removed from rural post offices in my constituency. Therefore, I move, seconded by the hon. member for Marquette (Mr. Stewart):

That the Post Office stop any further removal of telephones from rural post offices as many rural folk use the telephone to determine whether parcels have arrived rather than driving to town and wasting fuel.

Mr. Speaker: Presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

LEGISLATION RESPECTING BEEF IMPORTS—MOTION UNDER S.O. 43

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I rise to present a motion under Standing Order 43. With an unusual degree of political cynicism, the Minister of Agriculture (Mr. Whelan) has been supporting the idea of a beef import law administered by his department. Although there have been guarantees of support in expediting such a bill through the House, no import law has been presented by him. Yesterday, the member for Bruce-Grey (Mr. Douglas) got first reading for such a bill. Mr. Speaker, if the government wants a beef import law now, and the Liberals do not object by shouting "No", I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House give unanimous consent to all stages of Bill C-443 before this session of parliament ends.

Mr. Speaker: The presentation of such a motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FINANCE

SALES TAX—REQUEST GOVERNMENT RECONSIDER QUEBEC'S PROPOSAL—MOTION UNDER S.O. 43

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

Following the flat refusal of the Minister of Finance to accept the decision of the Quebec government concerning the removal of the sales tax for a year in weak economic areas; since the dictatorial move of the federal Minister of Finance (Mr. Chrétien) is giving Quebecers further proof of his one-way negotiations with Quebec, when the exclusive responsibilities of the provinces guaranteed by the constitution are involved and following many telephone calls from Quebec taxpayers protesting against this unhealthy intrusion of the federal government to prevent Quebecers from setting their own priorities; and considering the grave danger of deepening further the differences between Quebec and Ottawa, which would be the worst threat to Canadian harmony, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That the Minister of Finance reconsider and accept for once the decision of Quebec which wants to act alone within its own jurisdiction.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

● (1112)

[*English*]

ELECTIONS

TRAVEL PRIVILEGES FOR DECLARED CANDIDATES—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to put a motion on a matter of urgent and pressing necessity. In view of the news report that the declared candidate for the Liberal nomination in the Keewatin riding in the Northwest Territories travelled aboard the N.W.T. government's Gulfstream aircraft with the Minister of Indian Affairs and Northern Development (Mr. Faulkner), visiting numerous settlements in the eastern arctic, I would move, seconded by the hon. member for Churchill (Mr. Smith):

That this travel privilege at public expense by a candidate for the Liberal party be extended to declared candidates of the other two major parties.

Mr. Speaker: Presentation of such a motion for discussion, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

SCIENCE AND TECHNOLOGY

REQUESTED INCREASE IN GRANTS FOR RESEARCH AND DEVELOPMENT—MOTION UNDER S.O. 43

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

Because of the glaring lack of efficient measures in the last budget as regards funds earmarked for scientific research, and further to the article published in *The Citizen* April 10 last on the ever increasing anxiety in which Canadian scientists live in Canada because the present government can at any time cut off all subsidies to scientific research, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House agree unanimously on the need for an adequate research and development budget, more specifically 2.5 per cent of the gross national product, and the necessity of adopting a national science policy for the long term, that is from three to nine years.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

[*English*]

SPEECH FROM THE THRONE

ADDRESS IN REPLY THERETO

Mr. Speaker: Following a brief traditional ceremony which took place at the residence of the Governor General two days ago, I have the honour to inform the House that a communication has been received which is as follows:

Government House

April 13, 1978

Sir,

The Governor General has directed me to send you the enclosed message which has just been received from Her Majesty The Queen.

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

"To the Speaker of the Senate and the Speaker of the House of Commons:

I have received with great pleasure the loyal and dutiful expression of your thanks for my speech at the opening of parliament on October 18, 1977.

Elizabeth R"

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

SALES TAX REDUCTIONS—EFFECT ON FEDERAL-PROVINCIAL RELATIONS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Finance. Four more provinces, the four provinces of the west meeting in Yorkton, Saskatchewan, have now expressed concern about the way in which the central government has used its fiscal powers to change the sales tax in provincial jurisdiction. Can the minister confirm for the House of Commons the accuracy of the communiqué issued by the premiers of the four western provinces yesterday, to this effect:

The provinces did not participate in the decision concerning the federal compensation formula which treats Canadian taxpayers differently depending on the region in which they live.

● (1117)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am very surprised that they should say so, because we have made a special arrangement to accommodate the situations of Saskatchewan and British Columbia. When I went for my first round of discussions, they had some problems with some aspects and asked me to change my formula. I changed my formula. My original formula was that they would contribute

1 per cent for six months. They changed it so that rather than reducing the tax three points for six months, B.C. and Saskatchewan have reduced their sales taxes by only two points.

That was at their request after discussions with them, so I am surprised that they say they have not participated. I think the point made by the premiers was to the effect that this question was not discussed between the Prime Minister and themselves at the first ministers' conference.

Some hon. Members: No.

Mr. Chrétien: Yes. It was not discussed. It was discussed last October among the ministers of finance, and at that time they decided not to proceed with it. When I had my meeting with the ministers of finance previous to the first ministers' meeting, I discussed this matter with them again, but there were no takers, if I may use that expression. That is why it was not raised with the premiers. If the premiers of the west were not in agreement, it would have been easy for them to say so. I did not force anybody. I even made some adjustments to accommodate them.

Mr. Paproski: You are a phony and a fraud.

Mr. Clark: Mr. Speaker, we have a situation where this government, in the course of its conduct of what it calls federal-provincial co-operation, has the Minister of Finance standing up and saying that the statement made jointly by four premiers, meeting together in consultation with their ministers of finance, was false.

Mr. Chrétien: I didn't say that.

Mr. Clark: That is precisely the implication, and the only implication, which can be drawn here. Is that federal-provincial co-operation?

Mr. Lang: He gave the facts.

Mr. Clark: I want to refer to another statement, the veracity of which might be questioned. I have here a transcript of the press conference yesterday of the right hon. Prime Minister in which he says that the agreement relative to the sales tax provision was reached, and I quote, "following something like six months of intensive co-operation". If there were six months of intensive co-operation, can the acting—I was going to say "the acting Minister of Finance"; that is exactly what he is.

Some hon. Members: Hear, hear!

Mr. Clark: Given the fact that the first ministers met in February, knowing that budgets had to be brought down in March or April, can the minister tell us with some precision why this matter which, in the words of the Prime Minister, had been under intensive discussion for six months was not placed upon the table of the economic summit which was called precisely for the purpose of ensuring that federal and provincial policies would go in the same direction, and that there would be co-operation? Why was this matter, which the Prime Minister says was discussed for six months, not raised at the summit in February and, instead, sprung upon the provinces in detailed form only four days before the budget came down?

Mr. Chrétien: Mr. Speaker, I think it is very amusing that the hon. member has to take such a long time to make a point. Discussions began last October at the meeting of ministers of finance; we discussed this proposal, and we discussed it again when we met in January prior to the meeting of first ministers. The first ministers could have put this proposal on the table if they had wanted to, but they did not discuss it. I did not organize the agenda for the first ministers. The hon. member seems to be afraid to ask a question of the Prime Minister. However, I did not organize the agenda. I just say that we discussed it for six months. I travelled out west, met with the ministers and made some accommodations to suit the special cases of Saskatchewan and B.C.

It is very amusing that hon. members opposite should say that there was no consultation when I have made adjustments to meet provincial requirements.

Mr. Clark: Mr. Speaker, we have a situation here where the opposition is wrong, the premier of Quebec is wrong and the premiers of the four western provinces are wrong. Nobody is right except poor little Jean Chrétien. Isn't that an amazing situation?

Some hon. Members: Hear, hear!

Mr. Clark: The Minister of Finance says this matter was discussed last October. It was discussed for five minutes over lunch; it was not brought forward in any serious way by the Minister of Finance. If he wants to deny that, let him stand in his place and say that in October or November of last year he put a detailed proposal to the ministers of finance of the provinces—because he knows he did not.

● (1122)

CONSULTATION WITH PROVINCES ON SALES TAX REDUCTIONS

Mr. Joe Clark (Leader of the Opposition): Let me now turn to the Prime Minister, this man who has been watching these intensive discussions of the last six months. I ask him this question: In light of the fact that after those intensive discussions we now have five provinces—fully half of the provinces in confederation—expressing their view that the intrusion by the federal government into provincial fields in this manner was handled in a way that is dangerous not only to federal-provincial co-operation on economic matters but also to national unity, will the federal government give serious consideration to immediate discussions with all of the affected governments concerning modifications of the formula or of the proposal?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, to the extent that the western premiers want to further provincial co-operation and think that some mechanism should be set up so that the provincial budgets and the federal budget could be announced together and elaborated together, we are prepared to hear their views.

I have not read what they stated out west, nor am I privy to their discussions, but if this is the spirit in which they talk I would be happy to sit down with them—as we did in February—and find ways in which budgets at different levels of government can be co-ordinated and brought in together. But in so far as the past budget is concerned, particularly in circumstances where already a question of privilege has been raised in the House that already there has been too much consultation and, therefore, secrecy has not been respected in terms of the budget—

Mr. Grafftey: You're not serious.

Mr. Trudeau: —I find it difficult to understand how the Leader of the Opposition could quarrel with the statement of the Minister of Finance and myself that the subject was raised in October at the financial ministers' meeting. It was raised—

Mr. Clark: For five "intensive" minutes.

Mr. Trudeau: Maybe it takes only five minutes to make the proposition. If the finance ministers wanted to think about those five minutes, they had until the month of January when the Minister of Finance raised the matter again. Surely that is more than five minutes: it is a period of several months.

Mr. Clark: "Intensive discussions."

Mr. Trudeau: But in so far as making a specific proposal on budget night is concerned, the Leader of the Oppposition and, I am sure, the western premiers themselves realize that it would not have been possible for the Minister of Finance to say, several weeks in advance, that taxes would be cut three or four weeks hence, particularly sales taxes. He and the premiers know perfectly well that this would not have been possible.

The Minister of Finance approached them in confidence, some of them more than once, talked to them on the telelphone, met with them personally and made a proposal to them. They are big boys, Mr. Speaker, they are adults: if they thought it was not a good proposal, they could have said no; but they accepted.

Some hon. Members: Oh, oh!

Mr. Trudeau: Not only have they accepted, but they proposed modifications which were accepted by us. After you bring in the budget, one to which they have agreed, all nine of them, suddenly four of them have second thoughts. I repeat that I am not clear as to what they actually said in their deliberations, but I hope it was more constructive than the interpretation put on it by the Leader of the Opposition.

Mr. Clark: Mr. Speaker, this government has so little taste for actual negotiations and co-operation among different levels of government that to them five minutes of talk over broccoli—

Some hon. Members: Oh, oh!

Mr. Clark: —amounts to intensive discussion.

Some hon. Members: Oh, oh!

Mr. Clark: I wonder if I might get the attention of the Prime Minister.

An hon. Member: The word was "broccoli".

An hon. Member: It's what you eat.

Mr. Clark: The Prime Minister speaks about being ready to agree to any kind of mechanism the premiers might propose. The fact is that the premiers were led by the Prime Minister to believe that they had, in the economic summit, a mechanism by which co-operation among different levels of government could be worked out. They find, having been brought here for the television cameras, they are then betrayed by having a proposal, which did not emerge in February, sprung upon them six months later.

● (1127)

I should like to come back to the question I raised with the Prime Minister which he refused to answer. That question is: In light of the fact that half of the provinces of Canada have now expressed concern about the means by which the federal government has intruded, and used its fiscal power to intrude, into their jurisdictions, will the government commence immediate discussions with all the affected governments to see what changes might be brought in either to the formula or to the proposal relating to provincial sales taxes? Will they start those discussions now with all of those premiers?

Mr. Trudeau: Mr. Speaker, the meeting in February of first ministers was to establish the kind of co-operation for the short and medium run. We did not attempt, the premiers or myself, to negotiate what budget we would bring down, nor did they tell me what budgets they would bring down. They gave me no information on that.

In so far as information on budgets is concerned, various proposals were made; they were at the level of the finance ministers. The particular scheme of cutting provincial sales tax was in the public domain; it was being discussed publicly. It was not only over the hon. member's broccoli, but it was discussed publicly since the month of October at least. I believe it was made public in a statement by the minister of finance for Ontario.

Mr. Clark: You are a parody of yourself. Go ahead.

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition expects to receive answers to questions and then he does not listen to them.

Mr. Clark: Not from you.

Mr. Trudeau: Then I wonder why the hon. member asks the question.

Mr. Paproski: There are no answers forthcoming. You are a phony; you are a fraud.

Mr. Trudeau: I take it the hon. member does not want me to answer his question. If he does, he should listen.

Mr. Clark: I do not think you can answer my question.

Mr. Trudeau: Let the hon. member say particularly what he wants me to say.

Some hon. Members: Oh, oh!

Mr. Clark: For the third time, Mr. Speaker—

Mr. Speaker: Order, please. The exchange has already lasted 15 minutes. The hon. member for Winnipeg North Centre.

Some hon. Members: Hear, hear!

INCREASE IN SALES TAX AFTER SIX-MONTH PERIOD

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is directed to the Prime Minister. In view of the very clear feeling on the part of the western premiers that federal-provincial relations have been damaged by this experience, and in view of the Prime Minister's having stated just now that the federal government is prepared to do something to try to repair that damage, may I put this proposition to him: In view of the fact that the federal government is taking full credit for the reductions which will now take place in the sales tax of the various provinces, will the federal government—if it is still there six months from now—use all of its capacity to effect the news and to tell us what is going on; will it use that to make it clear to the people of Canada, when the sales tax goes back up six months from now, that the responsibility for it is that of the federal government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the position of the government on the budget is very simple. We gave room to the provinces to increase their income tax and cut their sales tax. This was done by depriving ourselves of federal tax funds, or federal funds from income tax. We decided to do this for a period of six months. In six months, presumably, when this ends, we will have to increase the taxes again to what they were. The people of Canada will know to whom they are paying taxes, unless we decide then to have another budget. They will know that.

● (1132)

In so far as the position of the premiers is concerned, I repeat what I said earlier: they, through the ministers of finance, accepted this proposition. They discussed it over a period of several weeks. I find it passing strange now that the premiers, not the ministers of finance, are saying there has not been co-operation. If the premiers feel that, I am prepared to see them. Let them come to Ottawa next week and I will make an appointment with them. I would be glad to discuss with them what budgetary processes they would like to establish in the future.

Here is a proposal in which the federal government said to the provincial governments, "We will both put some money in. The federal government will put in more than you. We will put some money in, and we will reduce sales taxes to the Canadian people in order to stimulate effective demand in the economy." And the finance ministers of the provinces accepted. They were not forced to do that; they could have said no, just as one province refused to give an answer. But no. Obviously there is some lack of communication between the ministers of finance and the premiers—the left hand does not know what the right hand is doing—and now they are complaining.

There could not have been a better attempt by the federal government to co-operate with the provinces in putting together a budget with which they agreed. The Minister of Finance travelled across the country to do that; he travelled across the country meeting the finance ministers of the provinces. After three weeks of consultations, we arrived at a budget with which nine provinces agreed and the other remained silent. I now find it passing strange that they are having second thoughts and playing politics to help the Leader of the Opposition.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in view of the utter confusion that exists over this matter, and in view of the fact it is now clear that damage has been done to federal-provincial relations, I hope the Prime Minister will meet with the premiers of the provinces very soon to straighten this matter out and come to an understanding as to what is to happen six months from now.

SALES TAX FORMULA AS APPLIED TO QUEBEC

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct my supplementary question to the Minister of Finance? My question relates to what is going on between the Minister of Finance of the federal government and the minister of finance of the province of Quebec. In view of the minister's statement that this government will provide to Quebec, having regard to the formula that province has set up, only $37 million of the $220 million that was to have gone to Quebec under this minister's formula, will he undertake that the other $183 million will be provided in some way as an economic stimulus in Quebec to create badly needed jobs in that province?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the money is all available at this time. If the Quebec government wants to cut sales tax by two points for six months, as described in the formula, for the rest of the retail sector in the province of Quebec, the money is available. If that province has decided on its own to stimulate further production of textiles, shoes and furniture, so much the better. It is their provincial budget and I cannot quarrel with it. I have some of the textile industry in my own district. I am pleased that Mr. Parizeau decided to do more, through his own budget, for that sector. I am glad he has decided to do that, because we did

something about it when imposing quotas some time ago. The money is still available. He can still cut taxes on other items in the province of Quebec and we would be delighted to contribute and stimulate those other sectors.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, does the Minister of Finance call this offer of a total of $220 million, only on the basis that Quebec accept his formula, co-operation when in fact it is dictatorship?

Mr. Chrétien: Mr. Speaker, I should like to reply to this point because the second minister I called about three weeks before the budget was the minister of finance for Quebec. I wanted to know from him if he was going to say "Yes" or "No". He never said "Yes" or "No".

An hon. Member: What did he say?

Mr. Chrétien: He never said "Yes" or "No." He waited until I had made the proposition in the House. I could not read his mind. He was talking with other ministers of finance on the topic; he called other ministers of finance to discuss its advantages or disadvantages. I knew that, because the other ones mentioned that to me during my conversations. I had the maximum consultation I could have. He decided, himself, to wait and make his own decision after the fact; and he has to live with his own decision, just as I have to live with my own decision.

SALES TAX—NEGOTIATIONS WITH PROVINCES

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Minister of Finance. We have already determined that the Prime Minister did not see fit to discuss this major initiative on the part of the federal government at the economic summit conference in February. Since March was a month in which six provincial budgets were brought down, budgets which have been seriously affected by what the western premiers describe as severe distortion of provincial fiscal priorities as a result of the unilateral exercise of federal budgetary policy, and since this government speaks so glowingly of its commitment to federal-provincial negotiations, will the Minister of Finance tell us in precise detail, giving the exact dates, when the specific proposal was discussed in detail with the finance ministers of the provinces? I am not referring to general discussions over a lunch last fall; I am referring to specific details.

Hon. Jean Chrétien (Minister of Finance): First, Mr. Speaker, I would like to thank the hon. member for saying that it is a major initiative, because in his speech yesterday the Leader of the Opposition said it was no measure at all. I am very pleased that the hon. member calls it a major initiative.

Some hon. Members: Hear, hear!

Mr. Chrétien: I said that I had travelled and started these talks during *la semaine sainte* with the ministers of finance of Ontario and Quebec—*la semaine des bons chrétiens, monsieur le président*. I spoke to the ministers of finance of Quebec and Ontario. The week right after that I went to B.C., Manitoba, Saskatchewan and Alberta and spoke to all of them. The ministers of finance of the maritimes were phoned by me during the same week, Holy Week. I am sorry; it was Holy Week in respect of the ministers of finance of Quebec and Ontario and the following week for the other ministers.

Miss MacDonald: Mr. Speaker, I think most of us recognize when Holy Week is held. I should like to point out to the minister that major initiatives are not always good initiatives; they can be bad major initiatives, too. Let me point out to the minister that the government's first action since the economic summit conference was held in February has been action that has brought about federal-provincial chaos, as we have seen now, and not federal-provincial co-operation.

This government's budgetary proposals have had different implications for six provincial budgets brought down prior to these proposals and after the economic summit conference in February. That is what the minister has said in stating he did not discuss this matter with his provincial counterparts until Holy Week. Since his proposals have had different implications for six provincial budgets than for the other four, and since in the words of the western premiers—

Mr. Speaker: Order, please. I am trying to be lenient with the hon. member, but would she come to her question, please?

● (1142)

Miss MacDonald: I will put my question, Mr. Speaker. Since this measure could be prejudicial, as the western premiers have said, to ongoing discussions on national unity, dividing the provinces—which seems to be what the premier said—will the Minister of Finance undertake to reopen the discussions, at least with the six governments which introduced their budgets prior to the time the federal government put forward its proposals, and determine if any adjustment to what they have done is now warranted? Will he undertake to do that?

Mr. Chrétien: Mr. Speaker, I have spoken with the ministers of finance for all the provinces. Some of my discussions were very short and, in fact, the maritime provinces were so happy that they said "Yes" within the first five minutes. So there was no problem there. As to the other provinces which had problems, I visited them and made some accommodations. They were not obliged to accept. I told them it was all apolitical and would depend on what resulted.

In fact, yesterday morning I called as many of the ministers as I could reach, to get their opinion on what Quebec has done. One of the ministers said, "I have made a decision with you, Mr. Chrétien, and what happens with the others is not my concern." I have been very frank with the provinces. They could have said "No," but they were pleased to say "Yes" because it was the first time that the minister of finance had ever gone to them. This was not the only matter that I discussed with them: we had discussions on various features of the economy of Canada—the situation with the Canadian

dollar, the situation with imports and exports, and so on. Many of them said to me that it was the first time that the minister of finance had ever bothered to talk to them about the economy of Canada before a budget.

Miss MacDonald: Since this initiative has given four provinces an advantage which the other six did not have when they were introducing their budgets, I wonder if the Minister of Finance would consider changing the phraseology that he used with regard to this initiative and with regard to the economic summit conference, when he described it as a milestone in federal-provincial relations and, indeed, describe it as a millstone in federal-provincial relations.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, there was one minister of finance who had made his budget some time previously, and it was the minister of finance of Ontario. However, he was a proponent of this idea and he was so pleased with what I was proposing that on his own initiative he called some of his colleagues to tell them that I was on the right track. Apparently some of these people were afraid that they would be helping me politically in bringing in this budget.

An hon. Member: Nobody can help you.

Mr. Chrétien: Every one of the ministers, except the finance minister of Quebec, put the national interest ahead of their political interests.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

THE CONSTITUTION

POSSIBILITY OF ESTABLISHING NEW CONSTITUTION—PRIME MINISTER'S POSITION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the right hon. Prime Minister. It is obvious that we are faced with a very serious problem which might degenerate into a constitutional crisis and once again we are given evidence that the basis of a new constitution is urgently needed. Would the right hon. Prime Minister tell the House whether he would look favourably on the provinces coming together to set the basis of a new constitution which would clearly establish the responsibilities and jurisdictions of provincial governments as well as those of the federal government?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, I have already done that. Indeed from 1968 to 1971 the premiers and myself have met from 10 to 12 times to resolve the problem to which the hon. member referred. We have agreed on a number of conclusions. White papers have been published by the federal government. A conference was held in Victoria and we had the discussion which the hon. member is hoping for. I also urged the premiers when they met in Ottawa last February to resume that discussion next fall and they have expressed interest in that proposal.

* * *

FINANCE

SUGGESTED RECONSIDERATION OF SYSTEM OF FINANCING PUBLIC SECTOR

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to direct a supplementary question to the Minister of Finance, and at the same time thank the Prime Minister for his excellent answer.

The whole problem is one of money; the provinces need income and so does the federal government. They are all controlled by finance, by monetary power. Yesterday I asked the Minister of Finance a question and he answered that I was advocating a change in the system of financing the public sector, which is known as the credit-debt system, and the replacement of this method which creates problems by a more social type of credit. In view of the events that have occurred in the last 24 hours, is the minister at least prepared to ask his officials to consider such a change? Only a study can show if that would be better or worse. Is the minister prepared to request such a study?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if the hon. member could put his theories down on paper and forward them to me, I will ask my officials to study them and I will give him a reply.

* * *

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT POLICY ON VALUE OF CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister. As we have witnessed this morning an unbelievable foul-up in federal-provincial relations, I would like to deal with the foul-up in relation generally to the world. The dollar continues to fall, with another $30 million being lost today and possibly $350 million so far this month.

At his press conference yesterday, the Prime Minister stated that he hoped the dollar would reach a "just" level on world markets and that he will not intervene to prevent it from reaching that level. Would the Prime Minister indicate what that just level is, because the inference to be taken from his statement is that the dollar still has not reached this just level.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the hon. member knows the answer to the question. A just level is one established by supply and demand for the

Canadian dollar on the world market. Supply and demand is established by thousands upon thousands of individuals—businessmen, speculators, and others—offering the Canadian dollar or buying the Canadian dollar. At one point the two curves cross and this establishes the price of the dollar as has happened on the world market.

Mr. Stevens: Mr. Speaker, my supplementary is again to the Prime Minister, who added to his earlier statement yesterday that he would intervene to normalize the jerks and spasms but not to prevent the dollar from seeking its normal level. My question, after the Prime Minister's little lecture concerning curves, is: Would he indicate why they chose to raise domestic interest rates in Canada by a full point, if they do not intend to intervene with these normal levels that he refers to?

Mr. Trudeau: Once again, Mr. Speaker, the central bank will intervene to prevent any movement which it feels is either speculative or abnormal. It does not intervene by establishing a rate beyond which the dollar will not fall or rise. It does not say that we have a fixed dollar: it says, let it float but we will help the dollar float toward whatever its eventual destination is by intervening to prevent an abnormal occurrence.

Mr. Stevens: Mr. Speaker, my final supplementary is to the Prime Minister. In order that there be less confusion concerning exactly what the government's and the Bank of Canada's stance is with respect to our dollar, and to avoid the confusion that obviously exists in the imposition of the provincial sales tax, would the Prime Minister arrange for a proper reference to a committee of the House on the subject of the falling dollar, so that the governor of the Bank of Canada, and even the Minister of Finance, would come to that committee and give us a first-hand view of what they feel is a normal level for the dollar and what is, in fact, government policy with respect to this very, very disturbing situation in Canada?

● (1152)

Mr. Trudeau: Mr. Speaker, we are in the middle of a budget debate. There is no better place for the opposition to make its views known on that matter. It is even better than stating them in committee.

Mr. Stevens: We want to find out your view.

Mr. Trudeau: The hon. member wants to find out our view. Our view is that the dollar is a floating dollar, as are the other currencies of the world. Therefore, we are not determining in advance the proper level which the dollar should reach. We are not determining that. We are letting it float so that the markets of the world will establish its proper value.

An hon. Member: Horner says it is 90 cents.

Mr. Trudeau: If the hon. gentleman opposite and members of his party want to express their views on that in committee, I suggest they do it during the next four days of the budget debate. We will be interested in hearing their views.

[Mr. Trudeau.]

EFFECT OF SALES TAX REDUCTIONS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Prime Minister. The Minister of Finance has just brought down his rubber-duck budget. It had a lot of leaks before, and it has had a lot of leaks since. The Prime Minister will agree that direct taxes are a provincially-shared responsibility. My question for the Prime Minister is this: Why is the government objecting to the province of Quebec directing the reduction of sales taxes on clothing, textiles and footwear when other provinces, such as Newfoundland, do not tax clothing, footwear and textiles at all—

An hon. Member: Nor does P.E.I.

Mr. Crosbie: —in their sales tax? Nor does P.E.I. And in Alberta they have no sales tax at all. Why isn't the province of Quebec being permitted leverage in this manner, if there is a policy of co-operative federalism? There is no tax on clothing, footwear and textiles in Newfoundland, P.E.I., or Alberta. Why is Quebec not permitted the same choice?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the question seems to be singularly contradictory. The hon. member is indicating that because sales taxes are a provincial jurisdiction, Newfoundland has, in effect, reduced its sales taxes on certain items. Quebec has done that. We applaud that. They are perfectly entitled to reduce their sales taxes in the way they want. The province of Alberta is perfectly entitled to have no sales tax, if they want. That is the reality under the constitution and that is the political reality.

We are not objecting to Quebec cutting taxes on certain items. All we are saying is that when the federal budget is brought in we intend to compensate the provinces for certain fiscal actions which they can take; we intend to pay them in part for it. We put this budget together after three weeks of consultation.

An hon. Member: Six months.

Mr. Trudeau: We think it indefensible for one province to hold out, to wait until the budget is tabled, to wait until all the other provinces have agreed to it and stated so, and then to decide to go on its own and to high-grade federal money for its own benefit and not for the benefit of the total economy. We think it is contrary to federalism and to the notion of a common market which the PQ itself says would be the one they would fight for.

Mr. Crosbie: Mr. Speaker, the Prime Minister's answer shows why our federal-provincial relations are in such a barbaric state. The hon. gentleman realizes that the federal government has great fiscal strength compared to the provinces, and what you have said to Quebec is, "You are going to suffer a $180-million penalty if you choose to exercise your own discretion on your own direct sales tax in Quebec".

Mr. Clark: That is right.

Mr. Crosbie: My question to the Prime Minister is this: How can our confederation survive with this kind of strong-arm, bully-boy, kung-fu federalist tactic? How can we survive if he stays in office?

Mr. Trudeau: Mr. Speaker, I think the opposition is demonstrating that it is useless to attempt to put a budget together in consultation with the provinces.

An hon. Member: Come on!

Mr. Trudeau: I am wondering if the four western premiers have really taken that view. I do not believe they have. They are probably arguing that the budget should be established together, all of us bringing in our budgets at the same time after consultation. We are prepared to discuss that possibility with them, although it does not seem a very realistic one. But this is the first time, Mr. Speaker. We could have cut other taxes.

Miss MacDonald: Manufacturing?

Mr. Trudeau: We could have cut income tax and left it at that. But we were attempting—

An hon. Member: How about manufacturing?

Mr. Trudeau: —to put together an idea which had been propounded by the finance minister of Ontario, which had been supported by many economic groups in Canada, as the best way to stimulate the economy at this time. Cutting the sales tax is the way in which you can immediately stimulate the greatest consumer demand.

An hon. Member: What about the federal sales tax?

An hon. Member: You have fouled it up.

Mr. Trudeau: Having accepted this thesis, and realizing that sales taxes are in the hands of the provinces, we said, "We will give you some money to do this. Do you accept?" Nine of them said they accepted, and they did it. Now the opposition is trying to criticize the decision of nine provinces to do something, and the reluctance of one—

An hon. Member: That is not what happened.

An hon. Member: Keep digging.

Mr. Trudeau: —to make up its mind so that it could come in after, make a better deal for itself and not for the whole of Canada. I find the opposition supporting a separatist government in Quebec—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, that kind of low, disgusting tactic will get the Prime Minister nowhere.

Some hon. Members: Hear, hear!

Mr. Crosbie: I quote from the joint communiqué of the four western provinces. The four western premiers have said:

> —contradicted the spirit of federal-provincial co-operation and consultation . . . and could be prejudicial to ongoing discussions on national unity.

Are the four western premiers separatists? Is everyone who disagrees with the government a separatist?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I am having difficulty hearing the hon. member's question.

An hon. Member: Ask it again.

Mr. Crosbie: Mr. Speaker, my question to the Prime Minister is: Are the four western premiers, including everyone on this side and everyone who doubts the veracity and wisdom of the government, separatists by definition?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, that can be the inference the hon. member wants to draw. It is certainly not—

An hon. Member: It is yours.

An hon. Member: You said it.

Mr. Trudeau: It is certainly not what I said, Mr. Speaker. I was dealing with the support given by the Tory party—

Some hon. Members: Oh, oh!

Mr. Trudeau: —to the scheme put forward by the separatist party of Quebec.

An hon. Member: Cheap.

Mr. Trudeau: They are telling us now that they want the federal government to go along with the scheme, the effect of which is to use national funds, funds of the Canadian taxpayer, to encourage certain industries in Quebec, when the rest of the provinces have accepted a proposition which would help all consumers in Canada—

An hon. Member: What about DREE?

An hon. Member: Half a billion in DREE.

An hon. Member: What does DREE do?

Mr. Trudeau: Now they want to ask a question about DREE, Mr. Speaker. Let them ask a question about DREE. We were talking, until now, about their support for a scheme which does not have the support of the other provinces. Yesterday, the Minister of Finance phoned several of the provincial ministers of finance—

An hon. Member: Support the Liberal party of Quebec.

Mr. Trudeau: —asking them if they would go along with the Quebec scheme, and they said, "Of course not."

An hon. Member: Raymond Garneau likes it.

Mr. Trudeau: We put a deal together, all nine of us plus the federal governement, and now we are not going to go along with the special proposal made by Quebec. The Tory party is distinguishing itself by saying that it will. We will not, Mr. Speaker. That is their position; it is not ours.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

• (1202)

ROUTINE PROCEEDINGS

[*English*]

CRIMINAL CODE

COMMITAL OF DANGEROUS OFFENDERS UNDER "HOSPITAL ORDERS"

Mrs. Ursula Appolloni (York South) moved for leave to introduce Bill C-444, to amend the Criminal Code (hospital orders).

Some hon. Members: Explain.

Mrs. Appolloni: Mr. Speaker, this bill is premised on the acknowledgment of the fact that because brutal "justice" is frequently meted out by fellow inmates to child molesters, judges hesitate to sentence these offenders to prison terms. By granting special power to the criminal courts to make "hospital orders" as opposed to usual terms of imprisonment, this bill is designed to provide needed medical treatment to offenders suffering from psychopathic disorders and, especially important, to protect the public from the risk of further offences being committed if the offenders are at large.

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

* * *

CANADIAN HUMAN RIGHTS ACT

EXTENSION OF EMPLOYEE PROTECTION TO CERTAIN PRIVATE COMPANIES

Mr. Stuart Leggatt (New Westminster) moved for leave to introduce Bill C-435, to amend the Canadian Human Rights Act (private sector compliance).

Some hon. Members: Explain.

Mr. Leggatt: Briefly, Mr. Speaker, the purpose of this bill is to extend the protection of the Canadian Human Rights Act to employees of private companies carrying on business in Canada that are in receipt of federal government contracts or subsidies of any kind. The effect of the bill would be to deny such companies federal contracts or subsidies where they are in violation of the Canadian Human Rights Act.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 313, 314, 490, 1,153, 1,243, 1,336, 1,354, 1,428, 1,437, 1,442 and 1,473.

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

[*Text*]

CNR—EMPLOYEES FROM PRIVATE AGENCIES

Question No. 313—**Mr. McKenzie:**

1. Has Canadian National Railways obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Canadian National Railways in (i) 1975 (ii) 1976?

Hon. Otto E. Lang (Minister of Transport): The Management of Canadian National Railways advises as follows: 1. (a) CN obtained part-time employees from private agencies in the following provinces only:

	Number of Employees		
Province	1975	1976	Total
British Columbia	16	20	36
Alberta	108	197	305
Manitoba	1	7	8
Ontario	12	11	23
Quebec	37	65	102
	174	300	474

(b) In 1975 only, CN obtained one (1) full-time employee from an employment agency in Ontario.

2. The fees for all of the above employees were paid from existing operating budgets. No supplemental budgets were set up to cover these fees. No such payments were made from government estimates.

3. (a) The average hourly rate paid to the employment agencies in the five provinces where agencies were used is shown below:

Province	1975	1976
British Columbia	$5.64	$5.96
Alberta	5.57	5.89
Manitoba	5.00	5.55
Ontario	5.10	5.59
Quebec	4.97	5.52

(b) The average hourly rate paid to the employees by the agencies, is unknown as the agencies do not disclose, to their clients, the wages paid to employees. (c) The total amounts paid by CN in the five provinces where employment agencies were used are shown below:

Province	1975	1976	Total
British Columbia	$ 2,531.99	$ 4,382.45	$ 6,914.44
Alberta	15,179.62	34,134.35	49,313.97
Manitoba	534.00	7,815.00	8,349.00
Ontario	6,896.58	6,303.60	13,200.18
Quebec	32,597.82	45,296.08	77,893.90
	$57,740.01	$97,931.48	$155,671.49

AIR CANADA—PRIVATE EMPLOYMENT AGENCIES

Question No. 314—**Mr. McKenzie:**

1. Has Air Canada obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Air Canada in (i) 1975 (ii) 1976?

Hon. Otto E. Lang (Minister of Transport): The management of Air Canada advises as follows: 1. (a), (b), (i) to (x), 2 and 3. Air Canada has a part-time and temporary and casual staff to fill peak work requirements, some of whom are obtained from outside agencies. In all cases, each of the more than 800 budget centres in the airline may employ such help if the necessary budget provision has been made and approved. These non-permanent employees do not form part of the company's automated payroll system and, while it is possible to reconstruct this information manually, the required expense to produce the information is considerable and prohibitive.

INTERNATIONAL TREATIES SIGNED BY CANADA

Question No. 490—**Mr. Forrestall:**

1. With reference to the answers to Question Nos. 5,359 of the First Session and 163 of the Second Session of the 30th Parliament, did the government receive representations from foreign governments or international organizations seeking to learn Canada's record in terms of implementing international treaties etc. signed by Canada?

2. Does the government have any current plans to compile statistics on what percentage of treaties it has signed but has never implemented and, if not, for what reason?

3. What is the government's best estimate of the percentage of treaties it has signed which have (a) never been implemented (b) been implemented (i) in part (ii) completely?

4. Does the government consider its record in terms of implementing treaties signed by it to be favourable in terms of international standards?

5. If difficulties exist in terms of implementing international treaties in Canada, what is the policy of the government in signing such treaties where such difficulties, if any, are foreseeable?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. No. The government, through the Department of External Affairs, does receive enquiries, however, from foreign governments or international organizations in respect of the implementation of specific treaties signed, ratified or acceded to by Canada. These enquiries are normally of a legal or technical nature.

2. The Department of External Affairs has no plans to compile statistics on treaties signed by Canada which have not been implemented. A search of the hundreds of entries in the Canada Treaty Register to establish the limited number of treaties signed subject to ratification and not ratified would require a major expenditure of budgetary and manpower resources.

3. The number of treaties signed by Canada which have not been implemented is insignificant.

4. Yes.

5. When the Government of Canada has determined that it is in the interest of Canada to enter into a treaty, if legislative action by the Parliament of Canada or the legislatures of the provinces is necessary to implement the treaty, the practice, subject to the terms of the treaty, is to sign subject to ratification, or alternatively, after legislation is in place, to accede to the treaty. In neither case will obligations normally be assumed by Canada by ratification or accession until the legislative requirements of implementation have been fulfilled.

SUBDIVISION LOTS ACROSS PROVINCIAL BOUNDARIES

Question No. 1,153—**Mr. Herbert:**

Has the government considered introducing legislation requiring companies that sell or lease subdivision lots across provincial boundaries, to file a detailed description of such property, including financial and legal information, information on sewers, water lines, possible flooding conditions, etc.?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: The information being sought involves matters which fall exclusively under provincial and municipal legislation, and the government has, therefore, not considered introducing legislation of this kind.

MORTGAGE STATISTICS

Question No. 1,243—**Mr. Herbert:**

Are statistics recorded on the percentage (a) of single family residences that are mortgaged (b) by various dollar levels of existing mortgages and, if so, by

comparing mortgage figures in constant dollars was there a discernible trend in any change in the past five years?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: (a) Data on single detached dwellings with or without mortgages are available only from the decennial census. The table following summarizes the information for 1971.

Single-Family Residences, Canada, 1971

	Per cent
No Mortgage	47.2
One Mortgage	45.1
More than One Mortgage	7.7
Total	100.0

(b) Census data do not provide the information requested. The table following provides information derived from a special survey conducted in metropolitan areas in 1974, but the constant dollar deflation of residential mortgages is not available in any form.

Mortgages Outstanding on Single-Detached Dwellings
Metropolitan Areas, Canada, 1974

Amount of Mortgage $	Per cent
1— 9,999	37.9
10,000—19,999	37.4
20,000—29,999	16.6
30,000—39,999	6.2
40,000—49,999	1.4
50,000 +	.5
Total	100.0

CADC—PERSONNEL

Question No. 1,336—**Mr. Bawden:**

1. How many people are employed in Crown Assets Disposal Corporation?

2. In (a) 1973 (b) 1974 (c) 1975 (d) 1976 (e) 1977, how many employees were classified as (i) bilingual (ii) unilingual?

3. What is the policy of the Corporation on (a) hiring (b) promotion (c) demotion of employees classed as (i) unilingual (ii) bilingual?

4. How many employees in the Corporation were promoted from branch offices to the head office in (a) 1973 (b) 1974 (c) 1975 (d) 1976 (e) 1977?

5. How many employees from outside the public service have been hired in the head office of the Corporation in (a) 1973 (b) 1974 (c) 1975 (d) 1976 (e) 1977?

6. How many of the above are (a) bilingual (b) unilingual?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. As of February 28, 1978, Crown Assets Disposal Corporation employed 68 people.

2. January 1 to December 31:(a) (i) 19, (ii) 74; (b) (i) 20, (ii) 71; (c) (i) 21, (ii) 50; (d) (i) 27, (ii) 39; (e) (i) 31, (ii) 36.

3. (a) (i) and (ii) All qualified applicants are considered for appointment to vacant positions. In the case of bilingual positions, appointees have to be bilingual or be willing to undertake language training. (b) (i) and (ii) Unilingual and bilingual employees share equal opportunities for promotion. In the case of bilingual positions, appointees have to be bilingual or be willing to undertake language training. (c) (i) and (ii) The language status of an employee has no bearing on demotion.

4. (a) 1, (b) Nil, (c) 1, (d) 1, (e) Nil.

5. (a) 12, (b) 18, (c) 9, (d) 6, (e) 17

6. Bilingual (a) 1, (b) 5, (c) 8, (d) 6, (e) 12. Unilingual (a) 11, (b) 13, (c) 1, (d) Nil, (e) 5.

NAVIGABLE WATERS PROTECTION ACT APPROVALS

Question No. 1,354—**Mr. Brisco:**

Is the approval of the Minister of Transport or the Cabinet required before any obstruction in the form of a bridge, dam or similar structure is placed on/in or across a navigable waterway and, if so, what is the list of all (a) approvals that have been given in the past three years and, in each case, what is the name and location of the waterway (b) applications that are presently waiting approval and, in each case, what is the name of the waterway and its geographic location?

Hon. Otto E. Lang (Minister of Transport): The approval of the Minister of Transport by virtue of the Navigable Waters Protection Act is required for any works constructed in, on, over, upon, under or across a navigable waterway in Canada regardless of whether the work is existing or proposed. Examples of such works would include bridges, booms, dams, causeways, marinas, fill, aerial and submarine cables, wharfs and many other smaller works. In response to part (a) of the question, the approximate number of applications approved by this department within the past three years is in the order of 4,500. Of these approvals issued, approximately 40 per cent would be generated from the west coast region. Resources within the department do not permit a further breakdown of this figure, which would require a comprehensive listing of waterways and geographic locations of the approvals involved. There is also no mechanism for identifying applications pending approval, which would enable the department to provide the information requested in (b). It would be necessary for the enquirer to provide the name of the applicant or the waterway involved.

BRICK DETERIORATION—VIRGINIA PARK AHOP SUBDIVISION

Question No. 1,428—**Mr. McGrath:**

1. Did the National Research Council, at the request of CMHC, conduct an investigation into the cause of brick deterioration at the Virginia Park AHOP subdivision in St. John's, Newfoundland and, if so, what are the results of the investigation?

2. Is CMHC prepared to compensate the owners of homes effected by the said faulty brick?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. The National Research Council was requested by CMHC to provide its comments upon the brick deterioration occurring at the Virginia Park subdivision, St. John's, Newfoundland. As a result of on-site observations and of the

testing of samples, it was indicated that the brick complied with the requirements of residential standards, i.e., Canadian Standards Association, A82.1 burnt clay brick.

2. CMHC is not authorized to offer assistance to the owners of the homes affected.

GRAIN-HAULING FREIGHT CARS

Question No. 1,437—**Mr. Hnatyshyn:**

How many freight cars capable of being used for grain hauling were in the United States on March 3, 4 and 5, 1978?

Hon. Otto E. Lang (Minister of Transport): Many types of railway cars could be used to haul grain but of the railway cars dedicated to grain service, both CN and CP Rail advise that there were less than 100 cars in the United States on March 3, 4 and 5, 1978.

DND—ROCKET MOTORS

Question No. 1,442—**Mr. McKinnon:**

1. Has a contract been let to Bristol Aerospace Limited for $4,198,760 for rocket motors and, if so, what is the purpose for which the rocket motors are to be used?

2. How many rocket motors will be provided and are they all of precisely the same type?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Yes. The rocket motor is part of a weapons system, and the number contracted for is equivalent to the annual consumption by the Department of National Defence in air-to-ground practice firings.

2. Twenty-four thousand rocket motors of precisely the same type will be provided.

PORT OF MONTREAL

Question No. 1,473—**Mr. Huntington:**

1. Does the National Harbours Board pay for fire boat protection at Montreal Harbour and (a) if so, what is the cost per year (b) if not, who does and what are the operating costs per annum?

2. Who owns the fire boat in Montreal Harbour?

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows: 1. No. (a) Not applicable. (b) Tugs owned and operated by private tug operators in the port of Montreal are equipped with fire fighting apparatus, the cost of which is borne by the operators.

2. There is no fire boat at the port of Montreal (see reply to 1(b)).

* * *

[*English*]

POINT OF ORDER

MR. McKINNON—DELAY IN ANSWERING QUESTION NO. 137

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I rise on a point of order. I have had a question outstanding since October 19, some six months, question No. 137, in which I ask if DREE or any other departments pay direct or indirect subsidies toward the operation or maintenance of Canadian Armed Forces bases. It is quite a simple question. Some money is going into the Department of National Defence to keep bases running. A department that spends $4 billion should know where its money is coming from, and I cannot understand why they have not been able to answer this question in less than six months. I do not see anything sinister about them withholding the answer. I believe it is sheer incompetence.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, to date we have answered more than 60 per cent of the questions on the order paper. Obviously the question referred to by the hon. member is part of the 40 per cent of questions we have not yet had time to answer. We will consider his request.

[*English*]

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

Some hon. Members: Agreed.

Mr. Speaker: May I ask the House to return momentarily to the tabling of documents. I have overlooked an indication that the Minister of Transport (Mr. Lang) has a document for filing.

* * *

VIA RAIL

TABLING OF FIRST ANNUAL REPORT

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would like to table, under Standing Order 41(2), two copies, in both official languages of the first annual report of VIA Rail Canada Incorporated.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Thursday, April 13, consideration of the motion by Mr. Chrétien that this House approves in general the budgetary policy of the government, and the amendment of Mr. Stevens (p. 4439).

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, as I rise to take a few brief moments to enter this debate, I begin by expressing my congratulations to my col-

league, the Minister of Finance (Mr. Chrétien), both for the budget he presented on April 10 and for the way he is handling what I think anyone on any side of the House or anywhere in the country would recognize as a very difficult portfolio in admittedly difficult times of economic tension.

I believe it is a reasonable assessment to say that the general reaction across the country to the budget of the other night has been favourable. It is obviously correct to say it has not met with total acceptance by our friends across the floor. That is understandable, because they are the opposition. It would be a great surprise to see any measure presented by the government with which they could find favour, even if there were some elements of it they could find in their hearts to accept.

We have heard in response to the budget that it was too little, that it was half measures. The Progressive Conservatives stated they would have cut taxes by over $2 billion. Indeed, that becomes the option game for the Canadian people. They have said that the budget is short term, it is the wrong thing to do, and so on.

I would like to take a few minutes to put on the record the cumulative measures and the impact on the year 1978 in terms of tax reductions and the cumulative measures taken by this government over a period of time, most recently on April 10 with the cooperation of at least nine of the provinces. That was a phenomenal step forward in federal-provincial relations, despite the criticisms some members opposite have addressed to the one aberration, that is, the decision of the province of Quebec.

It was a step forward in federal-provincial cooperation on fiscal-economic matters. It fell very well into what I consider to be a very significant advance between the provinces and the federal government which took place at the first ministers' conference a month or so ago. At that time, nearly all the senior leaders of various levels of government met and, for whatever the reason, reached general agreement on a set of principles that were well enunciated and will be beneficial to Canada.

I return to the cumulative stimulus in the economy of tax reductions resulting from actions taken by this government over a period of time. In 1978 the total effective tax reductions from those actions will be $4,497 million. If anyone says that is a half measure, they are playing the option game with the Canadian economy. That would be totally irresponsible in some of the measures they are suggesting. Let me detail where that $4,497 million comes from.

On the personal income tax side, the automatic indexation that was introduced three years ago, which is casually dismissed on many occasions by members opposite, amounted to an effective $850 million personal tax reduction as of January 1 and continuing through the year.

The carry-on effect of the personal tax reductions in 1978 of the March 31, 1977, budget measures is another $675 million tax reduction this year on the personal income tax side. The measures taken by my colleague, the Minister of Finance, on October 20 last represent another tax reduction on the personal tax side of $730 million.

On the personal income tax side, in a measure which is considered to stimulate spending and alleviate the effect of inflation, particularly on lower income families, the total tax reduction effective January, 1978, amounted to $2,255 million. That is not a half measure.

The effective tax reduction flowing from the retail sales tax reduction announced on April 10 is $1,147 million, which will be put directly into consumer spending because it cannot be realized unless people buy things and take advantage of the tax reduction.

• (1212)

On the corporation tax side, the cumulative effect of 1978 taxes to be paid by corporations, will be a total reduction, as a result of action taken by the government, of $1,095 million. On March 31, 1977, the then minister of finance introduced in his budget certain adjustments in inventory tax measures and also announced the provision of investment tax credits. Those two measures combined amount to tax cuts for corporations of $895 million in this fiscal year. On October 20 the Minister of Finance announced access for corporations to employment tax credit and this, if used in the current year, will amount to another $100 million tax relief to the corporations.

In addition, on April 10, the other night, the Minister of Finance provided access to a higher level of write-off in connection with research and development which will amount to approximately $50 million this year. He also provided concessions in taxation applied to tertiary oil and other areas amounting to $50 million. So we are looking at a corporate tax reduction effective this year of $1,095 million, and at a total of tax reductions effective in 1978 of approximately $4,497 million. Mr. Speaker, I do not think those who talk about that as a half measure are acting responsibly or even in a credible fashion.

There has also been an attempt to say that this is the wrong way to go—that this is not part of a planned economic approach. I submit that this view is not the correct one. The personal income tax cuts, the income tax cuts, the corporations tax cuts to which I have referred, do focus not only on the short term but also on the medium and longer term. Certainly they are concerned with helping lower income people—I refer particularly to the personal tax cuts and to the retail sales tax reductions.

I would also point out that the April 10 measure especially deals directly with the stimulating of consumer demand—we are all concerned about the question of unused capacity in our plants resulting from an apparent reluctance to purchase goods—thereby stimulating further expansion and employment. That is the purpose of the retail tax deductions which took effect the other day. Their purpose was to stimulate consumer spending so as to absorb some of that unutilized capacity and thereby trigger the other measures taken by the government which address themselves to the medium and the long term, and, if I may say so, to structural problems as well.

What else is investment tax credit but investment in the medium and the long term growth of the economy? That is its purpose, to encourage people to invest in industrial and commercial activity, a process which will, in the end, result in the creation of more jobs. The inventory adjustment measure addresses itself to structural problems and to the medium and the long term. The employment tax credits are addressed directly to the reduction of unemployment through the stimulation of business activity and confidence. What else is the $50 million which is going into research and development—I hope it turns out to be more—but an investment in the medium and the long term and in the structural aspects to which we all wish to address ourselves?

Those who criticize this budget or the actions of the government for not addressing the deeper problems, had better tell me what else the tax reductions made the other night in the tertiary oil field and rail transportation are, what else are they but investment in the structure of our society which, we say, troubles us.

Finally, the change in the tax measures applied to family and corporate farms will also encourage our food producers.

Keeping all these things in mind, I submit that those who argue that government policy lacks continuity, lacks symmetry, lacks an over-all strategy, are failing, either deliberately or through lack of understanding, to give credit to the cumulative effect of all the measures which have been taken.

I intend, now, to make a statement which I think is indisputable but which may surprise some people. One hears from certain businessmen and others that they face a punitive corporate tax regime in Canada. That is not the case. The Canadian corporate tax structure is as favourable as that of any country in the world, including the United States. This was the case before the measures taken the other day, and the position of the corporations has now been enhanced by the concessions I have detailed. I think it is time for people to stop talking about how they are being punished and handicapped and inhibited when operating businesses in this country. The facts show that this is not the case.

One often hears from certain businessmen that they are over-regulated, that they are being hamstrung by the number of regulations with which they are obliged to conform, the amount of information they are called to supply, and so on. Let those people go down to the United States, into any state of the union, and start to operate under the much harsher regulatory regime applied there, and then tell us we are not competitive in that field.

The other side of the budget picture involves the question of fiscal responsibility. We have heard a constant stream of unreal statements from the opposition to the effect that no real restraint in expenditure is being shown by the government. I am glad to recognize that this is not believed by people who analyze the situation seriously. It is really nothing but a political statement, because the facts are indisputable.

Governments, not just the federal government but all the governments in this country—and thank goodness for that—have turned away from the admittedly excessive spending of the last ten or 12 years, which culminated in a bite on the economy by all levels of government of about 40 per cent. Incidentally, one hears the figure of 42 per cent as the figure for spending by all governments. That is not correct. National statistics clearly indicate that it was in fact 39.9 per cent—I don't know where these people are getting their statistics. At any rate, government expenditures are now declining from the peak of 1975. The same statistics show that the reduction as a percentage of the gross national product is taking place mainly at the federal level through the exercise of restraint in federal spending.

What is the story of our expenditure levels in the last three years? Two or three years ago we began to set out publicly what our total spending would be for the coming fiscal year. That had not been done before by any government, to my knowledge. We set out our commitment and said that we would not exceed it. We said that our objective was to restrain budgetary and non-budgetary increases, capital and non-capital spending, and total cash spending, to something less than the growth in the gross national product.

● (1222)

Our first commitment of a dollar figure ceiling was for the year 1976-77. Our original publicly stated and committed spending target was $42.15 billion. We actually spent $1 billion less than that in fiscal year 1976-77. We spent $41.078 billion. We stated our commitment and met it. Our percentage increase year on year was 10.2 per cent.

In 1977-78 we started off by making the same move. We laid out publicly and in this House what our total spending ceiling would be for fiscal year 1977-78. When I tabled the main estimates for that year on February 16, 1977, I stated that we would contain ourselves to a ceiling of $45.1 billion. Shortly thereafter, in cooperation with the then minister of finance and to provide an offset of expenditure reduction to enable him to make certain tax cuts which we all thought were then required, we reduced that spending target, again publicly. The then minister of finance stated in his budget speech of March 31 that spending would be $44.45 billion, a cut then of $650 million.

For the statement of the Minister of Finance of April 10—and I was glad to be able to do this; I had much cooperation from many people—I was able to tell him that we would come $200 million under that downward revised ceiling of expenditures for 1977-78, and in fact I am saying that we will be in, at, or under $44.25 billion rather than $44.45 billion. That will represent a 7.7 per cent increase over the previous year, which is very close to or even a little under the inflation rate for that year, and which means that we contained ourselves to no real growth at all in our expenditures for the fiscal year just ended.

Taking the same tactics again—and I think these are eminently responsible—when the Minister of Finance, in conjunction with his colleagues and in co-operation with the provinces, made the basic decision to cut retail sales taxes, provide research and development assistance, and so forth, the other

day, we consulted. We said that there should be some kind of offset to the reduction of revenue inherent in those tax cuts to the federal treasury. The $1.147 billion of retail tax cuts plus the research and development tax cut and the tertiary oil and railway development tax cuts will end up costing in revenue to the federal government about $900 million.

Everybody knows we have a deficit and that we are concerned about it, and, of course, the provinces are sharing in that over-all tax reduction. However, for those who might have been concerned about the result and the effect on our cash requirements this year of that $900 million federal investment in tax reductions, the arithmetic is that with the $200 million under-spending for 1977-78 which I was able to announce, and with the commitment to cut another $350 million off our spending total for 1978-79, we will have offset that $900 million revenue reduction by a $550 million expenditure reduction. That means that there might be a net increase in our deficit as a result of the budget measures the other night of about $350 million. That $350 million will result in the stimulation of consumer demand.

There will be a $1.147 billion retail sales tax reduction, and there will be another $100 million in other structural tax encouragement for corporations. I think it was an eminently responsible budget. We recognized the limitations in our fiscal situation by virtue of high cash requirements, and we offset those to the maximum by about $550 million. I can assure hon. members that that $350 million expenditure reduction to which we are committed will be met, and I submit the track record of 1976-77 and 1977-78 as evidence that when we make that commitment we will make that expenditure reduction.

Some hon. Members: Hear, hear!

Mr. Andras: As we do that we are reducing the reserve for supplementary estimates, which I detailed when I presented the main estimates on February 22, by that $350 million. I am not going to say that this will be an easy job for the government. I know from the experience of a year and a half in my present portfolio that it will not be easy for me.

We will have to deny submissions for new programs. We will have to cut back in some other programs. That will be difficult. Just saying, as the opposition does, that if it had the reins of power it would cut expenditures by $2 billion just like that, will not deceive the Canadian public. The Canadian public will not be deceived by that kind of nonsense. I would like very much to hear from what level the opposition would cut, and precisely where. We have been doing it. I would like to know what programs the opposition would attack. Whose ox are they going to gore? It is not an easy job.

Members of the opposition say that if they had power, they would cut taxes by $2 billion in addition to the $4.497 billion which I have delineated. They would cut expenditures by $2 billion just like that, but they really do not know what they are talking about. They have left no precision on the record as to where the money would come from or how they would do it.

My time is limited. There are one or two corrections I want to make. I want to correct some of the rather loose things the hon. member for York-Simcoe (Mr. Stevens) threw around the other day. He claimed that instead of the expenditure reduction I am telling the House we are accomplishing, our expenditures for 1977-78 were more than $1 billion more than had been forecast in the budget speech of March 31, 1977. I have already dealt with that. I will forgive the hon. member by saying that he probably took the wrong line from the book. Whether that was convenience or not, I do not know, but it was the wrong line, and therefore a distortion of the facts when the hon. member said that total spending was up.

I will forgive him for that, but there was another rather puzzling set of figures the hon. member used when he attacked the government for growth in the number in the federal public service. He said that in 1968 when the Prime Minister (Mr. Trudeau) came to power there were 280,000 people in the total federal public service and that, as of the end of 1977, that number had grown to 580,000.

When the hon. member gave a figure for the base year 1968, he quoted the figure 280,000, conveniently leaving out the Armed Forces and all employees of Crown corporations. If he had included those employees, the base figure would have been 470,000. He conveniently left those employees out of the base year figure, but somehow they all turned up in the figure for the comparative year of 1977, 580,000. I am not sure whether that was because of poor research or because of absolutely blatant chicanery.

Mr. Cullen: The latter.

Mr. Andras: Again I will say that the hon. member probably took the wrong page or the wrong line, but he should not make statements like that and expect to be believed in everything else he says. It is curious that his errors are always in the wrong direction.

• (1232)

We are achieving restraint in the growth of the federal public service. We have chosen, in the expenditure pattern and those kinds of things, to do it on a responsible, gradual basis, because we want to direct it downward. We do not want to take Draconian measures today which could have a very serious impact on the economy later.

There is a tendency in these debates to throw statistics around. I did it because I felt I had to correct some of the very, very bad information that has been put out in this debate by members opposite.

I want to wind up my remarks, Mr. Speaker, with this point. Nobody realistically would say that in this country we are making economic progress. Nobody is saying that and nobody is failing to recognize, except in the heat of rhetorical debate and political opportunism, that many of the problems we have in this country are absolutely, correctly, and factually shared in most of the western world. We share those problems, and there is no amount of bombastic rhetoric that will convince people that we can isolate our situation from that in the rest of the world.

I have great faith in the mass wisdom of people in this country, and faith in their understanding that the world is facing economic tensions and that there is confusion. Even those countries we tout as having the best economies in the world are facing economic tensions. Helmut Schmidt is reported as having said the other day to a friend of his that he is totally puzzled about how the economy of the world is operating today. There is nobody who will stand before the electorate and say, "We have all the answers, we have the miracle wand to wave and, if you just trust us, all the problems will be solved". There are some people who will try to convey that, if they had the reins of power, all the problems in the world would be solved, but I do not think Canadians would be fooled about that.

In the process of overkill, of the constant verbal barrage of gloom, doom, and disaster, always talking about the negatives in our society and in our economy, and never admitting or playing up or putting into the balance the positive aspects of our economy which still in our country far outweigh the negatives, I question what consideration is being given to the psychological confidence of Canadians. So on that basis I look across the floor and I question, not only the matter of policy responsibility but also the question of psychological responsibility, when what we need in this country above all, and indeed in the western world, is an emphasis on the positive, a recognition that this country stands economically, socially, in terms of justice, and in terms of any indicator you want to look at, as one of the most favoured nations in the world. The only way in which we could louse that up is by an overkill of opportunistic negativism, which prevails in this House all too often and obviously in the press.

We really have nothing to fear but fear itself. I think it is time we faced our problems realistically. It is time we patched up our weaknesses, we recognized that things are being done, and we recognized that governments alone cannot do them but that the decisions of businessmen, unions and individuals in this country are collectively far more important than what we think we are doing here in the House. If we have a role to play as political leaders and public figures, it is one of presenting a balanced picture, and today I say what we need is a balanced picture that comes out positive and not negative.

Some hon. Members: Hear, hear!

Mr. James A. McGrath (St. John's East): Mr. Speaker, we meet to debate this budget in an air of crisis, and there is a crisis in this country, a very serious economic crisis. All we have to do is to examine what has taken place in this country in the three days following the bringing down of the budget by the Minister of Finance (Mr. Chrétien). No sooner was the budget brought down than the unemployment figures were released the following day by Statistics Canada showing a substantial increase in the rate of unemployment in this country. The rate of unemployment rose to 8.6 per cent, a rise of three points over the previous month, putting 1,045,000 Canadians in the ranks of the unemployed.

As if that was not bad enough, we had the consumer price index released on the following day showing another substantial increase in the rate of inflation, which is now running at 8.8 per cent, an increase in one month of 1.1 per cent.

In the midst of all this we had an unprecedented fall in the Canadian dollar. Our dollar is sinking daily in response to the minister's budget, demonstrating beyond any doubt that the international financial community have no confidence in this government's ability to manage the Canadian economy. Certainly they have demonstrated that they have no confidence in the budget brought down last Monday night by the Minister of Finance. Today, the Canadian dollar is trading at less than 87 cents.

Some hon. Members: Shame!

Mr. McGrath: It is still sinking. By the weekend it will be down to 86 cents, and we are just a few days away from an 85 cent dollar and all it means to Canada, to the Canadian economy, to Canadian consumers, and to our rate of inflation, closely tied as we are to the U.S. economy, with our pricing system geared to the U.S. dollar.

And yet we have the President of the Treasury Board (Mr. Andras) standing in his place today trying to justify the unjustifiable. He threw out a few challenges. I pity the President of the Treasury Board. He has a very difficult role to play; he has an impossible task. He criticized my colleague, the hon. member for York-Simcoe (Mr. Stevens), and he criticized my leader. He criticized this party for daring to advocate $2 billion worth of tax cuts, and he challenged us to identify them. I thought that the Leader of the Official Opposition (Mr. Clark) did just that when he spoke in this debate in one of the great speeches of the House of Commons.

Some hon. Members: Hear, hear!

Mr. McGrath: I am sorry the President of the Treasury Board could not wait for a reply to his question. We can identify where $2 billion could be saved in this country. We are spending almost that much on consultants' fees, which is a euphemistic term for patronage. We are spending almost $2 billion on consultants' fees, notwithstanding the fact that we have built up in this country a substantial body of experts within the Public Service of Canada capable of meeting just about any challenge presented to them by any department of government. We have a highly trained, highly competent Public Service in this country, yet we go outside of the Public Service every day, every week, and every month, and spend almost $2 billion annually on consultants' fees. That is where we can make the saving right there. That is some of the fat we would trim from the government.

My leader spoke about sunset laws, about bringing the curtain down on some of the redundant Crown corporations which are no longer relevant. We have a ridiculous situation today where the government hardly knows how many Crown corporations it has under its jurisdiction. Certainly the curtain should be brought down on some of these redundant Crown corporations, and the remainder should be made more

accountable to parliament so that their budgets can be kept within control. As it stands now, they answer to no one. In fact they are accountable to no one, as has been demonstrated by the experiences of the past year with at least two Crown corporations dealing in the commercial world.

● (1242)

When the government took office ten years ago, the total budget was about the extent of what is the total anticipated deficit of the government this year. That is where we are. That is the consequence of the disarray arising from the financial mismanagement of the Canadian economy. The former minister of finance originally forecast a $7.2 billion budgetary deficit for 1978. Some seven months later, the present Minister of Finance said that the deficit would be $9.2 billion. The 1978 accounts will show a budgetary deficit of $10.3 billion, which is 43 per cent greater than the original forecast and comparable to the total amount of the government's budget when it took office ten years ago. That is the setting we find ourselves in for this debate today.

Our annual rate of inflation is the second worst of the major industrialized countries of the west, 8.8 per cent. That is the climate we are in, as we come into the post controls period which commences tomorrow. The government does not have a post control strategy to cope with this new round of inflation, which is being influenced directly by the dollar crisis.

What do we have in terms of a monitoring agency? The government could not reach agreement with the provinces on setting up such an agency, based on either the Food Prices Review Board or the old Prices and Incomes Commission, both of which had the legislative clout to move in and examine the books of companies and organizations that were suspected of going beyond the guidelines. Instead, the government is falling back on the Economic Council of Canada, which was not set up to do this type of work and which does not have the legislative clout to it.

In fact the legislation setting up the Economic Council of Canada included a provision to ensure that it would not duplicate the work of Statistics Canada. The Council can only react to the Statistics Canada figures in the consumer price index. In other words, it can react only after the fact, after the inflationary trend in a particular sector has been identified by Statistics Canada. In terms of an inherent weakness in monitoring during the post controls period, that was not bad enough. This agency does not have labour representation. The Canadian Labour Congress withdrew from it a couple of years ago. That brings up the whole business of co-operation, in order to bring in a post control strategy of voluntary restraints.

Obviously there cannot be cooperation without consultation with labour. Now we know that following the first ministers' conference, and the face-saving move by the Prime Minister (Mr. Trudeau) in establishing the Economic Council of Canada as a monitoring agency, there was in fact no consultation with CLC on a post controls strategy. There was no consultation with the group in this country which is the aggrieved group representing labour. As a result of the work of the Anti-Inflation Board and the legislation setting it up, there is not a working person in Canada who does not feel he has been badly used by the Board, because his wages have been controlled while prices have been escalating and allowed to continue to rise. Yet there was no cooperation whatsoever, no move to obtain the cooperation of organized labour.

The other day in Quebec one of the commissioners of the Anti-Inflation Board predicted that controls would have to be reimposed. If the truth were known, I suspect that is a very important part of the government's strategy, the reimposition of controls. He identified the reasons for that. He indicated that most of the wage settlements over the past few years have openers in them for January of next year, in anticipation of controls coming off. With inflation running at 8.8 per cent annually, and showing no signs of improving, we expect labour to operate within voluntary constraint guidelines of 6 per cent! That is a ridiculous expectation.

The budget referred to a reduction in provincial sales taxes. It is the major stimulator for the economy in the budget. I will not deal with the controversy surrounding the measure of consultation with the provinces, or more precisely, the lack of it. One major item which is not covered by retail sales taxes in any of the provinces is food. If one looks at the consumer price index, which was released this week for last month, he will find the food component went up by 1.4 per cent. It has to get worse. As the dollar goes down, the price of imported vegetables and produce goes up.

Yesterday the Minister of Agriculture (Mr. Whelan) announced a new dairy policy, which means an increase in the price of most Canadian dairy products. A week or so prior to the latest round of ad hoc reactions to the dairy situation and this annual policy statement, the government decided to remove the consumer subsidy on the price of powdered skim milk. This will result in the government saving $13 million in its budget. Is that a good way to save it? It will be at whose expense? It will be at the expense of the low income earners, fixed income earners, the unemployed, the poor, the native people, and the people of the north who use this product. This will mean the retail price of powdered skim milk will rise by anywhere from 40 per cent to 50 per cent, as a direct result of what the government is doing.

The paradox of all of this is that farm incomes continue to go down. The government will have to react to that situation, given the influence of the Canadian farming community upon the Government of Canada. We can anticipate with certainty that food prices will go even higher, driving up our rate of inflation once again.

Before the summer is out and before the new harvest is in, I predict our rate of inflation will be well in excess of 9 per cent as a result of this push in the price of food. I predict there will be more unrest in the farming community, as farmers demand more and more a greater share, and rightly so, because they have arrived at a point in time today where they are losing money.

• (1252)

Of course, the other part of the double whammy is the unemployment situation. We have the second worst performance of western industrialized countries insofar as inflation is concerned, but when you compare our situation with that of the United States, Japan, Germany, France and the United Kingdom in terms of unemployment, our performance is by far the worst. Our unemployment rate of 8.6 per cent is the worst of any of the major industrialized western countries of the world.

If you examine the unemployment figures you find there are some very disturbing features about the statistics. For example, youth unemployment is over 16 per cent, and over 10 per cent of women in the work force are unemployed. That is discounted, of course, by the Minister of Employment and Immigration (Mr. Cullen) because he refers to these people as second income earners. In so doing he denies women who work and the young their opportunity in this supposed land of opportunities.

As the Leader of the Opposition said yesterday, women work in this consumer oriented and inflated society of ours because they have to work, quite apart altogether from their right to do so. Female spouses are working today because it is absolutely essential to family income, and they represent about one third of the female work force.

An hon. Member: No one questions that.

Mr. McGrath: Except the Minister of Employment and Immigration.

An hon. Member: That is not true.

Mr. McGrath: And the Prime Minister. They both keep trying to discount unemployment figures by talking about these second income earners. We have a number of women in the work force today who are the heads of single parent families who obviously have to work to support their families. Obviously the balance is made up of single women who have to work to support themselves, and the young.

What are we doing to our young people, Mr. Speaker? What kind of a country is this when we have a rate of unemployment among people between the ages of 15 and 24 in excess of 16 per cent? Unfortunately that situation will get worse as the current university college year comes to an end and thousands of young Canadians come into the work force looking for the jobs that are so necessary to finance their education, pay off their student loans, and keep themselves during the period of summer holidays. Many of them are graduating from universities and technical schools, highly skilled and trained for jobs that do not exist. The only response we get from the Prime Minister is let them go elsewhere and look for work.

In my own province the unemployment rate is approaching 17 per cent, seasonally adjusted. I am very cynical of that seasonally adjusted figure because it suggests that seasonal workers do not have to work throughout the year in order to supplement their income. Fishermen, for example, have to find work during the winter to supplement their incomes, as do the tourist workers. If you look at the situation in my province in real terms, the unemployment rate is more like 30 per cent.

I heard the Secretary of State for External Affairs (Mr. Jamieson) talk in this House the other day about sales tax and what the 3 percentage point decrease in that tax meant in a province where the sales tax was increased to 11 per cent from 10 per cent. Of course we have the highest sales tax in the country, and naturally this was a reasonable proposition, and any reasonable person would have to agree with him. This means a great deal to the people in a province where the per capita income is the lowest and unemployment is the highest, and where the per capita cost of living is the highest. In that case any substantial reduction in retail sales tax is of major importance.

Not once during the course of that minister's speech did he make any reference whatsoever to the unemployment situation in the province for which he has a great deal of responsibility as our representative in cabinet. Not once did he refer to the unemployment situation in the Atlantic region as a whole, and not once did he refer to the national unemployment situation. This is incredible when you consider he was brought here especially and hastily by government plane from New York to prop up this weak government on national television when it was discovered last Wednesday that the debates were to be carried live across the country. Somebody forgot to tell the minister during the briefing session on the short flight from New York City to Ottawa that we had an unemployment crisis in this country, or that he in fact has a critical unemployment situation in his own province and his own region.

Mr. Speaker, may I call it one o'clock?

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for St. John's East (Mr. McGrath) has the floor, and he has seven minutes remaining.

Mr. McGrath: Mr. Speaker, I will try and make those seven minutes go by as quickly as possible out of deference to my colleagues opposite. When the House adjourned for lunch I was referring to the intervention—albeit, the flying intervention—of the Secretary of State for External Affairs in this debate last Wednesday. He was brought in especially from New York in order to bolster the sagging image of this government in a debate that was at that particular time being televised live nationally on the CBC. I said, and I repeat, that I found it very strange that my colleague from Newfoundland—

for whom I have very great respect and with whom I have been associated in politics and in business for many years—could possibly make reference to the province for which he has a great deal of responsibility in terms of Cabinet representation, without making one, single, solitary reference to the number one problem in our province and, indeed, in our country: unemployment.

● (1412)

The minister in not one of his better speeches—on reading it one gets the impression it was a hastily prepared speech; he is a great orator and one of the best speakers of the country—in trying to defend the weak record of this government made reference to our position vis-à-vis the other industrialized countries. He said:

Canada has been recognized internationally by all countries, both developed and developing, as a country which has an excellent record in terms of economic management . . .

A country which had an excellent record, I might add, in terms of economic management. Then he went on to make a remark about a distinguished officer of this House. I regret that intervention very much. It was out of character for the hon. Secretary of State for External Affairs.

He referred to a nightmare that he had, in which he suddenly found the western industrialized countries, meeting as they are to meet next summer in Bonn to discuss the economies of the western world, and he referred to the President of France, the Prime Minister of Great Britain, the Prime Minister of Japan and the President of the United States, and in the midst of this company who should be in Canada's chair but Joe Who! Presumably he was referring to the Leader of the Opposition. Unfortunately, the minister did not stay in the House very long because, if he had, he would have known, having heard the excellent speech of the Leader of the Opposition yesterday, that here is a man who has the ability not only to give good management to this country, but also to restore Canada's badly tarnished international reputation abroad. When the Leader of the Opposition goes abroad, as he will as the prime minister of this country, he will do so with dignity.

Some hon. Members: Hear, hear!

Mr. McGrath: And there will be no more sliding down the rails of banisters in London—

An hon. Member: He might fall.

Mr. McGrath: —as the Prime Minister did on his first trip abroad as Prime Minister of Canada ten years ago. There will be no more pirouettes like the Prime Minister performed last summer at Buckingham Palace. I was in London with my colleague, the parliamentary secretary to the government House leader at the time. I know he felt a twinge of shame, as I did, to see the leader of our country at Buckingham Palace, with the other distinguished leaders of the western world, acting like a buffoon in the presence of the Queen and of other distinguished statesmen.

[Mr. McGrath.]

There is no doubt in my mind, sir, why Canada's reputation has been tarnished, and why the world no longer has confidence in our ability to manage the economy of this country, with those kinds of shenanigans. It would be better for the Secretary of State for External Affairs to have a dream in which there will be something akin to full employment and equality of opportunity in all parts of this country, in which the war on economic regional disparity would be waged successfully, as it has not been for the past ten years.

The minister himself admitted that a short time ago in Nova Scotia, when he said that the DREE program had not been effective in producing jobs. Perhaps we could all dream. Indeed, we can hope with a reasonable degree of justification and realization that if the Prime Minister has the courage to go to the Governor General and dissolve parliament and take his record to the country, this country will be represented abroad with distinction, with great courage, and great skill by a prime minister heading up a Progressive Conservative government. This will be a government that will, as its number one priority, try to instil some investor confidence in this country.

A Progressive Conservative government will try to stop the flow of capital out of this country. The Secretary of State for External Affairs made no reference to that. He made no reference about efforts to do something for the sagging Canadian dollar which is now supposed to be a floating dollar, but which is in fact sinking out of sight. The sagging dollar is having a direct impact on prices in this country and pushing up the inflationary spiral again. Perhaps the Secretary of State for External Affairs, the senior minister of this government, the senior representative for the Atlantic provinces having the responsibility in this government, certainly for his own province, would, instead of making these negative interventions, try to say something positive in this House for a change—

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

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I wish at the outset to join the hon. members on this side who rose before me to express my sincere congratulations and my admiration to the Minister of Finance (Mr. Chrétien) who was courageous enough to introduce a budget which was welcome in all spheres of Canadian society. It was welcome, Mr. Speaker, by the Canadian Chamber of Commerce as well as by nine provincial premiers. I would like to quote, as an example and as an introduction to my remarks, a communiqué released by the Canadian Chamber of Commerce the day following the budget speech. I quote:

The Minister of Finance introduced this evening what this chamber considers as a responsible budget.

A little further, in the same communiqué of the Canadian Chamber of Commerce, it says:

We are very disappointed by the fact that it is going to be only a temporary cut.

But it is obvious that if we want this cut to have some effect on the economy, to prevent consumers from postponing their purchases, there must be a time limit and this limit was agreed to by nine provincial premiers and the Minister of Finance, who said that it could be six and nine months. The purpose was to encourage Canadian consumers to take advantage of the provisions of the budget and to purchase goods that they would normally have bought later.

To go back to the press release, Mr. Speaker, and I quote:

This budget will bring down inflation at a time when wage and price control are coming off, and that is important.

Of course, Mr. Speaker, it is very important; the Chamber of Commerce understood all the nuances contained in the budget brought down by the Minister of Finance. And the Chamber of Commerce, this time, disagrees with my colleague and friend the hon. member for St. John's East (Mr. McGrath) when it says that in its opinion, contrary to the forecast of the Minister of Finance for an increase in the gross national product of 5 per cent, Canada will do as well as any other member of the Organization for Economic Cooperation and Development, OECD, and that Canada will increase its GNP by 4.5 per cent. What is important as well, to continue quoting the press release of the Chamber of Commerce, is this:

It is worth mentioning that the budget takes into account regional economic disparities and the Chamber of Commerce fully agrees with the formula selected to finance the sales tax cuts. Let us hope all the provinces will co-operate so that the resulting benefits can reach their citizens.

Finally, Mr. Speaker, a bit further, the Chamber states:

We have also noted the new options being made available to individuals when selecting new investment vehicles for their retirement savings.

Here, Mr. Speaker, we are talking of investments in Canada. And back to the quotation once more:

The expansion of the rules allowing tax deferral on the transfer of farm property from parents to children will eliminate what has been a long standing concern to many of our members.

So that is what the Chamber of Commerce had to say in acceptance of the budget of the Minister of Finance.

[*English*]

But before I go on and deal with the budget, I would like to address myself to the remarks made by the speaker who preceded me, the hon. member for St. John's East (Mr. McGrath) regarding the leader of my party. I think he was referring to a gathering of leaders of heads of governments last year where the Prime Minister (Mr. Trudeau) was among leaders of the Commonwealth. I am sure he would miss the great popularity of our Prime Minister (Mr. Trudeau) with the other prime ministers of the Commonwealth. I have often witnessed such admiration for my leader.

● (1422)

While attending a CPA conference within the last few weeks, I met with ministers and prime ministers who told me how fortunate Canada and Canadians are to have this Prime Minister as our leader. I am sure the hon. member for St. John's East does not want me to pursue this. However, if he wishes to have this parliament dissolve, I invite him to try to influence his neighbour, the right hon. member for Prince Albert (Mr. Diefenbaker), to permit unanimous consent so that this House can deal with an election as soon as possible.

[*Translation*]

Mr. Speaker, the budget is the result of lengthy negotiations and discussions with the Canadian premiers. Earlier today in the House, the Leader of the Opposition and a few other members across the aisle were wondering whether indeed there had been consultations. The Minister of Finance then recalled that as early as October 1977, the premiers were told about those measures which might be considered if there was some degree of acceptance. As explained by the right hon. Prime Minister, most premiers agreed and found that it was a commendable step which would help control unemployment by providing immediate stimulus to the economy.

It has also been suggested that the consultation was not extensive enough, that the finance ministers would have needed a few weeks to take their decision. I do not think the outcome would have been different even if our Minister of Finance had allowed his Quebec counterpart two or three months more to make his decision. It has been shown on several occasions, Mr. Speaker, that the Quebec finance minister is the one who is unable to make a decision.

He does not seem to understand all the fine points of preparing a budget, especially on the national scene. This is why he decided, for instance, not to oppose the proposal of the Minister of Finance (Mr. Chrétien). He made no counter-proposal and no statement on the proposals submitted to him by the Minister of Finance, and it is only afterwards, the day after the budget speech, that the Quebec finance minister discovered it was something that could be implemented in Quebec, but in his own way and only with considerable changes to the budget proposals.

Mr. Speaker, it is important to understand all the problems that this can represent for us, who must think about the general interest of the whole country and not only of a single province. In this regard, Mr. Speaker, the Minister of Finance has solid support from the Quebec caucus members, and if anyone still has any doubt about this, I can say that our position is based on many facts. With your permission, Mr. Speaker, I would first like to recall certain figures for my colleagues. As concerns the export to other provinces of products made in Quebec, according to available figures Quebec exports to other provinces accounted for 50.5 per cent in 1974 compared with 45.7 per cent in 1967. Let us now examine the importance that the interprovincial market could have for Quebec manufacturers since the budget proposals of Mr. Parizeau seem to neglect this. Quebec producers sell 19 per cent of their products to Ontario alone while only 11 per cent

of the products made in Ontario are sold in Quebec, and the figures have gone up between 1967 and 1974. If we compare the industrial activities of Quebec as a whole with those of the rest of the country, we find that in 1974, once again, Quebec showed a $1.1 billion surplus in its markets in other provinces. Which industry accounted for this surplus? Mr. Speaker, it was in fact the industries that are called the soft sector, which can be confusing since they are not really soft if we consider the importance of those industries. For instance, our textile shipments to the rest of the country show a surplus of $192 million. The clothing manufacturing industry shows a surplus of $111 million, there is a surplus of $59 million for leather products, a surplus of $503 million for other garments, and a surplus of $134 million for the furniture industry.

Mr. Speaker, I wanted to quote those figures to stress the difficulties that the Quebec industry could face if the budget submitted by the provincial minister were passed. To understand the importance of the Quebec market, let us examine, for instance, the Quebec products consigned to Ontario and the other provinces. If the sales tax on furniture is removed, we would perhaps expect this to affect all the production in Quebec. That is not so. It would affect only 56 per cent of the furniture industry because the rest of the production, or 44 per cent, is exported outside the province. As concerns the leather industry, 42 or 43 per cent of the production is exported. In the textile industry, 43 per cent is exported. In the clothing manufacturing industry, nearly 40 per cent of the production is exported, Mr. Speaker. Will the budget proposals of the Quebec finance minister enable furniture manufacturers to sell more furniture outside Quebec? Or will there be an increase in the 55 or 56 per cent of production now sold in Quebec to justify a budget separate from the national budget? Or are the provisions of the provincial budget going to encourage buyers from outside the province, those who buy our leather and textile products, to stimulate the industry in the province of Quebec?

● (1432)

This morning, during the question period, the right hon. Prime Minister (Mr. Trudeau) emphasized the outlandishness of such an attitude. It destroys the industry in the province of Quebec and stifles its growth by raising a tariff barrier and preventing a certain sector of retail distribution that needs encouragement in the province of Quebec from benefitting from the provisions of the budget proposed by the Minister of Finance (Mr. Chrétien).

So, Mr. Speaker, those aspects have not been studied deeply enough and one of the spokesmen, or indeed the only spokesman for the opposition, the hon. member for Joliette (Mr. La Salle), fails to grasp the significance of the problems that might arise from the budget announced last Tuesday by Mr. Parizeau. For instance, he accused hon. members on this side of the House by saying, and I quote:

I heard over the radio this evening a report I hope is true. The report on TV was that a number of members from the Quebec Liberal caucus were meeting this evening to oppose the decision or position taken by the Minister of Finance.

[Mr. Dupras.]

It is absolutely false, Mr. Speaker. And once more he was probably misguided by the media which would be pleased to see a division within the Liberal caucus in the province of Quebec.

Some hon. Members: That's La Salle!

An hon. Member: There is no division!

Mr. Dupras: That's La Salle, as my colleague said and as we say in English, it is wishful thinking.

An hon. Member: There is no division!

Mr. Dupras: There is no division! The caucus chairman already indicated, as I said, that the Minister of Finance has the solid backing of his colleagues as far as his budget is concerned.

An hon. Member: It is the hon. member for Saint-Denis (Mr. Prud'homme)!

Mr. Dupras: The caucus chairman reminds me it is the hon. member for Saint-Denis, Mr. Speaker.

There was also that question put by the hon. member for Joliette, asking, and I quote:

I ask my friends from the province of Quebec to have the guts to urge the Minister of Finance (Mr. Chrétien) to respect the interests of his own province.

Mr. Speaker, this is something I cannot understand, because no later than this morning reference was made to the Canadian government's generosity to the province of Quebec. Someone said: "Oh, the DREE? Oh yes, in Montreal, the DREE is helping Montreal." They should make up their minds, Mr. Speaker. Is Quebec receiving too much from the federal government, or too little? If the hon. member for Joliette is expressing the views of the opposition, if he in fact is suggesting the Canadian government has not been generous enough to the province of Quebec, well, maybe we should settle this issue. Because I often hear discordant voices, references made to the French Power in Ottawa and all the handouts given the province of Quebec that are not available to other provinces.

He truly betrayed some of his colleagues. It is unfortunate he did not take a few minutes to answer the question put by my colleague from Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) who, having heard such a recital of falsehoods, asked him if he—

. . . could tell the House the percentage increase in equalization since 1968?

This of course involves payments to the province of Quebec. I did not compute any figures, but if my memory does not fail me, this could involve more than $9 billion for 1977, while the figure was $300 million in 1968. Certainly this is a truly significant increase.

There may be different views on the hon. member's party on this side of the House, and among those from the province of Quebec opinions may vary from his, but I would not go so far as to suggest what the hon. member for Joliette indicated about his party when he crossed the House once or twice in

1972 and 1973. In any case, Mr. Speaker, I do not think these are words I would like to—

Some hon. Members: Well, go ahead.

Mr. Dupras: My colleagues are challenging me to repeat. I would rather not quote the words of the hon. member for Joliette (Mr. La Salle). His party favours decentralization, which means weakening the central power. Of course, once again, he cannot see through the scheme of his colleagues who are bent on curtailing the authority of the central government. Let me explain. Of course, if we could reduce the taxation power of the central government, this would benefit two provinces in particular: Alberta and Ontario. As a matter of fact, this would directly affect the equalization payments program. He does not realize that each time the leader and the hon. members of his party advocate decentralization and a reduction of federal powers, they are in fact talking about this program. The main reason why they want to take some of the taxation power away from the central government is to stop equalization payments not only for the province of Quebec, but also for the Atlantic provinces. He has not yet seen through his colleagues' guile and his leader's intention to cut down on the tax power of the central government.

An hon. Member: Which leader?

Mr. Dupras: Someone asks, "Which leader?"

An hon. Member: They do not have any.

Mr. Dupras: They may have two to date. There is one who refused to give unanimous consent yesterday so that we could all start campaigning and live up to the mandate Canadian voters gave us in 1974. His refusing unanimous consent is hard to understand. Does this mean the right hon. member for Prince Albert (Mr. Diefenbaker) is apprehensive about the next campaign? Or is it his contention that the present government is doing so well now that its mandate should be extended? Those questions are worth asking. Anyway, in the Province of Quebec as in most of the other provinces, Canadians support this government. We had evidence of that. People appreciated the government's action when, for example, we introduced compensation payments for oil products, which allowed the Eastern consumers in Quebec, the Maritimes, the Atlantic provinces, the province of my hon. friend from St. John's East (Mr. McGrath), to buy oil at Canadian prices. And that does credit to the generosity and understanding of the people in Alberta. I say the same thing in the province of Quebec, Mr. Speaker. This is further evidence of the great benefits of Canadian confederation: a part of the country, a part of the population is willing to provide temporary assistance to another which does not enjoy similar economic benefits.

All the same, this program was first endorsed by the people in Alberta, by their government, to the benefit not only of the Atlantic provinces but of Quebec as well. The figures which were released this morning suggest that by the end of 1978, the province of Quebec will have received $3 billion under the petroleum compensation program. That is quite an amount of money which not only helped people who drive their children to school or to deliver the goods they manufacture but which has contributed to keep our industry competitive, the agri-food industry which is so sick in the province of Quebec and elsewhere, and all eastern industries which have enjoyed a Canadian price as well as the rest of the country.

There are also all the Quebec-Canada programs under which agreements have been entered into with the province of Quebec. I refer more often to the province of Quebec that to other provinces, because I am trying to make my colleague from Joliette (Mr. La Salle) aware of the advantages of the Canadian Confederation. First of all, he is not convinced of that and I would ask him to commend the generous policy of the Canadian government to his colleagues in his party. That is his weakest point. Indeed, he does not manage to uphold the generosity, the openness of mind shown by the Trudeau government for the economic development of the province of Quebec.

I said a few moments ago that agreements representing investments of $200 or $300 million for the province of Quebec have just been signed. These agreements provide for road construction, the creation of parks to stimulate the tourist industry and a set of other measures which I hope will help eradicate the unemployment that plagues mainly Quebec. One could have foreseen, Mr. Speaker, that following the election of a separatist party in 1976, unemployment would strike very hard in my province. No matter how much money the federal government may inject in industry and the public sector for job creation, if the provincial government does all it can, through ill-advised measures, to thwart economic development, there is not much we can do. It seems also that people are encouraged to refuse the kind of work only people from foreign countries, mainly the Caribbean islands, are prepared to do.

Also, Mr. Speaker, if the current slide of the Canadian dollar is deplored by several sectors of our economy, I know of some industries in my riding that are pleased with it. Of course, I would not say that the dollar must stay low or under the 90 cents level compared to the U.S. dollar. But I dare not think of the problems and the unemployment we would have if the Canadian dollar had not been devaluated. In fact, the dollar has not been devaluated, but was subject to the law of supply and demand, and the value of the dollar today, as the Prime Minister pointed out during the question period this morning, is based on the productivity and performance of the Canadian economy.

This allows Quebec industries, some in particular such as fine paper, to recover the markets lost during the strike in the fine paper industry in 1976. This also allows other industries to develop business in the U.S. and in Europe with the hope of retaining such business when the dollar regains its true value which, when compared to the U.S. dollar, is certainly not 100 cents to the dollar. But in the short term, Mr. Speaker, this had definite advantages for Canadian products in that it promotes our exports and job creation.

Naturally, there are other causes for the fluctuations of the dollar, if one considers, for example, the performance of the tourist industry in Canada, with a deficit of almost $2 billion in 1977, and this could double in a few years if drastic measures are not taken. Mr. Speaker, we should be very happy with the provisions contained in the budget which will indeed help promote the tourist industry.

This leads me to consider the provision contained in the Quebec provincial budget which removes the 8 per cent tax on hotel rooms. The budget brought down by the Minister of Finance aimed at stimulating the economy and creating jobs. The removal of the 8 per cent tax on hotel rooms will only attain those aims in a few years. Allow me to explain, Mr. Speaker. The tourist industry has suffered, especially in Montreal and in Quebec City, from the lack of major conventions. As we all know, conventions are prepared years in advance so that the people who will be holding conventions in 1980 and 1981 have already signed agreements and made reservations either in North America or in Europe. So this tax cut is only window-dressing, because if you look at the facts, it is very impressive, as it will not really prompt Canadians to visit the province of Quebec unless other corrective action is taken and other measures adopted.

There are two other things, Mr. Speaker, which I could say about the Quebec budget, since they are trying by that new scheme to undermine the strong conviction held by the Canadian people that the Canadian confederation is really working well for all Canadians throughout the country. More than ever in Quebec, the people have such a conviction, as I realized Wednesday last, Mr. Speaker, at my nomination meeting. My fellow citizens, my constituents, are looking to the Canadian government which they consider as their own, with which they can hold a dialogue, a government that listens to its electors and the people of the province.

One only has to consider, for example, the treatment given to the Quebec Council of municipalities at its last convention, where all kinds of tactics were used to keep the Minister of State for Urban Affairs (Mr. Ouellet) away, because he had indeed developed a credibility with the civic authorities who found out that this federal minister listened to their grievances and tried by every possible means to help them disprove the arguments put forward by the Quebec premier.

● (1442)

[*English*]

Mr. Speaker, I would like to comment briefly on the decision of a distinguished member of the opposition not to seek re-election. It is no wonder that the hon. member for Don Valley (Mr. Gillies) has decided not to run again.

Mr. Baker (Grenville-Carleton): Why don't you make your choice for Canada and quit too?

Mr. Dupras: I would make the same decision if I were a member of that party. The hon. member for Don Valley can count on my admiration.

Mr. McKinnon: Like John Turner and Donald Macdonald.

Mr. Baker (Grenville-Carleton): Macdonald and Basford are doing the same thing.

An hon. Member: And Mitchell Sharp.

Mr. Dupras: I know it has not been easy for the hon. member for Don Valley. I know he has had difficulty convincing his colleagues about a few economic matters.

Mr. Baker (Grenville-Carleton): Why don't you partake in public service and quit?

Mr. Dupras: That is wishful thinking. I know the hon. member for Grenville-Carleton (Mr. Baker) would like me to quit, but I was re-nominated.

Mr. Baker (Grenville-Carleton): You are good for comic relief.

The Acting Speaker (Mr. Turner): Order, please. The hon. parliamentary secretary has the floor.

Mr. Dupras: Thank you very much, Mr. Speaker. I would like to end my remarks by saying that the Leader of the Opposition (Mr. Clark) needs help. I know he is seeking help from his provincial colleagues. He has consulted them and tried to learn their views on the budget.

[*Translation*]

Mr. Speaker, the Leader of the Opposition really needs help, and it is not his lack of understanding of the special problems in Quebec nor his support of a separatist budget which will earn him votes in Quebec.

[*English*]

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, it is a pleasure to participate in this debate this afternoon. While training for my profession I was counselled not to depend upon the size of a listening audience but to make my presentation as though the whole world were listening. Today I have the opportunity to speak in this debate. I am not sure how many people will listen to me, but there are certain things I would like to say anyway.

Back in October, 1977, when the Minister of Finance (Mr. Chrétien) bootlegged a mini-budget into the throne speech debate, the response of this party was that the minister was only tinkering with the system to avoid a full-fledged budget debate. In fact the minister declined to call his mini-budget a budget. He called it an economic statement. Nevertheless, there were some similarities, and perhaps the mini-budget of last October was more like a real budget than the one we are discussing today.

We on this side felt that the minister's response last October to the economic realities of the country was completely inadequate. Since last October whenever we on this side of the House have called for firm and decisive action, the minister's response has been to say that we have to wait until we see the results of the measures introduced last October. We have been told we have to wait until the results of those measures trickle down and it becomes obvious as to the extent to which the

proposals are effective. At one point the minister even tried to insult the intelligence of the Canadian people by suggesting that the measures announced by his predecessor, Mr. Macdonald, on March 31, 1977, had not yet taken effect. I suppose if those measures did not take effect, certainly the ones introduced last fall could hardly be expected to produce results today.

The minister has made his first legitimate budget statement in this House, and as my leader pointed out so aptly yesterday, it was the minister's first and last budget. We find ourselves in the same situation we were in previously. The minister has tinkered here and fiddled there, with the same lack of commitment and the same ignorance of economic reality. The same thing happened in March and in October of 1977. It has been said that Nero fiddled while Rome burned, and I think possibly it would be appropriate to say that in this instance Chrétien tinkered while Canada tumbled.

● (1452)

Nothing illustrates more the utter bankruptcy of this government's policies than the tumble of the Canadian dollar on the world money markets. This has been more pronounced even since the minister made his budget statement a few evenings ago. The morning after the budget announcement, the dollar sank to a low of 87.57 cents. Then it continued to tumble downward to its current level of 86.79 cents in terms of the U.S. dollar as of noon today. This indicates in a frighteningly dramatic way that the international community of economic experts have no confidence whatever in the government's ability to meet the serious problems facing our nation at present.

While I am on this point may I just say that Canadians should be outraged at the way this government has handled the decline of the dollar. It is bad enough that the dollar has fallen, but in the long slide from its former level to its current level Canadians have lost between $1 billion and $1.5 billion. This is money wasted, and I say Canadians should be outraged. On the one hand, the Prime Minister (Mr. Trudeau) says we have a floating dollar, and this was stated again by the Minister of Finance, and on the other hand the Minister of Finance pours $1.5 billion down the drain to keep the dollar from floating. It is precisely this kind of indecision and dishonesty on the part of the government which causes lack of confidence in the Canadian dollar.

I believe it is time the Prime Minister and his government came clean with the Canadian people on this issue: do we have a floating dollar or do we not?

Mr. Sharp: Yes.

Mr. Patterson: If we have a floating dollar, then why go to the trouble of trying to prop it up and, by this means, keep it from floating? Someone said yesterday that the dollar has been floating. It has been sinking until today, and if you want to see it, you have to wear goggles and a snorkle. Perhaps we should consider that. Perhaps it is time to put away the wishy-washy economics of expediency and introduce some basic directional changes.

All of our reputable domestic economic analysts were in agreement prior to the budget's introduction that a complete structural turn-around was necessary in our economic and fiscal policies to restore confidence in our national economy, get the country working again, and stem the tide of spiralling inflation. In this task the minister has failed miserably. All he could do was just to tinker around with it. I think we could say that Macdonald the thumper has been replaced by Chrétien the tinker.

I say that structural changes are necessary in this country, but there appears to be no desire on the part of this tired, aging, weak government to put any direction into our national economy. The government has been preoccupied with many other matters, in fact so preoccupied that it has no time or desire to pay attention to the critical economic matters facing us.

I remember that for months the government trumpeted the idea that, after all, the major problem in Canada was national unity and that, if we were to achieve national unity, it was going to be by the implementation of linguistic policies, and everybody had to accept that. The responsibility and the blame were placed upon the English speaking people of this country, and the result was a great deal of resentment. But in later times, when things began to get pretty tough and the Prime Minister came alive, he and some of his ministers began to say that, after all, the most important problem facing Canada was the economy. I am not just sure what they think is the most important problem. The Prime Minister has been too concerned with the language policy and with other matters concerning the contractual link with the European Economic Community. He and his ministers have been determined to change the social structure of Canada and to change the moral values of this nation. They have been too busy with these things to take care of the fundamental problem that confronts us, namely, that if we cannot solve our economic problems we will not have the occasion to take care of our country in the long run.

We come to the conclusion then that after looking at the picture as it has developed, an exodus of supporters of the government has begun, and an exodus of cabinet ministers, which is very significant. My friend, the hon. member for Labelle (Mr. Dupras), was talking about the ones who have decided not to run for the Conservative party this time, but I ask him why has John Turner left, why has Paul Hellyer left, why have many others left, such as Don Macdonald, for instance? Were they unimportant individuals? Did they not count in the make-up of the cabinet or in the make-up of the party? Where did they go and why did they go? How can the government go to the people and tell them "return us", when many of their most important, influential and able ministers could not stand it and left?

An hon. Member: They are left with their disabled.

Mr. Patterson: It is quite evident where the lack of confidence is. They just could not see themselves supporting the lack of policies that had characterized this government, so they pulled out and said they were not going to waste their time.

I should like to call attention to some of the promises that were made by this government. I think of one in the 1974 election campaign, about transportation. I know that there is a reference to transportation in the budget speech, but if it does not mean any more than the promise that was made in the riding of Fraser Valley East some years ago, then nobody can look forward to getting any results from it. I just mention the fact that at that time the Prime Minister stated that there would be a rapid transit system put through the Fraser Valley to Vancouver. I know that this promise was made in order to try to prop up the Liberal candidate, but when I raised the issue in the House of Commons I was told that such a promise had not been made. Well, I will leave it to the people of Fraser Valley East to decide whether or not the Prime Minister made this promise. Certainly it was made in the Fraser Valley, it appeared in the papers, and yet we have not seen it fulfilled.

The agricultural community in Fraser Valley East and in other parts of B.C., as well as in some of the other western provinces, have given up hope that the government will fulfil its 1974 promise to adjust the freight rates so as to bring justice and fairness to the movement of goods between eastern and western Canada. I am glad the Minister of Transport (Mr. Lang) is here because this matter has been brought to his attention on a great many occasions. Those engaged in secondary industries and in the processing industries are facing insuperable problems because of the fact that the freight rates are loaded against them. The result is that they are suffering economically because no attempt has yet been made to take any remedial action in this regard. Conferences have been held, promises have been given and glowing statements have been made regarding what was going to be done in order to assist in the development of western Canada and the development of secondary industry, but we have not seen them yet.

● (1502)

I intended to call attention to another matter yesterday, but because of lack of time I did not raise it. Again this morning I was unable to do so. I should like to make reference to the dairy situation in the province of British Columbia. Representations were made by the Fraser Valley Milk Producers Association a few days ago. They pointed out the need for some changes as far as dairy policy is concerned. They pointed out that the provincial market shares of the national quota of 100 million cwt are as follows: British Columbia, 3.1 per cent; Alberta, 6.7 per cent; Saskatchewan, 2.5 per cent; Manitoba, 3.9 per cent; Ontario, 31.4 per cent; Quebec, 48 per cent; the maritime provinces, 4.3 per cent.

As far as British Columbia was concerned, even though there might be some justification for it when the quotas were established in 1971, changes have taken place. The population of British Columbia has grown tremendously. The consumption of fluid milk has grown and is continuing to grow. British Columbia is self-sufficient, as far as fresh milk is concerned for the fluid trade, but it produces only 20 per cent of its industrial milk needs. The document went on to indicate that approximately nine million cwt of milk is produced in British Columbia. About six million cwt is sold on the fresh market, and the balance of three million cwt is the market share quota of British Columbia. This is the total allowable amount of industrial milk which can be produced in British Columbia, as established by the Canadian milk supply management committee several years ago.

Another statement referred to the fact that it is important that the market for semi-fluid products be allowed to grow and that milk production in the province of British Columbia be allowed to expand in a relative fashion. Also the document indicated that industrial milk plants at Abbotsford and Sardis should be increased to enable them to maintain viable plants with trained staff in order to meet the needs of the dairy industry in British Columbia.

I should like to ask the Minister of Agriculture (Mr. Whelan) the following question: In view of the fact that fluid milk consumption in British Columbia is increasing, and in meeting this demand there will of necessity be an increase in the production of milk, will he consider the desirability of recommending the granting to that province of a higher percentage of the provincial market share quota, or through another mechanism, in order that the industry will be permitted to expand within its industrial production? I think this request is very valid. Because of the changing circumstances and situations, provision must be made for the expansion of that industry in British Columbia.

Another question I should like to ask is: As surplus milk must be of sufficient volume to allow for the maintenance of an adequate processing facility and trained staff, and as all such milk produced on the lower mainland of British Columbia and Vancouver Island is processed by the two Fraser Valley milk producing plants in Abbotsford and Sardis, will the minister call upon the Canadian Dairy Commission to call a meeting of the national supply management committee at the earliest possible moment to resolve this problem which is affecting seriously the British Columbia dairy industry?

The agricultural producers of British Columbia are working under enough handicaps, some of which I have pointed out. The time has come when greater attention must be given to some of these matters, rather than the matters which seemingly take up so much of the government's time.

As we are considering the other matters in this debate, and as we look at the various needs which have been brought to our attention, it is incumbent upon the government to make a serious attempt to remedy the situation which has developed and which is continuing in this nation. Some semblance of reality must be brought into the entire picture. The government has not acted in a manner which will produce the results we require or solve the problems facing us. Instead of spending so much time on other matters, the government should give attention to the basic problem of dealing with the fundamental issues before us. Budgets to help solve those problems should

be brought in. They should meet the needs and answer the requirements of Canadians. In view of the promises made and not kept, how can the Prime Minister expect anyone to believe the promises he has made now and will make in the future?

May I now say something about the sales tax cut announced by the Minister of Finance. Yesterday the Prime Minister told a press conference that negotiations had been ongoing with the provinces for weeks and weeks on the issue of sales tax cuts. He reprimanded the Quebec minister for coming up with a new suggestion on 24 hours' notice. The actual truth is the four western premiers felt so strongly about the lack of consultation by the federal government in this move that they issued a joint statement last night criticizing the Minister of Finance for his unilateral action. Where is the truth in what the Prime Minister told the press yesterday? There is a misunderstanding somewhere. Someone is not stating the clear facts. I prefer to believe what the western premiers have said. The consultation referred to was far from adequate. Their representations are worth careful consideration by the government in this respect.

The net effect of the budget of the former minister of finance, and the mini-budget of October presented by this Minister of Finance, has been rising unemployment and spiralling inflation. If the House is sitting in the coming weeks and months, we will continue to hear the old song by the Prime Minister and the Minister of Finance that the measures have not taken effect yet and that we should give them a chance to work through the system. How long do Canadians have to wait? How long does it take to bring about economic sanity? One gets the impression the government is just biding time, waiting for something to happen. They used to blame the weather for our economic ills. Then it was world conditions. For a while it was women and young people who were the cause of our problems. At his press conference yesterday, it is my understanding the Prime Minister announced it was the world again. The government can go on biding its time, but the situation will not improve, not under this administration.

The only solution is to proceed in the manner the country has been looking for, which is an election. An election will result in a change in administration and bring in a government headed by the hon. member for Rocky Mountain (Mr. Clark), who will meet this challenge and bring sanity, guidance and leadership to the country. My leader spoke very eloquently yesterday in outlining some of our party's policies to meet the challenges of our country, including a five-year development strategy to achieve some of those structural changes to which reference has been made. He referred to our proposal to put more investment into food production and food processing, to accelerate the development of our nation's oil sands and heavy oil reserves, to construct a reversible pipeline from the west to Atlantic Canada, to rebuild the fishing and ship building industry in Atlantic Canada, and to upgrade the loading facilities in the port of Vancouver.

● (1512)

My leader also referred to permanent tax cuts of $300 per person to help stimulate demand and production. He referred to our policy to freeze public service hirings and thereby cut the public service. He expressed the importance of sunset laws which should be introduced. He referred to a freedom of information act that would be brought in by a Conservative government.

He also outlined our policy to assist small business, which is the backbone of our economic system, and to approve income tax to a limit of $5,000 per year to encourage Canadians to invest in Canadian small business. In view of the fact that small business activity is the backbone of the Canadian economy, providing at least 60 per cent of the job opportunities in the nation and contributing a huge slice of the tax revenue to the public coffers, and in view of the contribution that has been made by the small business sector of our country, I believe this government ought to take the challenge more realistically and come up with something that will be of advantage and benefit to those who are struggling to keep their operations going, sometimes having to work double shifts themselves in order to meet demands made upon them by governments in the way of statements, records, reports and so on. There ought to be some realistic programs outlined which will bring some assistance to these hard-pressed businessmen who are struggling to make a go of it in Canada.

These are good policies and a few of them have been outlined here this afternoon. They are economically sound and are needed to put this country back on the road to recovery. Again I suggest that the only solution is an election. This will decide how many of those wonderful people from the other side will be back here. I think a lot of them will run but will not be back. We will miss them, sure, but there will be others who will take their place, who will be able to contribute in a superior manner to the debates and discussions that go on in this place, and make their contributions to the preparation of policies that will be of tremendous value and importance to the economy of this country.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, on this quiet Friday afternoon I would like to comment briefly on the speech made Monday night by the Minister of Finance (Mr. Chrétien) when he introduced the new budget. While I was listening to him, I got the impression that he was a member of a new government because, at the beginning of his speech, he was more or less condemning his predecessor's policy. Is not that playing fair? He said that our gross national product has gone down from 5 per cent in 1976 to 2.6 per cent in 1977. It is a fact everybody is aware of, but to recognize it in his speech, particularly in his first real budget speech takes, I think, a lot of courage.

He also said that the number of unemployed young people has increased. We now have over one million unemployed in Canada. We should not be proud of that. It is a crying shame to have so many healthy people without work. There is a saying that applies here: idleness is the mother of all vices. No wonder delinquency is on the rise in Canada. An able-bodied

man who is idle will sooner or later get into mischief. This is human. All the same, I should like to emphasize the good points of this budget, because it has its good points. It would be unusual if it were all bad. For example, pension plans have been improved. I think this is a beneficial measure which will benefit a number of people who have the means to invest in a pension plan. But obviously, for the great number of unemployed, it will not change much.

There is another point on which I agree, the changes proposed to the incorporated family farms which will allow farmers to enjoy a tax provision which did not apply to them before. Those are excellent measures.

As for the provisions related to industrial development, to energy and railways, they are necessary and will certainly benefit some people, but I am very skeptical as to their ability to deal with unemployment in the near future. What I find amazing with this government is their capacity to bring forward all kinds of minor measures which are good in themselves, along with their incapacity to bring forward any major responsible measures designed to deal with our most serious problems at present: unemployment and inflation. Of course when your hands are tied behind your back by financiers, as I said today to the Minister of Finance, it is difficult to get the job done. That is where the real problem is, in my view.

● (1522)

When it comes to social measures, the government has come up with challenging suggestions. I must say at the outset, as I pointed out a moment ago, that the tax free transfer of family farms has been extended to farms registered as corporations. We have been demanding this for a long time. The government has finally understood the validity of our case. I am sure this measure will encourage young people to go into farming.

We must encourage young people if we want them to maintain their interest in agriculture and save this basic industry that Canada needs. I am seriously concerned, Mr. Speaker, about the declining number of young people who should be interested in farming and in the agricultural industry. Of course, if all our policies result in a massive transfer of our youth from rural to urban areas, it is obvious that time will come when we will find ourselves in a very unfavourable situation in comparison with a number of countries. If we have to import too many food products to satisfy our needs, we will of course become dependent on others. The situation would then be much worse than it is today. On the other hand, I think this policy should help, at least I hope so, in limiting the rural exodus and should be an incentive for our young farmers to keep them interested in this vital activity, farming and farm production in Canada.

I would like to point out in passing—I did so briefly yesterday—that the Minister of Agriculture (Mr. Whelan) has finally told farmers as well as industrial and fluid milk producers what the dairy policy of the government is going to be for the next few months. I was pleasantly surprised to see there were some aspects which I have been advocating all along and which are finally being implemented in our policy; the period change, the new dairy policy schedule. I received the official release only this morning, I had the opportunity to review it thoroughly and today I made a point of mailing many copies to producers who have been asking me questions on this matter for a long time. I think it is my duty to help inform people of legislation which might be beneficial to them. And it is also my duty to make suggestions to the government. I would like to take advantage of the budget debate to make one, I would like the government to study seriously the possibility of providing in its policy, in its financial policy, a rebate on some farm products or on some Canadian dairy products with a view to promoting the consumption of these products in the country and second, increasing the purchasing power of consumers and needy families. Mr. Speaker, this is nothing new. Through its legislation, through the propositions made to the provinces to pay compensation as an incentive for reducing or even abolishing retail sale taxes, the government is already doing that.

It would be much easier for the government to proceed directly under the federal jurisdiction; the same purpose would be achieved with less confrontation. In fact, Mr. Speaker, this discount will increase the consumer's purchasing power, but he is the one who decides on what goods he wants a discount, because, after all, the consumer is always right and he is the one who chooses the products he wants to buy.

We established that policy, as I already stated in this House, a few years ago, under a minority government that had the good idea to comply with the requests of the people, and it was of particular benefit to the families. During several months, more than $181 million were distributed without any confrontation, but today with the federal approach of urging the provinces to cut their sales tax, we saw what happened in the last 24 hours. The Quebec government has decided to apply that cut in the weakest sectors. In other words, when I buy $1 item in Quebec, I must now pay $1.08, and under the policy announced in the budget, the consumer will pay only $1. Then, this is a discount on the retail price but it has been transferred from the federal to the provincial jurisdiction, and this is the cause of the present confrontation. It worries me so much that I warned today that we should proceed carefully and sensibly, if we want to avoid constitutional crisis.

Now, I do not think that this government will solve the problem through the proposed measures. The federal government will compensate a part of this cut will a $11.5 billion deficit, which means that future generations will have to pay for our present spending because this budget increases our deficit, our national debt, by $11.5 billion. Sooner or later, we shall have to find a means of repaying that debt. This is what I call a debt system. If that system is good, it will give good results, as a good tree bears good fruits and a bad tree bad

fruits. You judge a tree by its fruits, everyone knows that, it is in the Scriptures. So we can judge a system by its results.

Mr. Speaker, this system takes us on a very dangerous course. Although in the 1978-1979 budget, there seems to be an effort to protect the individuals and the taxpayers at the same time, the extraordinary thing is that in fact a heavier tax burden is being placed upon them. One just has to look at the budget to see it! In the budget, which has been in effect since April 1 the increase in the personal income tax is of about $1.34 billion; while the increase in the corporate tax is only of about $495 million. We have been asking for a review of the tax structure for a long time now in order to reduce the tax burden on the individual, we have been asking for a fairer distribution in view of the fact that 60 per cent of Canada's revenues are in the hands of multinational corporations while the remaining 40 per cent go to the individuals. It is imperative to strike a balance because it is the little man who is paying for the big shot. We make sure that the rich get richer and the poor get poorer.

• (1532)

That is why I would suggest, in order to bring about a fairer and healthier administration, a measure which comes under federal jurisdiction, namely a cut in the sales tax on building materials. The provinces could not say a darned word about it since it is a matter of federal jurisdiction. In this way, we would increase the income of families and individuals without the risk of a constitutional crisis as the one which is forthcoming. We would give the building industry a boost and that sector of the Canadian economy could start out with greater enthusiasm.

Builders and contractors could use their equipment, workers in every building trade could go to work, and automatically the government could derive revenues from their income tax, according to a well-known formula, and automatically the wheels would start to grind again without anybody being hurt.

Mr. Speaker, there is also another sector involved. I remember, and this was repeated once more yesterday by the Minister of Finance (Mr. Chrétien) when I asked him whether he would not be ready to study another method of financing the public sector so that private savings, the savings of private citizens be left to the private sector so it could use them to cover its financing needs, and the federal government in turn could get its financing requirements by creating new money, because the government's purpose is to increase the money supply for those who need it. Since this is a worthwhile purpose, why not, as I said yesterday, at least give serious consideration to the possibility of replacing the debt-oriented system of the public sector by a more social kind of credit system, putting the Bank of Canada to work as it were, increasing the money supply to the extent that discounts would be used by consumers not haphazardly but to the extent those people would buy, to the extent consumption would go up, to the extent they would take advantage of the available discounts. There, Mr. Speaker, you have the regulating factor.

Yesterday, the Minister of Finance told me he had studied that in 1963 and he had found it absolutely impossible. Well, how often have I not been told that if this monetary theory were to be used, there would be inflation in Canada. There would be unemployment, there would be chaos. But what is the situation in 1978? Do we have inflation? Do we have unemployment? Do we have chaos?

An hon. Member: It would be worse.

Mr. Lambert (Bellechasse): An hon. friend over there says it would be worse. Maybe it would be worse, but is it not "worse enough" already? It has also been said this would force the Canadian dollar down. This is said derisively, but there is nothing funny about that. It is awful to know the Canadian dollar now trades at 87.2 cents. It is terrible to see that our dollar is down to 87.2 cents today. Were that to happen under an administration headed by people like me, who believe in Major Douglas' political and economic theory known as Social Credit, we would be charged with all the sins of the world.

Miss Bégin: For sure!

Mr. Lambert (Bellechasse): Yes, and it would make you happy. But this time, it is your own administration, your own system of credit, of debts, and it is terrible. Listen to this carefully: in 1975—you are laughing, you think it is funny, but the young people, tomorrow, will judge you harshly. It is not very funny. In 1975, Mr. Speaker, our debt as Canadians, at the federal level, amounted to $19 billion. We could live with the interest on that debt since that debt went as far back as July 1, 1867. But three years later, to the officials of the Department of Finance, at the meeting held to brief us before the budget speech on Monday night, I put the following question: What is at present, as of March 31, the net debt of Canada? It took them some time to check it up.

Finally they found that it amounts to $39.800 billion. It more than doubled over three years. What outstanding achievements have we to show for it? What great things, Mr. Speaker, what have we accomplished, Mr. Speaker, to justify more than doubling our debt? Have we had to spend enormous amounts of money on National Defence to ensure the safety of our borders? Of course not—yet our debt has doubled. We started on our new budget on April 1 and we are told that our deficit will be about $11.5 billion, which will increase the debt in Canada to $51.300 billion. Let us think about it seriously, the way things are going, we are accumulating $31 million debt each day, and we cannot afford to give the Minister of Employment and Immigration (Mr. Cullen) who is here now, more money to increase the number of very good programs such as Young Canada Works. We have—

Mr. Béchard: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) is raising a point of order.

Mr. Béchard: Mr. Speaker, would the hon. member for Bellechasse (Mr. Lambert) allow me a question?

Mr. Lambert (Bellechasse): Certainly.

Mr. Béchard: Mr. Speaker, at the beginning of his remarks the hon. member for Bellechasse referred to the total debt of Canada and said: Do we have a navy? Do we have this or that? The hon. member for Bellechasse knows the answer to those questions but is he aware that all Canadians, among other benefits, receive free medical care? Does he consider the health of the Canadian people as a national debt?

The Acting Speaker (Mr. Ethier): The hon. member for Bellechasse has the floor.

Mr. Lambert (Bellechasse): That's a very good question, but that's not the area which gets us in the red.

Miss Bégin: We'll come to it.

Mr. Lambert (Bellechasse): The Minister of National Health and Welfare (Miss Bégin) says that we'll come to it. I am looking forward to discussing it. After all, that is what parliament is all about. That's why we are here. We are here as members of parliament, as representatives of our constituents to deal with their problems. If, hon. members on the other side are able to justify such spendings, good for them, but it will take a lot of efforts on their part to convince me because if we really tried, if we were serious about our responsibilities, if we did our job, things would be different. We are under the control of monetary powers, and while we run into debt, while we make hundreds of thousands of unemployed, the financial institutions get richer. They have made record profits since 1967. Has this been considered?

● (1542)

The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) made a comment. He asked me a question to which I would like to reply very seriously. I know that the federal government shares the responsibility for public health with the provinces. It is not in this area that we have serious problems. I would like to have truly meaningful figures. Let us be serious. In 1977-78, servicing the debt, or the interest that we must pay, cost $5,425 million, and in the present budget it amounts to $6,650 million, or an increase of $1,225 million. The interests on this debt do not go mostly to Canadians. Foreign interests own $106 billion of our debt and they are the ones who get the interests, even though we could make other arrangements. There is no risk in trying. Some may say that if we change our public financing system, perhaps the Americans, the Italians or the Germans will not like it, since they are the major source of our borrowing. I cannot understand how a country like Germany, which suffered complete defeat in two world wars, can lend us money 30 years later. We are indebted towards Germany. The victor is indebted towards the vanquished. Such a situation is unthinkable.

What do we suggest? It is not enough to criticize, we must also suggest alternatives. Answers have been found elsewhere. The June 28, 1977 issue of *Le Devoir*, people also think about finance elsewhere, refers to interest-free bank loans with charges limited to administration costs. This has been done. This article says:

> The bank charges its borrowers only its own costs. It is a commercial business like any other which is trying to prove that it is possible to increase its capital without charging interests. Loans of more than $63 million have been granted to Turkey, Algeria, Jordania, Sudan, Bangladesh and Somalia.

Good heavens, if that is possible over there. I recently heard the Prime Minister say in reply to a question put by the hon. member for Témiscamingue (Mr. Caouette), that if you can find us a lender who will lend us money without interest, we are certainly prepared to administer the country that way. Mr. Speaker, our Prime Minister is much smarter than that. He knows the financial side of things from A to Z. He knows it very well, but he feels incapable of letting go.

That is why it is our duty, and your duty on the government side, on the side of the majority, to do your utmost to advise the Prime Minister, so that he finally decides to table the bank act, which we have been waiting for two years. You know it on the other side, you are well aware of it. Mr. Speaker, this act which should be before parliament and which we should consider and pass after amending it by removing section 72, which gives the banking system—I am not speaking of individuals, but of the system—which gives the banking system, the power to cash in on the credit of the people, a credit which is created by individuals, by Canadians and not by banks, to cash in on the credit of the people through private institutions to get the country into debt, to get the public sector into debt, that, in my view, is criminal. Our credit should be cashed in by—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but I must inform him that his time has expired.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, if I have correctly understood the speeches and remarks of the two parties of the opposition I have heard so far during the budget debate, Canadians did and won almost nothing in the last decade, or even over the last fifty years and the government did nothing for Canadians that is any good. As far as I can see, it seems all our social programs are worthless, and I have reached the stage when I should have liked to hear the hon. member for Bellechasse (Mr. Lambert) talk about them, but he got lost in his monetary theory which unfortunately did not enlighten us—

Mr. Lambert (Bellechasse): Give me a chance, and I will tell you!

Miss Bégin: —he attacked the government about the alleged terrible loss of money which he called a debt oriented budget. He mentioned the cost of servicing the debt. He does not seem to understand, unfortunately, how the money machine works: it is a business, an industry, like any other private business in which Canadians are protected against abuses. To the same extent, other businesses are not allowed to make money on people's backs by engaging in criminal activities. Looking horrified he went on to talk about servicing the debt, and insisting he does not accept a deficit budget while Canadians know full well that in hard times such as these we are going through now, we need an expansionary budget; deficit budgeting does not shock them in any way. He did not press the point and would not admit that there is no such thing as a provincial deficit budget for the simple reason that the federal government redistributes the taxpayers' money through equalization payments leaving the provinces clear of external debts, and placing the burden of national debt on the federal government. Had he made this point clear, we would have been pleased to discuss the matter.

Unfortunately, he did not bring up the subject nor any other point worthy of consideration. Neither he nor any hon. member of his party attended any of the meetings which were held with my department officials over the last few weeks, nor did he take part in the debates on the estimates. He blames the government for going into debt, and keeps complaining outside the House and presenting motions under Standing Order 43, although he knows full well no minister is allowed to give him an answer pressing the government to lower to 60 the age to qualify for the old age pension; but neither he nor any hon. member of the Social Credit party of Canada offer a suggestion as to how to finance the lowering—

Mr. Lambert (Bellechasse): Not lowering—

Miss Bégin: —to 60 the age of retirement which would automatically cost $2 billion more a year. Everyone is in favour of it. That is not hard. But we are still waiting for the $2 billion. We want to know where they will come from. Yet, we have not heard anything about that.

[*English*]

As to the official opposition, from what they have been saying up until now, all their attention is fixed on the fact that 8 per cent of the labour force is unemployed rather than on the fact that we have by far the best record of job creation in the western world. Of course, I am not saying it is acceptable to have 8 per cent of one's population unemployed.

An hon. Member: It is for this government.

Miss Bégin: No. It is not. But this government takes care of its unemployed. No one has referred to the fact that Statistics Canada recently released figures showing that 82 per cent of Canadians find their work enjoyable. Only 4 per cent find it unpleasant. Society is not as sick as the opposition wants us to believe.

We keep hearing of alienation, fear, insecurity and bankruptcy. The Tory party even wanted us to opt out of Canada. It is absolutely incredible.

We hear from those who have never been unemployed that our unemployment insurance program is too costly and needlessly generous. We hear it said—falsely—that in order to restore the work ethic, which in truth Canadians have never lost, we should go back to exploiting our many marginal workers for the sake of the affluence of a few. In short, I get the impression, which is far from the truth, that the quality of life in Canada is unpleasant and has deteriorated sharply over the last decade.

[*Translation*]

Mr. Speaker, nothing could be further from the truth, and the general thrust of the opposition's criticisms so far in this budget debate shows a lack of direction in their thinking. Incidentally, the same is true regarding many other areas, but especially in the social policy domain, the intellectual irrelevance of the suggestions heard is particularly striking.

[*English*]

In the six months I have been in this portfolio, I have observed that the Tory opposition has no coherent social policy. It has no comprehensive social policy whatsoever. For example, the hon. member for Brome-Missisquoi (Mr. Grafftey) proposes more welfare funding. The hon. member for Kingston and the Islands (Miss MacDonald) advocates the availability of spouses' allowance to all women between the ages of 60 and 64. The hon. member for Athabasca (Mr. Yewchuk) proposes more funding for medical research while at the same time he opposes any form of income support program. The hon. member for Dauphin (Mr. Ritchie) said that by providing the Canada Pension Plan, old age security, the guaranteed income supplement and medicare we have gone too far. What a mélange! What a social policy! At the same time the hon. member urged the government to spend more. The hon. member for York-Simcoe (Mr. Stevens), the official critic on these matters, demands that the federal government cut spending by $2 billion. One wonders.

● (1552)

[*Translation*]

The general thrust of the opposition's criticisms in the social security and social policy area is that Canadians generally do not like to pay taxes for social security programs since expenses in that area are wasted money and useless. They often suggest that social programs are partly responsible for the excessively high level of government expenses, which creates an unacceptable rate of inflation.

[*English*]

When the opposition speaks of slashing more and more deeply into government spending they are really talking about

cuts in our social programs; and cuts in our social programs will very soon be reflected in a diminution of the quality of life which Canadians have the right to expect. I am delighted to note that the vast majority of Canadians do not agree with the Tory opposition on that proposition. A Gallup poll survey carried out for the Anti-Inflation Board and reported two weeks ago had determined that only 7 per cent of the people blamed the government's social programs for inflation whereas 63 per cent blamed business or labour. Canadians believe in their social programs for the simple reason that they work. They have worked well enough to improve very substantially the quality of life in Canada over the last decade and they can be made to improve it still more in the years ahead. But they will do so only if we retain the steadfastness and good sense to maintain our balance in face of the shrill cries of a tiny minority who would diminish the quality of life of the majority simply because we live in times of economic uncertainty.

Perhaps I could best illustrate what I mean by referring to levels of poverty in Canada. I will certainly not stand here today and claim we have solved the problem of poverty. We must do much more to improve the share of the national income going to our poorer people.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Miss Bégin: I am pleased the hon. member for Winnipeg North Centre (Mr. Knowles) is here.

An hon. Member: He is always here.

Miss Bégin: I would also claim that the effect of our social programs on income distribution has been far better than has been generally acknowledged. As the Prime Minister (Mr. Trudeau) has pointed out in this chamber, progress against poverty, with poverty defined in terms of having an income below some barely minimum acceptable floor, has actually been quite dramatic over the last decade. According to the measure used by the Economic Council of Canada, only about 10 per cent of Canadians are poor today compared to about 20 per cent in 1967. One could dispute the measure used by the Economic Council and turn to the Senate report on poverty or some other measure, but the fact remains that the percentage of people living in absolute poverty in Canada has diminished tremendously, almost by 50 per cent, in the last ten years.

What I was discussing when I spoke elsewhere of relative poverty was another concept. I spoke of the share of money income going to the poor compared to the share going to other groups in society. I said the proportion had not changed appreciably. If one uses that measure, it can be said we have simply kept pace. The poorest 20 per cent of Canadian families and individuals currently receive about 6 per cent of our money income, while the proportion of revenue to which they have access—this should be noted; it was not mentioned by the hon. member for Winnipeg North Centre when he questioned the Prime Minister—would, in the absence of government transfer, have been only about 1.6 per cent.

[Miss Bégin.]

Mr. Knowles (Winnipeg North Centre): It is still far too low.

Miss Bégin: It is always too low. We are pleased to see we can count on the support, as so often in the past, of the New Democratic Party as expressed by its official critic in this field.

Earlier today, the hon. member for St. John's East (Mr. McGrath) said that when the government took office ten years ago the total budget amounted to the extent of the present total anticipated deficit. In passing, may I mention that he was supposed to have talked about social policy but we did not hear a word about social policy during his speech. Let me remind him and his hon. friends of the situation surrounding government spending ten years ago by comparison with what Canadians receive, what they have at night when they go to sleep. They often fear, eventually, insecurity as a result of being handicapped or suffering the effects of an accident, disease, sickness, a catastrophe in their family life, or any other uncertainty, including unemployment and even, in a sense, maternity—any risk to their jobs. Let us compare the situation ten years ago with the situation now and figure out why there is a deficit, one which, as I suggested in the other official language, is not frightening to Canadians because they realize that their government must bring in an expansionist budget to deal with a difficult economic situation.

In January, 1967, old age security benefit amounted to $75 a month, and that was all that was provided. Today the old age security payments are $153.44 a month and guaranteed income supplement of $107.62 is also available to those who need it.

Mr. Knowles (Winnipeg North Centre): You are a month behind. It is $156.66 now.

An hon. Member: But what are those dollars worth?

Miss Bégin: Of course, payments are indexed to the cost of living; an adjustment is made every three months and these amounts have been higher since April 1. There is also a spouse's allowance of up to $249 a month for couples where one partner is over 65 and the other between 60 and 65. In 1967, family allowances were $6 per month for children up to nine years of age. Now they are $25.68 on average, at $308 a year as against $72 ten years ago. Unemployment insurance payments were $25.96 per week in 1967. We have been fighting to improve payments in the face of criticism from many people who have never been unemployed, but they currently amount to $160 a week. I am talking, of course, of the ceilings.

● (1602)

I do not think that is too much when we consider the number of people who support dependants. All these programs have contributed at least to ensuring that the income of Canada's poor did not fall any further behind that of affluent Canadians in recent years.

[*Translation*]

At this point, Mr. Speaker, I should like to remind my colleagues that a few years ago, none of us knew the word indexation. It was a technical word that was not part of the member's vocabulary, not to mention the public at large. Yet, only three, four or five years later at the most, everybody uses this word; everywhere, in the streets, between neighbours, in the daily newspapers, people discuss the concept of indexation which has been built into most of our social programs and must quite obviously be financed one way or another. I for one believe it is a progressive concept that should not be lost in times of economic uncertainty, when some people panic and question the universality of some of our programs or their indexation to the cost of living or to some other measure of monetary depreciation.

[*English*]

Furthermore, despite the stability of money income shares, the Prime Minister, when talking about the definition of poverty in Canada, pointed out that absolute poverty has decreased by about 50 per cent in the last ten years. There has been progress in closing the gap between rich and poor which can be identified. Income distribution statistics hide important changes in the distribution of non-money income and in the impact of taxes. Government actions in both these areas have tended to reduce the gap between rich and poor families.

Since World War II federal and provincial governments have co-operated to introduce improved programs. When I refer to federal and provincial governments, I mean the taxpayers of Canada. Programs which provide medical and hospital insurance, education, assisted housing, social services such as day care, counselling and rehabilitation—and I could give a long list—have been developed. Although some of them are universal, these programs have grown steadily in importance and provide benefits which are often directed specifically to low income families.

The benefits of these programs are not reflected in statistics regarding division of income. Similarly, our tax structure is based primarily upon income, and income taxes have become more progressive over the last decade. On this last point I underline the fact that there is still room for improvement. We could, for instance, discuss concepts such as the tax exemption concept, which tends to favour the higher income earners in Canada. By comparison, the refundable tax credit concept tends to favour those who are at the bottom of the income scale.

However, progress has been made, and I welcome the current budget because it ensures reductions in the relatively regressive sales tax. Sales taxes have an across-the-board effect, and because of that those who have little money are most adversely affected. As much as 75 per cent of the income of some people has to be used to purchase consumer goods. I am very pleased therefore, that this current budget acknowledges the regressive nature of sales taxes and that, together with the majority of provinces which have agreed to the program, the federal government will have caused a relaxation of the hardships which are inherent in the sales tax concept.

All things considered, then, real incomes of the poor have risen relative to those of the rich. It can thus hardly be denied that one effect of our social policies over the last decade has been to improve the quality of life of the poorest Canadians.

We cannot yet claim to have done a fully adequate job on their behalf—a theme to which I want to return later—but it should be very clear that deep cuts in government spending, especially combined with the assignment of high priorities to other than the social policy sectors, will inevitably mean a diminution of the quality of the lives of those Canadians least able to defend themselves. Believe me, it will be no compensation to a poor child living in the slums of Montreal or Vancouver or in rural poverty to hear that even his meagre standard of living will be diminished in order to satisfy the misapprehensions of politicians that comfortable upper class Canadians want to cut social program expenditures. I believe that any party or any government which adopts that approach will lead itself to ruin, and worse, will destroy what little hope there is for those who need our help most.

[*Translation*]

Of course, numerous social programs which have been set up during the last decade or in the last fifteen years do not only benefit Canadians who are poor. Indeed, those social programs improve the quality of life of the vast majority of Canadians, which explains their being so popular. Millions of people in this country of all incomes benefit from the Canada Pension Plan or the Quebec Pension Plan, from family allowances, old age security pensions and the guaranteed income supplement. Needless to say that all those who have the misfortune of losing their jobs do not share the views of the members from the official opposition on our present unemployment insurance system which they constantly criticize for being so abusive. That is true for the programs that may exist under the transfer payments which we make to provinces and it is also true of programs which provide services instead of money.

[*English*]

We are all richer for the fact that our society is compassionate enough to care for those of our people who need services like day care, rehabilitation, counselling or nursing home care. Even more directly, we all benefit from universal access to complete medical care via programs instituted by federal governments over the last three decades.

Indeed, our universal medical insurance programs are rated by the Canadian public as the most popular and worthwhile of all public services. This is hardly surprising, for these programs have ensured that the availability of good health care is the right of all Canadians. In contrast to the situation in the United States, whose lower level of public spending is often cited so favourably by those who would cut into our social programs, no Canadians need lack medical care because they cannot afford it. No Canadian in the last decade has been

forced into personal bankruptcy by medical bills, whereas over 10,000 Americans had that misfortune last year.

Look, Mr. Speaker, at the results. Health care costs are a full percentage point of the gross national product lower in Canada than in the United States. Our life expectancy is higher, our infant mortality lower and our morbidity figures consistently better. Our proportion of physicians and other health related professionals exceeds all recognized world standards. Over the last ten years—since the inception of medicare—our situation has improved from one physician in every 734 Canadians to better than one for every 673 Canadians.

● (1612)

What is even better is that regional discrepancies have been greatly diminished. For example, in 1960 the ratio of the greatest to the least amount expended on health care by the provinces was 2.17. By 1973 the ratio had declined to 1.58 and it has since continued to approach the desirable 1.0 level. Similar changes occurred in beds to population and physicians to population ratios. We receive universal access to an excellent standard of health care at a very reasonable cost. In part this is due to the dedication and hard work of those who provide our health care. In no small part it is also due to enlightened social policies.

The health of Canadians is protected in a variety of other ways as well and many of these derive from the health protection activities of my department. For example, there has been a great expansion in the control of potentially faulty medical devices that may endanger health. More and more, doctors rely on valves, tubes, and sophisticated engineering and electronic devices in the diagnosis and treatment of disease. These are vital to medical progress and at the same time the public must be guarded against faulty products such as defective infant incubators or anaesthetic machines. Canada was the first country to institute formal regulatory control of the more than a quarter of a million devices used for health care. Controls have led to removal from the market of 57, 93 and 115 unsafe devices in the last three years respectively.

Important initiatives have also taken place with respect to the quality of drugs. Federal programs strive to ensure that drugs on the Canadian market are safe, pure and effective. In addition to monitoring manufacture, distribution, advertising and sale of drug products, federal government programs include research on such matters as drug quality and toxicity. We have introduced stringent inspection activities, supported by international agreements, and, to take but one other example, we recently introduced the quality assessment of drugs program. This is intended to ensure that lower cost generic drugs, the ones that many Canadians receive through the free drug list in various provinces or simply over the counter in a drug store, are of a quality comparable to expensive brand names and that they can safely be prescribed in order to keep down health care costs to patients.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. minister, but I must inform her that her time has expired. However she may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Miss Bégin: I thank you, Mr. Speaker, and I thank my colleagues. I could speak of many other programs. I have touched upon the health programs and the social programs. We could talk of what is being done in the fields of agriculture, the environment, industrial work safety. We could talk of post-secondary education. In short, we could speak of everything which makes up the quality of life of Canadian families, of the fact that parents now have assured protection, garanteed programs covering most of the risk situations in which their children may find themselves.

Let us take post-secondary education, what are we talking about? Well, we are talking about the fact that in 1966, for example, 13.4 per cent of all young people between the ages of 18 and 24 were attending post-secondary institutions, that is approximately 270,000 young Canadians. In 1976, after a decade of federal aid to post-secondary education, through redistribution programs by which richer provinces are helping the less fortunate ones, this proportion had reached 19.6 per cent, that is about 600,000 young Canadians who were enrolled in post-secondary institutions.

I could go on speaking about our programs, but in these difficult times I would like to remind the House of the importance of remaining cool, of being thankful for the well-being achieved by Canadians. There are people who have been here for some time and I have great respect for them. If they were in favour of social policies, we might accept a few from the other side of the House. They are not numerous and are mostly on my right. However, all those who passed medicare will remember that when the program was introduced barely ten years ago, a program which is now taken for granted by many among us who are younger or were not interested in the public life of that period, it was considered revolutionary in Canada. So were most of our social programs.

Why does the federal government have to get involved in health and welfare? It is another question which requires an answer. What do we do in that field? Canadians and our colleagues are familiar with the old type of shared cost programs under which social programs have been developed in Canada as well as in hospitals where different health care and ancillary medical services have evolved from the famous medicare on a fifty-fifty basis. A provincial minister of health or welfare would submit a plan to his cabinet. It was a program-financed on a 50-50 basis. He thus obtained from the federal government, through the Canada Assistance Plan and a number of laws covering medical and hospital cares, half of all

costs thus creating our present day well developed system of services and agencies.

This is why it seemed to us reasonable to hand over to the provinces the direct supply of health care which they had begun to assume. Although the federal government had undoubtedly played a leading role over the previous decade, we decided to hand over to the provinces the power to allocate resources, to control fully the financial administration of these programs, and to select the priorities which are of interest to their respective customers. So in 1977, for health services, and in 1978, for social services, we devised a different type of financial arrangement known as block funding.

I have already told the House, when speaking about these arrangements, how pleased I was to negotiate with the provinces in early March on an agreement for block funding of social services. It seemed fundamental to me in times of economic uncertainty to be able to guarantee to the provinces a certain amount of money for ten years. Through what will soon become an act of parliament, during the first five years, this amount will be fully guaranteed, whatever the situation in the country, increasing investments in a vulnerable sector of the economy, namely social services, from $516 million in this the first year to about $2 billion within 10 years.

The reason for the presence of the federal government in health and welfare remains fundamentally not so much a matter of leadership—which we assumed over the last decade, and which is no longer necessary since Canada has an adequate system of services and hospitals—but rather of redistribution. The formula underlying block funding in health and social services is redistribution of the money from the well-to-do provinces to the needy provinces in order to reach within the next decade, the same average per capita investment for all the Canadian people.

● (1622)

[*English*]

I should like, Mr. Speaker, to refer to the kinds of improvements in the lives and health of Canadians which are possible using this approach. It is interesting to speak of the past, but it is important to finish by referring to a few goals for the future. Canada is now a model to other countries. Canadians always have the bad tendency of thinking that they should have an inferiority complex. That is not justified. Canada is a model in preventive medicine. As referred to in a book on new perspectives for the health of Canadians, the care of their health is in their own hands.

In the coming years, this is what we will be doing in the field of health. As to the field of social services and social policies in general, there is still work to do. It is dreaming for hon. members of the House to think a guaranteed annual income of a universal nature would be possible in the coming years. It is a dream because the provinces rejected it in 1975, after years of discussion and negotiation.

I cannot invite all hon. members to join the ranks of the government, but they should realize the government will continue to develop the work already started in income redistribution in this country. Perhaps this will be achieved through tax related programs and using the budgets and expenditures already in place. The government expenditures will not be increased, but as I once said in committee, there could be a shift of approximately half a billion dollars within the total of $12 billion already spent on social services. In summary, the list of opportunities and the accomplishments over the last decade could be multiplied almost endlessly.

I am sure other hon. members would like to contribute to this budget debate. I congratulate the Minister of Finance (Mr. Chrétien) for the budget he presented. He did not give in to the loud cry we heard from hon. members on the other side, particularly by those in the Tory party, and unfortunately by the hon. members of the Social Credit party. He did not give in to all hon. members who wanted to cut the social and health programs of this country to the detriment of all Canadians.

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I am pleased to have an opportunity to participate in the budget debate. Perhaps the next time the hon. Minister of National Health and Welfare (Miss Bégin) will be very careful and listen to the comments of the hon. member for St. John's East (Mr. McGrath), who presented very constructive ideas concerning the social needs of our population.

The Minister of Finance (Mr. Chrétien) showed some recognition of the important shelter needs of Canadians when he presented his recent budget. Unfortunately, the board and lodging benefits for single persons employed at remote work sites fall far short of the mark. Canada has ready evidence of mankind's inability to solve basic food and shelter needs. It is sad to realize that the housing policies of the present government and the present budget provisions promise little hope for the solution of our housing problems. Government controls the access of Canadians to housing funds. Government influences the construction and distribution of housing. Government exercises considerable control over standards and research technology in housing. In short, while housing is an area of provincial jurisdiction, it is not without federal influence. Yet as this budget shows, the present technique for dealing with housing problems is through scattered, ill-planned, fire fighting measures.

The federal government's role in housing ought to focus on such areas as the development of national housing policies, monitoring housing-related conditions, evaluation and review of policies, co-ordination of housing-related efforts, sponsoring the development of new concepts and processes, and the provision of expertise to needed areas. Central Mortgage and Housing Corporation and Statistics Canada offer the federal government instruments for national housing research.

Important levers affecting housing, such as tax and monetary policy, rest in federal hands. There appears to be confusion in federal housing policy in the fact that housing is a national goal with a regional nature. Both constitutionally and practically, housing might best be administered at the provin-

cial level, leaving the federal government free to use its resources of time and finances to support research and co-ordination. Of course, this has been constantly spoken about by the Leader of the Opposition (Mr. Clark) and by the hon. member for St. John's East.

One example of the need for long range, thorough planning is in the area of accommodation for the aged. The pattern for so many of our older citizens is not uncommonly to move from a house to an apartment, to a lodge, to a nursing home. Many of these people have little or no choice of housing design. Too often the resulting housing is unsuitable. Many elderly Canadians feel that less emphasis should be placed on designing housing specifically for their age group. Instead of more attention being placed on designing housing specifically for their age group, more attention should be paid to a plan to integrate the needs of all age groups. This situation and many other housing-related issues point to the need for increased research into various options and improved co-ordination between federal and provincial authorities.

Miss Bégin: It is completely provincial now.

Mrs. Pigott: That is so, but research is not being conducted to ensure that it is properly done. It is not co-ordinated. The hon. Minister of State for Urban Affairs (Mr. Ouellet) is not co-ordinating this type of thing. It is not being done at all.

It is discouraging to see that the budget, delivered at a time when housing difficulties are becoming increasingly critical, did not address itself more directly to the solution of those problems through increased research or aid to home ownership. Housing in Canada is regional in nature and results in the need for a flexible approach on the part of the federal government. In order to promote greater flexibility in the development and implementation of federal-provincial housing policies, avoiding duplication and reducing complexity, this budget could have introduced global funding to the provinces.

The Minister of State for Urban Affairs has promised, promised, promised; but all that came out of his department was the game of musical chairs which he plays with the management level of his department and the Central Mortgage and Housing Corporation. The Canadian home insulation program and the neighbourhood improvement program are examples of the need to re-evaluate and restructure housing policy. In our present circumstances there is no question that energy saving measures are worth-while, necessary and critical. The Canadian home insulation program could be a valuable part of our energy conservation effort. However, the person who observed that a camel is a horse designed by a committee might well be prompted to make the same comment about the CHIP program.

● (1632)

At a time when the Minister of Finance prefaced his budget by those wonderful words suggesting Canadians need to apply themselves diligently to build a better future through hard work and discipline, the management of this program shows no evidence of diligence and discipline. The Minister of Finance in his budget suggested that growth of spending by governments at all levels had been brought down. In that case CHIP is the exception that proves the rule, as Bob and Ray would say.

Instead of reducing spending we have a program administered through a single, central office and through new regional offices, while existing Central Mortgage and Housing Corporation facilities could have been used to take advantage of offices already in place and expertise already in existence. Just eight seats away from the Minister of Finance we have a minister of a department that is doing nothing but duplicating existing building and programs.

Perhaps the one exception to the rule of this duplication was overlooked because there is no Central Mortgage and Housing office conveniently located to the Prime Minister's Montreal riding. That is where he put the new CHIP program. One questions further the duplication of an entirely separate federal administration of the insulation program in light of provincial comments urging the co-ordination integration of federal and provincial conservation programs. It would be a good idea to rename the position of Minister of State for Urban Affairs. Perhaps we could call it the ministry of state for empire building and interference in provincial affairs. Don't you think, Mr. Speaker, that would be a good new name for it?

Why was CHIP not more complete? Imagine not including labour costs and full installation. Who conceived a program for proper insulation in Canada that did not include windows, doors or basements? Of course, we know that CHIP was designed in a hurry in the Prime Minister's office because they thought there was an election coming last August. Everybody knows that the Prime Minister's office specializes in insulating the Prime Minister (Mr. Trudeau) and the cabinet from the reality of the real needs of Canadians.

While the Canadian home insulation program offers unnecessary duplication, let us take a look at the neighbourhood improvement program which shows us how ineffective management in the ministry led to the elimination of an excellent program. At a time when the Minister of Finance is asking all Canadians to show discipline and diligence the management of one of his fellow ministers has led to the interruption of a rehabilitation program whose expiry date was written into the National Housing Act.

Provincial and municipal response has been strongly in favour of NIP as a vehicle for revitalizing local neighbourhoods. In an era when many areas of federal-provincial contacts are strained, this program was well received. In spite of this positive reaction, and knowing the expiry date well in advance, the Minister of State for Urban Affairs allowed this program to lapse in the absence of any substitute measures. I am afraid the Minister of State for Urban Affairs has been so preoccupied with his party activities that he has not been able to carry out his responsibilities.

Present housing policies show a fascination for numbers. This government seems clearly to believe that a large number of housing starts is the magic solution to the housing problems of Canada. Let us consider the AHOP program. That program is causing great grief to many persons; many people who have

already bought this type of housing are unable to keep up the payments. We have heard reports that there are hundreds of thousands of unsold units. With our dreadful unemployment in this country, who can even think of planning to buy one of these houses? There was a hurried approach because the minister wanted numbers, and this has produced economic ghettos. The hon. member for Fraser Valley West (Mr. Wenman) talks about the incredible situation in his riding in respect of these unsold AHOP units. Had there been incentives in this budget to the economy, bringing relief to people who want to buy these or other units, that would have brought a great deal of help to young people and to those of the middle class who need decent housing.

We have a government that has failed in its budget response to rehabilitate the economy, yet it lets a rehabilitation program lapse because the minister is so involved and away from his ministry. This government has failed to deal with inflation, but it certainly knows how to inflate statistics, especially those relating to housing, as though that were a solution to the housing needs in this country. Senior citizens, lower income families and our burdened middle class in the core areas of our smaller towns and cities are crying out for the kind of proper economic planning that should have been in this budget. The housing needs of this country have been ignored by this government. I am deeply sorry for what has happened, because the hundreds of letters that come to us show that this budget could have made the difference but has not.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I should initially like to make a few remarks about some of the comments made by other participants in the debate. I was particularly interested in the intercession by the Minister of National Health and Welfare (Miss. Bégin) who is not one of the least progressive ministers in that particular cabinet. Some of the things she has said are things with which we in this party can agree. It is always interesting to see how much credit the minister takes for those measures that her party fought against for some 40 years. Suddenly her colleagues are running around taking credit for almost everything important in the social field.

The facts are really quite different. There is not much point in taking credit for something that was never initiated by that particular party. Almost none of those measures were initiated by the Liberals. We are not averse to see progressive measures coming from NDP conventions being adopted as government policy. We have always accepted that as one of the prices of failure, but of help to the Canadian people. Of course, that may be the story of our life, but I am surprised that the minister would spend so much time this afternoon taking credit for NDP help over the years in providing decent social measures for the people of Canada.

The other aspect of this budget about which I want to comment briefly is that relating to the sales tax. We had a great discussion today during the question period about the apparent upset of the western premiers over this particular budget. We get back to the question of whether they were consulted, how much attention was paid to this matter, and why was it not something raised at the first ministers' conference? The real reason the four western premiers are upset is that the smartest finance minister in Canada is a man called Parizeau, who kept his cards in his pocket until the Minister of Finance (Mr. Chrétien) stood up and committed himself. He then played every one of his cards beautifully. I think it is time somebody stood up in this House and gave Mr. Parizeau some credit. He is a bright minister and this government would be well served to have a minister of finance half as shrewd as that minister from Quebec. The reason the western premiers are upset is that they wish they had been smart enough to do exactly the same thing and not commit themselves in advance and then—

● (1642)

Mr. Lumley: Saskatchewan is going to love you.

Mr. Leggatt: I am pleased we are finally getting a little response. Now they are going to wind up being suckered into that sales tax solution which will see sales tax reduced on imported items—socially undesirable items like the eighteenth variety of under-arm deodorant—or some of the useless imported products that we have. At least we have one government in Canada who was smart enough to say: "Let us just go to the vital areas where additional sales are needed." The reason our western premiers are a little upset is because there is another finance minister in this country who is just a little smarter than all the rest.

An hon. Member: How much money is he getting?

Mr. Leggatt: If he does not get the full share the hon. member can guess who will suffer the penalty. The government cannot get away with treating Quebec one way and the rest of the country another way. It will be very interesting equating Quebec. It will be interesting to see this supposedly fair-minded government handle the distribution of those sales tax moneys. Quebec, Mr. Speaker, has out-thought this particular government, and I give them full credit for having played their cards extremely shrewdly.

Mr. Pinard: Do you wish they win the referendum?

Mr. Paproski: What referendum?

The Acting Speaker (Mr. Ethier): Order, please. The Chair recognized the hon. member for New Westminster only.

Mr. Leggatt: I liked that interjection, Mr. Speaker, about do we wish they win the referendum. My answer is, "No". There is no doubt that none of the federal political parties are supportive of separation or that referendum. We have fought just as vigorously to make certain that that referendum is defeated. In fact, at the moment it does not look like it has got a very good chance. Having said that, let us not get confused between the question of separation and the question of good government. The present government in the province of Quebec is a far-sight better than the predecessor, and the people of Quebec understand that.

An hon. Member: Look at the polls.

Mr. Leggatt: I agree with my colleague from Winnipeg North Centre (Mr. Knowles) when he said that it is not very difficult to be better than the Bourassa government, because there is not much to compare with.

Let us get back to the question of the budget and why it is that we saw much a modest approach by the Minister of Finance. At the present time Canada has an $11 billion deficit. I remember the previous NDP government of British Columbia that was defeated because it went $100 million over and the people were so upset with that terribly inefficient administration. What a terrible thing, $100 million over. The minister of justice at that time said that we had a guy named C. D. Howe who said "What's a million", that we had a Dave Barrett who said "What's a hundred million?". That was a pretty nice political shot. Now we have a government that has been saying year after year "What's $11 billion, it does not really matter, it is just another deficit".

The one thing that I can agree with my Social Credit colleagues on is that $11 billion is just too big a deficit if you are going to try to do the things you have to do for this country. The reason the government put forth such a "slim-pickings" budget is that the Minister of Finance has nowhere to go. The money barons in this world are saying: "You guys are in the hole and you are overspent". What does the government do about that? All they do is play around with someone else's sales tax.

An hon. Member: What would you do?

Mr. Leggatt: I will come to that. I am going to provide the solutions if I have time, and I am sure we can expect to see them right there in black and white after the next Liberal policy convention.

With an $11 billion deficit this government has not room to manoeuvre. It cannot go into massive public spending unless it reorganizes the income tax system. What can you do when you have an $11 billion debt, one and a half million people unemployed, an inflation rate of 9 per cent and a Canadian dollar that is now below 87 cents? I do not know what it is trading at today, but it must be getting close to the 85 cent mark.

I see my colleague, and in fact the member for the area in which I live in Ottawa, shrug his shoulders and say, "What is 85 cents, it does not really matter." It means a great deal to the old people in my riding who have to buy the necessities of life. It has had a bigger impact on inflation than any other single factor. The way the dollar has dropped has meant that the cost of living has risen in such a dramatic way, not for people who are well off, but for low income people, the old people, people who have to spend their money on necessities, many of which are imported.

There is no point, Mr. Speaker, in shrugging our shoulders about a dollar that is now the lowest in value in the lifetime of any member here, with the possible exception of the hon. member for Winnipeg North Centre, I am not sure. Certainly it is the lowest in our lifetime. Why is it soft? It is soft because of the $11 billion deficit and also because of another major problem in our economy—and it is one that I do not think many of my colleagues in this House have addressed.

There was a time when people like Walter Gordon, who sat in the Liberal cabinet, the hon. member for Windsor West (Mr. Gray), who sits forlornly at the end of the front bench outside of that cabinet, Eric Kierans, who is now doing his duty to Canadians by providing some very skilled economic advice—which the government continues to reject—had a voice in this place. The common agreement amongst these people was that this country is owned and dominated abroad, and unless you begin to tackle that problem you cannot begin to tackle the major problems of the economy in Canada. Those chickens are now coming home to roost in a way that the hon. member for Windsor West, Mr. Kierans, Walter Gordon and the Committee for an Independent Canada have been predicting over the last 10 years. It has been predicted by these people for the last 10 years that this would happen unless something was done about foreign ownership and foreign domination of the Canadian economy.

Let me remind the House what the figures are regarding foreign domination. These figures were published in 1977 and they continue to get worse: 57 per cent of Canadian manufacturing is owned abroad, 99 per cent of the rubber industry, 96 per cent of our automobile and parts industry, 85 per cent of the chemical industry, 71 per cent of electrical goods, 63 per cent of agricultural equipment and 57 per cent of transportation.

Then the government comes forward with this marvellous research and development feature in the budget. If the government wanted to do something about research and development they would repatriate this economy. Then we would get some money spent on research and development, because multinational corporations do not spend money on research and development in Canada. There is no point in their doing it. They spend that money at their head office. They create those jobs at head office so that they can sell products to Canada without bringing Canada into the market to sell our own products abroad produced with our own technology.

The domination of the Canadian economy by foreign ownership has meant that Canadians continue to be the last hired and the first fired. With a head office in New York and with a board of directors who know and like New York, when making an economic decision in bad times, the first plant such a company are going to shut down will be the one in Canada. What has been the response of this government? They have turned the Foreign Investment Review Act into a welcome wagon. The previous portfolio of the Minister of Finance was to change the entire thrust of that mechanism and he changed the policy of this government totally so that there is no doubt left that Canada welcomes foreign capital from wherever or for whatever purpose. The record of the foreign investment review legislation is that 10 per cent of new acquisitions have been turned down and about 5 per cent of new business. Almost none of the people applying to invest in Canada have received unfavourable treatment. The comment everywhere in

the international market is, "Don't worry about foreign investment review legislation in Canada, it doesn't mean anything." They are right, it does not mean anything.

• (1652)

If one examines the balance of trade figures, it shows a travel deficit of $1.6 billion. We will never correct that in the long run; there will always be a deficit because of the nature of the climate in Canada. When one looks at the merchandise trade account one finds we are running a $2.9 billion surplus. We are selling more abroad than we are buying. If we look at raw materials and processed goods as examples, we are still selling more than we are buying. We do not see that in the papers. What are we paying the landlord and the owner of our industry for the money they put out in interest and dividends? There is a deficit of $3.4 billion in that area.

To put some confidence in the Canadian dollar abroad there has to be a long-term strategy to repatriate the Canadian economy. As long as we continue to pay the kind of rent, profits and interest we have been paying, we will not provide any long-term stability to the Canadian dollar. The Canadian dollar will continue to be weak in international markets.

Look where the Canadian dollar is in terms of West German currency, in terms of Swedish currency and in terms of most of the currencies of west European countries which have domination and control of their own economy and which are not branch plant economies at all. These west European currencies continue to be very strong in comparison to the Canadian currency.

In this budget we have provision for a 50 per cent oil exploration depletion allowance. A large portion of that money will go to the multinational oil companies. They continue to be the spoiled brats of the corporate sector. When there are any handouts coming, the oil companies are there with both hands. What we should be doing is looking for research and technology in terms of renewable energy, looking for alternate energy and bringing forward a conservation program that is worth the name. This is something we do not have now. Forget about incentives to the oil companies. My God, if they have not had enough incentives and they have not had enough profits by now, then how much do they want?

We could have moved forward in a progressive way in this budget, accepting the limitations of an $11 billion deficit and accepting the worry of how much room there is to manoeuvre. One could have manoeuvred in terms of renewable energy and a decent conservation policy in Canada. Then we would see some improvement in the Canadian dollar and in the unemployment statistics. As a result of renewable energy projects, jobs are created. There are not many jobs attached to the digging of oil wells. But there are a lot of jobs in the coal industry. There are a lot of jobs in the recycling of garbage, in the windmill power field, in the production of solar energy and in other areas of that kind of research and technology. There will be some change, then, in terms of the economic climate. But these tired old solutions which we continue to get will not have a significant impact on our two major problems.

I would like to say a few words about the current speculation in the dollar. We have had some warning from the Minister of Finance that what the opposition does by standing up every day and forcing him to answer questions in the House is to play into the hands of the international money barons. He thinks hon. members are speculating. The Minister of Industry, Trade and Commerce (Mr. Horner)—"Mr. Loose Lips"—has been quoted, a quote that he denies, concerning his comments on the Canadian dollar and the impact it might have.

I would now like to refer to an edition of the *Kamloops News* for April 5 quoting directly the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo), who said this:

> The federal government will move to fix the value of the Canadian dollar on the international money market once the U.S. dollar stabilizes.

That is a pretty firm statement of government policy in terms of the Canadian dollar. I must say, Mr. Speaker, that we on this side of the House are tired of being lectured to by the Minister of Finance when ministers of the government cannot keep their mouths shut anywhere. They are running around telling one story in one place and another story in another. I do not doubt the international money barons are a little confused, but they are not confused about what is happening here. They are confused because they do not know what kind of a policy the government is following in terms of the Canadian dollar. Therefore, in the absence of any policy the value of the Canadian dollar will go down and so they continue to sell the Canadian dollar short. This is the direct result of the lack of cohesion in the Liberal cabinet.

The solution which I hear from my colleagues in the Conservative party is that somehow we will solve this problem by cutting back in the public service. We will create employment, as Sterling Lyon is allegedly doing in Manitoba. They maintain we will create employment by knifing the public service and throwing people out on the streets. What an inconsistent position to take in a land of 1.5 million unemployed. We will throw the public service on the street with them. That makes no sense whatsoever. It is really Milton Freidman's ideological fanaticism.

An hon. Member: Right on.

Mr. Leggatt: It is time we recognized that Milton Freidman does not possess all the economic wisdom in the western world but is doing a lot of harm.

An hon. Member: Right on.

Mr. Leggatt: I hear my good friend say, "Right on". If he will examine the budgets of the Liberal government, this one and the last one, they could have been written by Milton Freidman because the government itself has not moved in a progressive way.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Winnipeg North Centre (Mr. Knowles) is rising on a point of order.

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact we are still here, as some of us believed we would be, I wonder if the Parliamentary Secretary to the Deputy Prime Minister and President of Privy Council (Mr. Pinard) could give us a word about Monday. Will we be continuing with the budget debate in accordance with the indication which the Deputy Prime Minister gave, that once that debate started it would continue without interruption unless something constitutional got in the way?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, after a great deal of the pessimistic and negative feelings expressed by opposition members for the last three days, I think they need a one day's break to get themselves acquainted with many positive aspects of the federal administration over the last few years. I believe that research will convince them they should not foster unduly a confidence crisis and a climate of political uncertainty which are responsible for bringing about some of our present difficulties. This is why on Monday we will proceed with the study of Bill C-45 and then, if time allows us to do so, we will continue discussion of Bill C-19.

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock now, this House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

At five o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, April 17, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

REQUEST FOR ANNOUNCEMENT ON CANADA-U.S. AGREEMENT RESPECTING ARGENTIA NAVAL BASE—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that after several years of delay the governments of Canada and the United States have finally settled the terms of a written agreement for the turning over by the U.S.A. of the north side of the Argentia leased base to Canada, so that the land and facilities thereon can be made available to Newfoundland for industrial and economic purposes and job creation for the people of the Placentia-Argentia area, and in view of the fact that the only cause of delay now is the failure of the Secretary of State for External Affairs to set a date for the official joint announcement and for the official turning over of the land and facilities on the north side of the base to Canada, I ask leave to move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Secretary of State for External Affairs announce today a date this week for the official joint announcement and for the turning over of the north side of the Argentia U.S. naval base to Canada and to Newfoundland so that immediate industrial and economic development of the area can commence and jobs be created in this area of high unemployment, and that there be no further procrastination and delay so damaging to the interest of the people of the Placentia-Argentia area.

Mr. Speaker: Under the provisions of Standing Order 43, the motion requires unanimous consent before it can be put to the House. Is there unanimous consent?

Some hon. Members: No.

* * *

THE BUDGET

SALES TAX PROPOSALS—CRITICISM BY LEADER OF QUEBEC LIBERAL PARTY—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On Friday, the Prime Minister (Mr. Trudeau) criticized the opposition for supporting the separatist government in the province of Quebec regarding the federal government's sales tax proposal and, furthermore, criticized the four western premiers for saying that the proposal "contradicted the spirit of federal-provincial co-operation and consultation . . . and could be prejudicial to ongoing discussions on national unity".

I would therefore move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House, noting the position of the new Quebec Liberal leader, Mr. Claude Ryan, who has also criticized the federal government's sales tax proposal, requests the Prime Minister to make a statement to the House explaining whether or not in his view Mr. Ryan, an avowed federalist, has also joined the nefarious forces of separatism.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

SALES TAX PROPOSALS—REQUEST GOVERNMENT RECONSIDER FORMULA

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, looking at the benches opposite, I am almost tempted to preface this question by saying, "In the absence of the government—"

An hon. Member: Look behind you.

Mr. Clark: In my party I don't have to look behind me.

Some hon. Members: Hear, hear!

● (1412)

Mr. Clark: Mr. Speaker, my question is for the Deputy Prime Minister and it relates to economic policy. Now that the government has had an opportunity to read the whole of the communiqué of the western premiers and to reconsider, in an atmosphere of greater calm, the concerns expressed by the government of the province of Quebec in relation to the sales tax—which comes under provincial jurisdiction—and the support for the position of that government by all the provincial political parties in Quebec, can the Deputy Prime Minister tell us whether the Government of Canada is now prepared to reconsider either the formula or the content of the arrange-

ments in relation to provincial sales tax with the province of Quebec or other province which might want a change?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I could make one or two comments with respect to the question, but I would like to tell the Leader of the Opposition that I expect the Prime Minister to be in the House before 2.30 and it might be better to continue then the dialogue which began on Friday.

I explain the absence of the Minister of Finance by telling the House that he is attending a meeting of the board of governors of the InterAmerican Development Bank, in Vancouver, where he has been elected chairman of the board of governors.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, with the agreement of the House, I would like to defer the opportunity to put questions until the Prime Minister arrives.

* * *

POST OFFICE

PROPOSED PHASING OUT OF LETTER CARRIERS IN VANCOUVER

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Postmaster General: it has to do with the study which was done in March of this year, called "Manpower Goals, 1981-1982; Vancouver Retail and Delivery Division". That study proposes the phasing out of 421 letter carriers in the Vancouver area. Was that study done in consultation, in any way, with the letter carriers or the letters carriers' union, and can the Postmaster General advise whether he has rejected the recommendations in that study?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I feel that this straightforward question deserves an equally straightforward reply. I must say there is nothing secret about this document. The postal carriers' union must have already been aware of this document, having discussed it with Post Office officials. I want to state emphatically once again that absolutely no major change and no lay-off will occur in the Post Office before management and labour have discussed and reached an agreement on this issue.

[*English*]

I would like to repeat what I said in this House, I think on April 4. If we are to contemplate any changes or expansion in delivery methods, we must re-evaluate the over-all situation and consult the unions to obtain their full collaboration. That still stands.

Mr. Leggatt: Mr. Speaker, I expected that kind of answer just before an election. That still will not guarantee the 421 letter carriers that they will not be laid off. The question is not about consultation; it is whether the Postmaster General is willing to allow the workers in the Post Office—I am referring particularly to the letter carriers—to participate in these studies. It is not a question of consultation; it is a question of whether we are going to have peace in the postal service—and the way to have peace is to allow the letter carriers to participate.

Can the Postmaster General now give a commitment to this House that in future these studies—and this is not the first one that has talked about phasing out letter carriers—will be done not merely on a consultative basis but the letter carriers will be involved in them with regard to their own future and their own jobs?

Mr. Lamontagne: Mr. Speaker, I think the letter carriers themselves admitted that they knew about this study. I can confirm that the letter carriers are participating in all discussions which take place in the Post Office. We have what we call an intergroup which meets practically every month to discuss with the unions proposed changes in the way the Post Office is administered and to discuss ways to give better service to more Canadians.

Mr. Leggatt: Mr. Speaker, with regard to future service to more Canadians, there are a number of routes in new subdivisions all across Canada.

• (1417)

I do not think many of us in the House have found, especially in urban areas, that delivery has gone forward in new subdivision areas. Can the Postmaster General give some commitment to the House that, in fact, we will see the letter carrier service expanded into those areas—

Some hon. Members: Question.

Mr. Leggatt: —so that there will not be someone picking up a dollar and running that mail in. That is the real risk. I am asking the Postmaster General to provide us with a commitment, today, in the House—it is a good time now for a commitment, because we are about to have an election—that routes which are presently underserviced in the suburban areas of this country will be serviced within the next three months by the addition of regular mail carrier service.

Mr. Lamontagne: I would love to say to the hon. member that we will provide more service and expand our letter carrier service all across Canada. However, I have listened to the opposition since coming to the House and I have heard them complaining and accusing us of having too many civil servants. They even said they would be ready to cut 50,000 of them. I think it was the Leader of the Opposition who said that.

Furthermore, we have a budget and we have a deficit. We are trying to do the best we can with what we have. But I can tell the hon. member that all routes in all areas are under revision, and if with a reasonable budget we can expand this service, we will do so.

ALLEGED DETERIORATING MORALE OF TORONTO EMPLOYEES

Mr. Bill Jarvis (Perth-Wilmot): My question is also to the Postmaster General: it relates to the letter received by him from 28 Post Office line service supervisors in Toronto which warns of the collapse of the postal service because of deteriorating morale apparently brought on by the reinstatement of a number of suspended drivers.

What has the Postmaster General done to avert this potentially explosive situation which, to use the language of the supervisors who have corresponded with him, holds the Post Office on "the brink of collapse and it could go national"?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I am under the impression that some people enjoy turning newspaper headlines into tragedies. I suggest that the letter had been sent to me by the 28 Post Office line service supervisors who have finally conveyed to me their grievance to the effect that their decision to suspend a number of Post Office truck drivers had been cancelled or overturned. During a snow storm on January 26 of this year, these truck drivers had refused to carry out their duties. The superintendent overturned their decision, claiming that their reasons for suspending these Post Office employees were insufficient and that he was looking into this matter. That is exactly what he is doing just now. One of the line service supervisors must have provided the newspaper with this letter. He probably had the right to do so, but he has certainly not contributed in any way to solving the problem. For the time being, we deem this incident to be a matter of internal administration and we are looking into it.

[*English*]

Mr. Jarvis: I might say to the Postmaster General that the tragedy is not the newspaper headline; the tragedy is the lack of service by the Post Office.

Some hon. Members: Hear, hear!

Mr. Jarvis: With respect to the deterioration of service, morale within the Post Office has deteriorated from the abysmal to the cataclysmal. I ask the Postmaster General: Will the situation to which he has just referred be dealt with by way of public inquiry, which he has the power to order, and will he tell the House whether it is true that the supervisory staff in this area is now constantly subject to open ridicule by workers operating under him? If so, what action has the Postmaster General taken to restore proper labour relations in the Post Office?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, we are now in the conciliation stage with the postal union. I have visited most postal establishments throughout Canada. Last week in Toronto, I held a meeting with all supervisors for the Toronto area to identify the major problems, and I must say that far from being as bad as some suggest, the morale in the Post Office, at the administration level and among the employees with whom I spoke, is far from deteriorating. We are constantly trying to improve confidence in the Post Office and we will continue to proceed as we have been doing.

* * *

● (1422)

[*English*]

TRADE

REPORTED LACK OF DRIVE IN CANADIAN ENTREPRENEURS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Acting Prime Minister, and the President of Privy Council, in the absence of the Minister of Industry, Trade and Commerce who is having a tough battle getting the Liberal nomination out there in Alberta at the moment.

Mr. Speaker, according to the Minister of Public Works, "While ITC officials 'bust their behinds' to get export orders Canadian businessmen take it easy." The minister also said that when he reported this to the Prime Minister, the Prime Minister said, "Judd, Amen; that's the story I get on all the trips I have taken. We Canadians seem to lack the entrepreneurial spirit, lack that hustle". My question to the President of Privy Council, who is in charge of the cabinet committee on GATT negotiations, is whether he agrees with that savage attack on Canadian industry and businessmen that they lack hustle, and whether the President of Privy Council can hustle the House some information on the GATT negotiations that are going to determine the position of Canadian industry and business in the 1980s?

Could he tell us how the negotiations are going? What is Canada now doing as an alternative, now that our argument for sectoral negotiations has been pushed aside? When will a full report be made to Canadian industry and to the House on this question of such fantastic importance to the future of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as the hon. member probably knows, the GATT negotiations are reaching a more definite phase. Through the co-ordinator of the negotiations, the Government of Canada is keeping in close touch with representatives of Canadian industry and has conducted confidential discussions with those affected by the ongoing negotiations. At this point I believe it is difficult to be certain about the outcome of the negotiations. It is a negotiation. Representatives of various countries are examining the bargaining positions of their other partners in the negotiations. They are undertaking preliminary examinations, for example, of the offer lists which have been made in agriculture and fisheries. Also, they are examining the general bargaining stance under industrial products.

I expect we will be entering into a much more critical phase of the negotiations probably late next month or in the early part of June if the timetable which has been tentatively

proposed for completion is to serve, and that hard decisions will have to be taken at that time. At the moment it is not possible really to be concrete, specific and definite about the shape of the negotiations.

Mr. Crosbie: Mr. Speaker, the hon. President of Privy Council will know that impartial observers such as the Science Council of Canada have determined that Canadian industry is in such weak shape now that we face the possibility of deindustrialization, and that even here in the industrial heartland of Canada we have employment in the St. Catharines region in excess of 13 per cent, in Kitchener 10 per cent, and the like.

My question to the Acting Prime Minister is: In view of the fact that our major negotiating suggestion, that we should proceed with sectoral negotiations—we agreed to the Swiss formula and we asked that there be sectoral negotiations, particularly to help our resource industries—in view of the fact that has been rejected by the United States and the nations of the European Economic Community, in view of the fact that our industry only operates at an 80 per cent capacity and its future is dubious-looking at the moment, and in view of the fact that our industry does not have any idea what adjustment assistance they might get—the weaker sectors of our industry such as textiles—if tariffs are lowered in Canada, what steps can the Acting Prime Minister and the government take to give some reassurance to Canadian industry and business that they are going to be supportive of them through this difficult period?

What are the plans for those industries that may have to go by the board if the government continues with these negotiations as they are now?

● (1427)

Mr. MacEachen: Mr. Speaker, I believe the hon. gentleman is incorrect in saying that at this stage there is no prospect of successful sector negotiations by Canada. He may turn out to be right in the long run; but certainly in the proposals that have been put forward by the United States, in some cases offering broad tax cuts, they could accommodate Canadian sector negotiations. The United States will, of course, expect to be compensated for whatever concessions it makes. We have not abandoned that sector approach and I think it is much too early to do so. If we did fail and it were not possible to achieve some progress with the sector negotiations, then, of course, Canada would not be able to offer as much to its partners in the way of trade concessions as it would if the sector negotiations had been successful.

The hon. gentleman mentions textiles. I think it should be recognized, because there is concern in the country, that there is very great concern in the negotiations themselves as to the state of the textiles industry in many countries of the world; but it would be my prediction that it is unlikely the textiles industry will have to face deep cuts as a result of these negotiations, based upon the present atmosphere in respect of negotiations. The hon. member is right about adjustment assistance. It will be required in certain cases and will be provided by the provincial governments and in some cases by the federal government.

Some hon. Members: Order.

Mr. MacEachen: Mr. Speaker, I know there may be some objection to the length of the answer, but there was a series of questions and in courtesy to the hon. member I am attempting to answer.

An hon. Member: You should make a statement on motions.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

* * *

[*Translation*]

NATIONAL DEFENCE

INQUIRY WHETHER LAUZON, QUEBEC, SHIPYARDS WILL BE AWARDED CONSTRUCTION CONTRACT

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of National Defence. A few weeks ago, members of the federal government were in Lauzon, the site of a very large shipyard and a municipality where the rate of unemployment is very high. They tried to reassure the workers by announcing a project concerning the construction of ships for the Department of National Defence. Right now the workers are very much concerned because the unemployment rate is increasing and the yard lays workers off. In order to alleviate the unemployment plague in the area of Lévis and on the south shore, could the Minister of National Defence tell the House whether he seriously plans to award in the near future a construction contract to the yards in Lauzon?

[*English*]

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, we are looking at this matter very closely, trying to accelerate specifications so the ship repair and refit programs we have in line can be started as soon as possible. My colleague, the Minister of Supply and Services, is also working with my department to accelerate this procedure to the extent we can; but I am afraid I cannot say there will be the immediate placement of orders, because this has to be done through the tender process.

We will do all we can, because we are aware of the situation, to make certain that the shipyards at Lauzon are given every opportunity at the earliest possible moment. I might say, in the absence of the Minister of Transport, that we are also looking at other avenues which might help that shipyard, in response particularly to the great representations that have been made on its behalf by my colleague, the hon. member for Levis.

[*Translation*]

Mr. Lambert: Mr. Speaker, I am beginning to be a little concerned about the slowness of the studies on government programs. I cannot believe that, in the present circumstances, there is a lack of personnel to work actively on these studies. I admit the minister has his problems but I cannot accept that on behalf of unemployed workers, of those whose benefit period is finished and who are now on welfare, as well as those who get absolutely nothing and keep hoping that these shipyards will soon be re-opened with contracts from the Department of National Defence. Could the minister tell the House whether he will bring pressure on the public servants of his department to complete these studies and finally ask for bids to put into practice what is supposed to be done before those workers are in real poverty? We must recognize one thing, that workers on the south shore and in the Lévis area are not all millionnaires, they are people who want to work. Could the minister tell the House whether he is really going to do something about these studies with a view to carrying out this project?

● (1432)

[*English*]

Mr. Danson: Mr. Speaker, I am well aware of this. My friend, the member for Levis, has stated this in equally emphatic terms, and very consistently, over the past several months. I am certain pressure has been brought to bear to the extent that is feasible. You cannot put ships in for refit without the specifications being very tight. As all hon. members know from past experience, we are trying to improve that process. They will have to go to tender. We are hopeful that that can be done in the shortest possible period of time. I forget the exact date that we are aiming for, but in the case of ships of the Department of National Defence, one of our replenishment ships and some of our refitted destroyers, it would be late summer, early fall, before work could begin.

The government is also trying to find other ships that need to go in for refitting and special upgrading. That matter is being looked after by one of my colleagues who is not present today. The interests of the workers at Lauzon are very much in the heart and mind of this government.

* * *

CANADA ELECTIONS ACT

RIGHT TO VOTE OF BRITISH SUBJECTS—EFFECT OF AMENDMENTS TO LEGISLATION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Deputy Prime Minister and President of Privy Council. It concerns the Canada Elections Act. As thousands of Canadians are now finding out for the first time—British subjects, English, Scottish, Irish—that because they have not taken out Canadian citizenship as provided for under amendments brought in by this government, they will be losing their right to vote. Many of them served in the armed forces.

Will the minister do something in order to bring about action in this regard, either to provide the widest possible circulation of the fact that the citizenship courts will be available immediately for those who wish to apply for Canadian citizenship so they may be registered as voters either during enumeration or on appeal? If there is insufficient time for this, would the minister give consideration to bringing in an amendment to the elections act to provide that the section in question, because information is not available to Canadians as a whole, is amended for the purpose of ensuring in this election that these people who voted in past elections, will have the right to cast their votes?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I will obviously pay careful attention to the representations made by the right hon. gentleman. I am not sure whether I have all the details in mind, but I believe that at the time the changes were made to the electoral system, it was to put every citizen in the country who had the same historical attachment to Canada on precisely the same footing. Therefore, it would be, on first consideration, difficult at this stage to propose amendments that might have the appearance of conferring upon one particular class of citizens a possibility that was not available to others who were in Canada at the same time. That is my recollection. However, I will look into the matter and see whether there is any basis for the second proposal which the hon. gentleman put forward.

Mr. Diefenbaker: Mr. Speaker, my supplementary question is this. I can understand the argument advanced by the minister, and I appreciate its nature, but surely that does not cover the situation. The citizenship courts should now be given the opportunity and, indeed, enjoined to enable these people who, not knowing the law, find themselves in the thousands today in the position where they will be denied their right to vote. If the citizenship courts were now advised to allow applications, many of these people could secure their right to vote which should not be denied them.

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, perhaps I did not fully clarify my intention in my first reply. I intend to draw this proposal to the attention of the Secretary of State with a view to accelerating the process of citizenship attainment, if that is at all possible under the circumstances.

ALLEGED UNFAIRNESS OF AMENDMENTS TO LEGISLATION

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my supplementary is on the question asked by the right hon. gentleman. The minister said that the purpose of the legislation was to bring everybody into the same position. I point out to the minister, as a preface to my question, that we are now dealing with people who have voted consistently, many of whom fought for this country and are now old age pensioners.

My question is this: Where is the fairness in asking these people now to put out money to go through an application, then to be told that there are delays, and to be getting conflicting evidence as to what is required when the enumerator comes to them at their homes ahead of the next election and asks, "Are you a Canadian citizen?" These people are getting conflicting evidence to the effect, "Well, you dont't have to prove you are. You can just go ahead and not be completely honest with the enumerator." That is the kind of advice some of these people are getting. That has come back to us as members of parliament. It is a very bad situation and I would ask the minister to treat this matter with the utmost importance.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have already indicated to the right hon. member for Prince Albert that I will treat it with seriousness. I have nothing further to add at the present time.

* * *

NATIONAL REVENUE

REGULATIONS RESPECTING CHARITABLE ORGANIZATIONS

Mr. James A. McGrath (St. John's East): Mr. Speaker, in view of the fact that the Minister of National Revenue is no longer accountable to this House in that he has been called to glory at a higher plane, I would direct a question to the minister who answers questions in this House relating to the Department of National Revenue.

I ask the minister if it is the government's intention to change the ridiculous regulations that were circulated last week to charitable organizations in Canada, whereby they were enjoined not to conduct letter-writing campaigns to politicians, and/or organize demonstrations against the government or write editorials on political topics. This is obviously their democratic right and would appear to be an infringement of the Canadian Bill of Rights. I ask the minister if the government will change these ridiculous regulations, given the fact that most groups in this country have legitimate grounds for demonstrating against this government?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I regret that I did not hear the first part of the hon. member's question, but I will read it in *Hansard* and try to provide an answer for him.

Mr. Speaker: The hon. member for Madawaska-Victoria.

Mr. Corbin: My question was for the Minister of Labour who was in his seat a moment ago.

[Mr. Fraser.]

• (1442)

ESTIMATES

ITEMS RESPECTING INDIAN RESERVES

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the President of the Treasury Board. It relates to the very serious concerns raised by various native associations, particularly in Alberta and New Brunswick, with respect to the 1978-79 estimates, the increased allotments for internal administration and the very significant decrease in terms of program moneys for the various reserves which could affect such things as hot lunch programs, the education of Indian students by Indian teachers, and fire protection services. These are issues of which the minister is well aware.

I understand the minister had a meeting earlier today with officials of the National Indian Brotherhood. What kind of assurance was he able to give the National Indian Brotherhood that vital services to the Indian people of this country would not be very detrimentally reduced or cut off?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the hon. member is correct in saying that along with my colleague, the Minister of Indian Affairs and Northern Development, I had a meeting with members of the National Indian Brotherhood and some provincial organizations this morning. Without evading the basic question, I would say it should more properly be addressed to my colleague, the Minister of Indian Affairs and Northern Development, who has responsibility within the over-all allocations to that department for the distinction between various programs.

We both agreed to address ourselves to this question. We are very concerned about some of the evidence or indications that we received this morning. We will be looking at this matter in all seriousness because it is one of considerable concern.

Mr. MacDonald (Egmont): Mr. Speaker, I wonder if the President of the Treasury Board could indicate whether he, or the Minister of Indian Affairs and Northern Development, was unaware of the very great impact these budgetary announcements would have on native peoples. If they were unaware of it, are they going to take steps now to alleviate some of the very serious problems already being created for bands in Alberta and British Columbia with respect to services for native people?

Mr. Andras: Mr. Speaker, I do not think I can add to my response of a minute ago to the hon. member. The question of awareness of departmental programs within an over-all allocation for a particular department is the responsibility of that department. Treasury Board would know about it in a general way, of course. I have been receiving other indications of this problem. We are seriously concerned about it and will be looking at it.

THE BUDGET

SALES TAX REDUCTIONS—GOVERNMENT REACTION TO QUEBEC'S PROPOSAL

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. Having had the opportunity to read the communiqué of the four western premiers and to reconsider the position put forward by the government of Quebec, supported, as the Prime Minister knows, by all the provincial political parties in Quebec, in relation to the operation of the provincial sales tax within the jurisdiction of that province, has the government reconsidered its rejection of the Quebec proposal as to the operation of the sales tax within the jurisdiction of that province?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I disagree with the premise of the question about all parties agreeing with the position taken by the Parti Québécois. In so far as the western premiers are concerned, I have the communiqué and I understand that their problem is one of form rather than of substance. They feel that this was generally a good tax, but they did not like the way the consultation went forth.

I am honestly somewhat puzzled at that, Mr. Speaker. I have here a list of dates on which this subject was discussed with the provincial ministers of finance. It is incredible, the extent to which the federal Minister of Finance went to make sure that every province was involved.

An hon. Member: What dates?

Mr. Trudeau: The hon. member asks, "What days?" I can begin to read them, Mr. Speaker, or we might—

Some hon. Members: No, no.

Mr. Trudeau: No, they would not like to have a recital of the consultations which took place, Mr. Speaker, but I can assure you that they were very very numerous and that—

An hon. Member: Table it.

Mr. Trudeau: We are prepared to stand on the record and indicate that we went as far as we could in consulting with the provinces. There may have been some areas where they would have proceeded differently, but on the consultations in general we reassert that they were numerous and they were with every one. At no time did the premiers contact me and indicate that they were displeased with this procedure. On the contrary, two of them changed their budget dates and the form of their budgets in order to accommodate this federal-provincial co-operation.

It is still a puzzlement to me that after the fact, when they have all accepted it and all adjusted to it, when they have had consultations amongst themselves, suddenly, when it is all done, they should find there was not the right kind of consultation. I really do not understand the cause of this.

Mr. Clark: Mr. Speaker, I think all of us find it unfortunate that this government cannot make the federal system work more effectively. This is the latest example. I am sure the Prime Minister would not want to leave the impression that the discussions the Minister of Finance had with his provincial counterparts, whenever those began, were specific discussions. The Prime Minister knows they were not. He also knows that the provinces received very late in the day the final, precise proposals that the Government of Canada was putting forward.

That was not my question, however. My question was whether the government has reconsidered its rejection of the concerns put forward by the government of Quebec, with the support of the other political parties in that province, relative to the application of the provincial sales tax within the jurisdiction of the province of Quebec.

Mr. Trudeau: Mr. Speaker, on the remarks made by the Leader of the Opposition, it was only at the very end that the federal finance minister said that this was going to be the budget. Already we know that accusations were made against him by the Leader of the New Democratic Party for having broken budget confidentiality. So in that sense, of course, the provinces did not know with certainty until the very end what would be in it. The provinces do know, and did know for a period of a few weeks, however, what we were going to put into it in general terms and what adjustments we were making—

An hon. Member: Answer the question.

Mr. Trudeau: I am answering the remark made by your leader. You don't want me to remark on the falsehoods that were put on the record by the Leader of the Opposition.

An hon. Member: We can see through you.

Mr. Trudeau: On Thursday, March 23, the Minister of Finance discussed the sales tax proposals by telephone with Mr. McKeough of Ontario and Mr. Parizeau of Quebec. On March 24, the minister was in contact with Mr. Parizeau to discuss the sales tax proposals and other issues. On Monday, March 27, he was in touch with all deputies except Mr. Collins of Alberta. The proposal was elaborated and discussed by finance officials on Monday afternoon.

Mr. Fraser: Answer the question.

An hon. Member: Table it.

Mr. Trudeau: Mr. Speaker, I think the issue is one of consultation.

Mr. Fraser: The issue is whether you will answer the question.

Mr. Trudeau: It is that to which the provinces object and that which has the support of the Leader of the Opposition. He said we are not making federalism work because we do not consult enough. I am informing the opposition of the consulta-

tions which took place. I should think they would be interested in having the facts.

Some hon. Members: Hear, hear!

Mr. Speaker: The difficulty is not in principle; it is with the length of the reply that may be required.

Mr. Clark: The very real difficulty, Mr. Speaker, is that I have asked a question on one topic, but the Prime Minister has twice deliberately avoided replying to that question, for reasons that I do not know.

I ask the Prime Minister if he can confirm whether officials of the department of finance in Quebec are in Ottawa at present, or whether officials of the federal Department of Finance are in Quebec City, and whether any discussions are under way that might lead to a change in the application of the budgetary proposals of the Minister of Finance to the province of Quebec.

While he is answering that, perhaps I could try for the third time, and he could also address himself to my original question of whether the government has reconsidered its rejection of the proposal put forward by the government of Quebec in relation to the application of the provincial sales tax within the jurisdiction of that province.

Mr. Trudeau: Mr. Speaker, on the first part of the question—

Mr. Hees: And you will never get to the second part.

Mr. Trudeau: That is possible, if I have hyenas on the other side. The interjection was that I would never get to the second part of the question. If they keep on shouting, I may not even get to the first part of the question.

Mr. Fraser: An honest man on the other side would help.

Mr. Trudeau: What are you so grumpy about?

Mr. Fraser: Have I got a few minutes to respond to that?

Mr. Trudeau: Yes, go ahead.

● (1452)

Mr. Clark: Mr. Speaker, I, at least, consider the effective functioning of the federal system to be important in this country.

Some hon. Members: Oh, oh!

Mr. Clark: I always considered parliament to be a place where members of parliament need not keep their mouths shut. When the Prime Minister opens his mouth, I would very much appreciate it if he would answer the simple question I have now put to him three times. I need not repeat it; the Prime Minister knows the question. Will he give us the answer?

Mr. Trudeau: Mr. Speaker, the reason I sat down was because the colleague of the Leader of the Opposition, the hon. member for Vancouver South, asked if he could stand up and elaborate, and I said yes.

Mr. Fraser: You are not the Speaker.

Mr. Trudeau: No, but you are asking if I will yield to you, and I am saying yes.

Mr. Fraser: I think Mr. Speaker has something to say about that.

Mr. Speaker: One way or another, I wonder if we could solve this impasse before the next seven minutes go by. We have to get through by three o'clock.

* * *

[*Translation*]

INDUSTRY

INQUIRY WHETHER GOVERNMENT REFUSES TO NEGOTIATE WITH QUEBEC ON SALES TAX

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is also directed to the right hon. Prime Minister. I mentioned last week that considering that in the province of Quebec we have definite problems in the textile and furniture industries, in the clothing and footwear sectors for example, and that before presenting his budget here in the House of Commons last Monday the Minister of Finance was flexible enough to accommodate the other provinces as far as the sales tax is concerned, why is he not prepared today to negotiate with the province of Quebec as he did, I admit this, by consulting the other provinces of the country?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in the case of the province of Quebec, our Minister of Finance spent three weeks discussing the matter with his Quebec counterpart, Mr. Parizeau. He made certain proposals, while making them as well to the other provinces. In the case of the other provinces, they said: We agree, or we do not agree unless you make certain changes. In their case, the Minister of Finance negotiated with them in good faith and made a number of accommodations. In the case of the province of Quebec, the minister refused to say whether he would agree or not. We then brought down a budget. That budget made a proposal to the province of Quebec, as all the others, whereby federal funds would be at their disposal to reduce indirect taxes. The other provinces reduced theirs as had been agreed. But Mr. Parizeau reached no agreement with the federal government. He informed us later on that he would have a different budget. We will see tomorrow night what that budget is. We will see whether, in fact, he is willing to use the $200 million or so the federal government is putting at the disposal of Quebecers and we say that, as far as we are concerned, we do not want to see Quebecers penalized. We hope Mr. Parizeau finds a formula that is not unfair to the other provinces, that will not be unfair to the taxpayers of the other provinces,

and that will allow Quebecers to take advantage of the money the federal government is offering them.

COMPENSATION OFFERED TO QUEBEC FOR LOSS OF SALES TAX REVENUE

Mr. Heward Grafftey (Brome-Missisquoi): I would like to direct a question to the right hon. Prime Minister.

In view of the fact that, as he stated a moment ago, the Prime Minister does not agree but that, according to the information I have, all parties and their leaders in the Quebec National Assembly support the main thrust of the policy announced by the Quebec finance minister regarding the sales tax, and also in view of the fact that, in my opinion, most of those people in Quebec City are as staunch federalists as we are here in Ottawa, could the Prime Minister tell the House what kind of compensation he has in mind for Quebec taxpayers if he intends to categorically refuse the present requests of the province of Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can only repeat that we must wait and see what the Quebec finance minister has to propose.

For instance, the federal government agreed to some arrangements following the request submitted by British Columbia. There were also some arrangements that followed the request by the province of Saskatchewan. Had Mr. Parizeau submitted some requests of his own, we could have tried to find a solution agreeable to all concerned. However, what is unfair—and I think the hon. member will agree—is that once everybody has come to accept a formula, saying: "Well, all in all, this formula is fair to everyone", Quebec came afterwards to ask for an amendment that would be to its sole benefit; that is what is unfair in the Quebec legislation. Perhaps Mr. Parizeau will find a way to remedy that.

I am sure the hon. member will understand that, from the time each province agrees to co-operate with the federal government on a tax measure which is in the interest of all Canadians, it would be unfair—and I do not think that opposition parties would agree to it—it would be unfair that a province say: "We do not want federal funds to benefit all Canadians, we want them to help a limited number of Quebecers." I think the hon. member of the opposition will agree with that.

* * *

[*English*]

THE BUDGET

SALES TAX REDUCTIONS—SPECIAL CONSIDERATION FOR QUEBEC

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Prime Minister. Will he confirm that a study on the tax proposed by the province of Quebec had been prepared by the federal Department of Finance well in advance of the budget and it confirms that on an equity basis the proposal made by the government of Quebec is more equitable than that suggested by the federal government?

Having already made special arrangements with the Atlantic provinces by giving them all the sales tax, will the Prime Minister now acknowledge that that special consideration has already been given? What is so fundamentally different in doing that, acknowledging now that the federal government will give over to the province of Quebec the $184 million they have been shortchanged for job creation programs?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will attempt to answer the question again. The cutting of the sales tax across the board, as happened in every other province, has a tendency to increase consumer demand and to encourage small businesses and manufacturing in all parts of Canada regardless of the province from which they come. The federal government's purpose in the budget was to make sure that this stimulus was applied fairly across the provinces from one end of the country to the other. That is why we sat down and discussed many times with the provincial finance ministers modifications which might be brought in and which would be in line with provincial priorities, but at the same time would always aim toward the objective of having people in Canada treated indiscriminately: they would be treated equally by the federal tax measure in every province. This deal was put together without the federal government knowing whether the province of Quebec would come in or stay out.

After the deal had been put together, the province of Quebec came forth with a special request saying they wanted this federal money, not to benefit Canadians generally, not to benefit small businesses and consumers but to spend in Quebec to benefit only themselves. The leader of the New Democratic Party will understand that if each of the other provinces was apprised of that deal, they would obviously say, "If you are going to do this for Quebec, if you are to permit Quebec to spend federal tax abatements in a way that is advantageous particularly to the industries of that province, then surely you should give us the same deal".

That is the reason why, once a deal has been put together with every province and without Quebec saying no, it becomes difficult to sort of say now that everybody has been treated fairly and forget the maritimes, for example, which do not have many manufacturing industries. They accepted our proposals. They know that in many cases the consumer will be buying goods made in Quebec, Ontario and every other province. Everyone accepted it, not only with an eye to his own province but to the general Canadian economy. We now have one province saying that everyone has accepted a measure for the good of all, "we want that measure to be applied to us particularly for the good of Quebec and not for the good of all". We think that is not a very fair propositon. I am surprised that the opposition parties in this House are supporting it.

• (1502)

Mr. Broadbent: The Prime Minister knows as well as anyone in this House that the answer he has given will not stand up to hard-headed analysis. Considering that, for the reason he indicated, the sales tax reduction would benefit industries which were producing a lot of goods and services, and the federal government gave special consideration to the Atlantic provinces because they do not produce as much as, for example, Ontario, and in that case the federal goverment agreed to pay the complete tax write-off for Atlantic Canada, and considering that the proposal the federal government made disproportionately—not proportionately—favours industry in Ontario over Quebec, why is it the Prime Minister is not willing to take compensatory action for Quebec, given the fact that more than 500,000 Quebecers are unemployed?

Mr. Trudeau: Mr. Speaker, as far as compensatory action is concerned, the hon. member knows that this side of the House has indeed taken a great deal of action in the case of Quebec and the maritimes. I have even heard it said on the other side that we are favouring Quebec too much with our DREE program and our decentralization program.

An hon. Member: You have not heard it from over here.

Mr. Trudeau: No, I have heard it from a premier of that party, though, who said publicly we were favouring Quebec too much.

An hon. Member: Who was it?

Mr. Trudeau: I will tell you later. You don't have many premiers around.

Some hon. Members: Oh, oh!

Mr. Trudeau: As far as helping Quebec is concerned, I am very glad that the parties opposite are telling us we should do more with federal tax money. I hope they will be saying that during the election campaign, because many of them say exactly the contrary.

Some hon. Members: Hear, hear!

Mr. Trudeau: It is not a question of not wanting to help the provincial economy in Quebec. But when we put a budget together and try to get ten provinces to agree, surely there must be a point at which the provinces say "Yes, we do", or "No, we don't".

In this case nine said they did agree. One said they didn't know, but would tell us later. Surely, this is not an unreasonable position. If they wanted particular treatment, as some are asserting now, that request could have been made before the budget was brought down. We might have said, "Well, this is not too good, but if you need it we shall offer it to the other provinces." The result, as hon. members will appreciate, is that each province would have accepted the application of the sales tax in a way which would benefit that particular province, and that is not our idea of the Canadian economy as one unified model.

[Mr. Trudeau.]

Mr. Broadbent: Considering that Mr. Claude Ryan, the new leader of the Liberal party in Quebec, is quoted in today's paper as saying, with reference to the unreasonable position of federal priorities on all the provinces, "It is surely not desirable that measures be taken which seem to want to impose in the area of financial development changes which come under the jurisdiction of the provinces", and since Mr. Ryan, in saying this, is joined by all the other provincial premiers, does the Prime Minister not think his little lecture about Quebec being unreasonable in not replying at the same time as the other provinces is a little unreasonable on his part?

Further, would the Prime Minister reply to my other question pertaining to the fact that the tax cut of the federal government provides benefits disproportionately—not proportionately—to industry in Ontario, which has led Quebec to look for equitable treatment just as the people of the Atlantic provinces got equitable treatment in the special approach taken to the tax in their case? Will the Prime Minister finally attempt to answer the questions which are being put to him today by members on this side of the House?

Mr. Trudeau: I shall attempt to answer the question. I note the words of the hon. member, that we were proposing unreasonable federal priorities. I think that is what he said.

Mr. Baker (Grenville-Carleton): Claude Ryan said that.

Some hon. Members: Call an election.

Mr. Trudeau: We shall let Mr. Ryan speak for himself. The hon. member is not quoting him accurately. We will take those words as his own. Anyway, it is not what Mr. Ryan has said that matters to the hon. member. He wants an answer to the question whether we were imposing unreasonable federal priorities: that is the substance of the question, I take it.

Mr. Broadbent: No, it is not.

Mr. Trudeau: Oh, it is not. Then the hon. member was just quoting words which were not substantive to the question. Let me point out that in terms of imposing priorities—

Mr. Broadbent: Call the election now.

Mr. Trudeau: Mr. Speaker, I am enjoying myself. Hon. members opposite want to have an election. Don't they want to finish the budget debate? Would they not be interested in passing that legislation?

Some hon. Members: Oh, oh!

An hon. Member: You are insufferable.

Some hon. Members: Sit down.

Some hon. Members: Order.

Mr. Trudeau: Mr. Speaker, I have been asked a question and I think I should be entitled to answer it.

Some hon. Members: Hear, hear!

Mr. Trudeau: When I am asked a question and I refuse to try to answer by shouting through their noise, they say I sit down and sulk. When I stand up and try to get silence, they shout, "Go and get a dissolution". I will tell them, I will go and get a dissolution—maybe right now.

Some hon. Members: Hear, hear!

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PRIVILEGE

MR. BROADBENT—ALLEGED LEAK OF BUDGET DETAILS

Mr. Speaker: On April 10, the hon. member for Oshawa-Whitby (Mr. Broadbent) raised, by way of a question of privilege, a story which appeared in the Toronto *Star* on April 8 indicating the sales tax proposal to be included in the budget. On April 11, after the budget had been presented, the matter was pursued further by the hon. member for Oshawa-Whitby and at that time he made reference to stories in the Toronto *Star* of April 7 and 8 and on CTV National News on April 9 respecting sales tax changes and, in the CTV broadcast, changes in research and development benefits for corporations.

In the debate that followed the minister explained his position with respect to the negotiations with the provincial governments preceding the budget and denied the possibility of a leak of budget information respecting the sales tax through his office or his officials. The House, of course, accepts his word on that.

Moreover, the minister made it clear that there was ample room for speculation with respect to research and development benefits, for this subject had been discussed at the recent first ministers' conference. However, the actual budgetary proposals respecting research and development benefits were different than those which had been considered.

To deal first with the narrow point of the notice given by the hon. member for Oshawa-Whitby on April 10, that is, on the sales tax issue hon. members may wish to refer in this connection to the words which appear at page 4382 of *Hansard* on April 11.

● (1512)

In addition to those, it seems to me that the matter has been disposed of in a complete way, as far as this House is concerned, by the minister's explanation that he was not able to discover and did not take any responsibility in any way for any leak of budgetary information.

On the broader issue which came out in subsequent argument, but prior to the offering of the motion by the hon. member for Oshawa-Whitby, that is to say, the general matter of budgetary secretary which would, of course, include the research and development benefits as well as the sales tax

reductions, I must express some serious doubt whether the conventional budgetary secrecy falls within the area of privilege at all. Certainly the two British precedents upon which the hon. member relied heavily in putting forward his argument, and which were cited by him, were not dealt with through that means but by ordinary notices of motions, one of which was in fact put down by the government after the minister responsible had admitted his complicity in a budgetary leak.

The second, which was not accompanied by a similar admission by a minister, was a motion which, although put down by a private member, enjoyed a certain priority of debate because the government indicated in the circumstances that it would not oppose the motion. In other words, in both circumstances the House brought itself to examine this matter of its own volition in a way entirely independent of the procedures related to privilege in the ordinary way, and therefore I cannot accept that there is a precedent which argues that the general matter of budgetary leaks falls within a question of privilege. I do not, of course, say that they cannot do so. I simply say that in the circumstances here it would seem to fall somewhat in line with these precedents which did not treat them as privilege in those circumstances.

Finally, even if these precedents had persuaded me that this was a matter which ought to be dealt with in a preliminary way under privilege, which they do not, I would have some difficulty with the rather general nature of the motion because I think hon. members will realize that in similar circumstances in the past general motions under privilege have proposed that "this matter" or the general question of a certain circumstance be referred to a committee somewhat under the assumption that the committee would perfect the investigation and come to some conclusions as to whether or not in fact a matter of privilege existed. General motions of that sort, without specific accusations, have been rejected by the Chair. Therefore, even if I were to accept the fact that these precedents place this matter within the area of privilege, which I do not, I would have some difficulty on a procedural ground in that regard. Therefore, for those reasons I am not able to find in the matter put forward by the hon. member a subject of privilege which I think should take priority over other business of the House.

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POINTS OF ORDER

MR. KNOWLES (WINNIPEG NORTH CENTRE)—REPLIES BY PRIME MINISTER DURING QUESTION PERIOD

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order arising out of the last words of the Prime Minister (Mr. Trudeau) before he left the House. The Prime Minister contended that when he was asked a question, he had the right to answer. No one quarrels with that, but I suggest that he does not have the right to make a series of long speeches in the question period, with the result that many questioners are denied the right to ask other questions of the Prime Minister or other ministers. I hope, Mr. Speaker, that

you will know that you have our support and our sympathy in what you have been through today and that you will be able to contain the Prime Minister for the days left while this session lasts.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I do not think I can allow that sanctimonious utterance to be left uncontested.

Some hon. Members: Hear, hear!

Mr. MacEachen: Even if we are, as the hon. gentleman believes, close to the end of this parliament, I experienced the same difficulty today with a very long series of questions from the hon. member for St. John's West (Mr. Crosbie), and when I attempted to answer them in detail and in accordance with his request, there were objections made by the hon. member for Grenville-Carleton (Mr. Baker).

I believe it is unfair for the hon. member for Winnipeg North Centre (Mr. Knowles) to complain about the conduct of the Prime Minister (Mr. Trudeau) when we all witnessed the difficulties under which he was working today. I believe, if the television cameras were able to focus on the whole House as it operated during the time the Prime Minister was being interrogated, the public would understand how hypocritical are the comments of the hon. member for Winnipeg North Centre.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, it is bad enough to have the Prime Minister (Mr. Trudeau) lose his temper and leave. It is almost as bad for the Deputy Prime Minister (Mr. MacEachen) to lose his temper synthetically, and stay. I think all of us know—and most of all you, Mr. Speaker—that there were answers which were rather long, and all of us have to presume that they were rather long because certain members were preaching for a call and, when people are preaching for a call, sermons tend to be rather long, as we found out.

MR. BAKER (GRENVILLE-CARLETON)—THE STOPFORTH CASE—SUGGESTION MINISTER WITHDRAW ALLEGATION

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, while we are dealing with House business, I think there is another very important matter with which we should deal. When the Prime Minister (Mr. Trudeau) left the House, he indicated, or at least implied, that he was going to the Governor General. While parliament is here it is important that this matter be brought forward, and I am bringing it forward. I refer to an action brought in the Supreme Court of Ontario by a public servant, Mr. Stopforth, against the Minister of Supply and Services (Mr. Goyer). This action led to a judgment. The monetary amount is unimportant to what I have to say. However, the judgment of Mr. Justice Lieff is quite important with respect to the business of this House.

[Mr. Knowles (Winnipeg North Centre).]

In rejecting the claim of the Minister of Supply and Services that Mr. Stopforth, a public servant, had misinformed the minister and was grossly negligent, Mr. Justice Lieff said this:

The evidence discloses no act or omission on the part of the plaintiff—

That is, Mr. Stopforth.

—which could reasonably be characterized as gross negligence.

That is a judgment outside this House by a Justice of the Supreme Court of Ontario which exonerates Mr. Stopforth from the negligence which was alleged against him by the Minister of Supply and Services, outside the House of Commons for the purpose of the action, but the statements outside the House of Commons were a repetition of a statement made inside the House of Commons on June 1, 1976, as reported at page 14031 of *Hansard*.

I raise this matter here today because for his own reasons, which I do not question, the Minister of Supply and Services has decided to leave public life. That may be soon because of what the Prime Minister has indicated, and if that is the case, unless those words with respect to a public servant which were said on June 1, 1976, are repudiated, they will stand forever on the record of the House of Commons.

I raise this matter as a point of order at the end of this session to suggest that it would be appropriate in the circumstances that the words now found to be untrue with respect to Mr. Stopforth outside the House be cleared from the record inside the House of Commons before the Minister of Supply and Services leaves public life. It is quite safe for the minister to do this.

Some may argue that the matter could be under appeal and so forth. It is quite safe from the point of view of the case which the minister may have on appeal—I do not know anything about that, nor do you, sir—for the minister to make that statement in the House of Commons because that statement made here would be privileged. However, aside from all those things, I respectfully suggest to the minister that it would be decent and appropriate of him to withdraw that allegation made in the House of Commons against Mr. Stopforth, privileged as it is, that same allegation having been found to be false outside the House of Commons in a court of law.

Mr. Speaker: Order, please. I have some grave reservations—no matter how meritorious or important the matter by be—as to whether the matter in any way effecs the order of the House. The matter is a matter before the courts. Disorder in the House might be a matter which we could take into consideration. However, I have great difficulty finding this matter as it now stands to be a procedural matter which in any way would involve a decision of the Chair.

MR. DIEFENBAKER—REPLIES BY PRIME MINISTER DURING QUESTION PERIOD

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I was deeply distressed today to see the conduct of the

Prime Minister (Mr. Trudeau) in treating the House of Commons with such arrogant indifference.

Some hon. Members: Shame!

Mr. Diefenbaker: I am one who admires those who sit opposite who are parliamentarians, such as the Deputy Prime Minister (Mr. MacEachen), but today the Prime Minister of Canada treated this House with an arrogance that is indescribable and unbelievable. He ought to come back and apologize to parliament.

● (1522)

Mr. Speaker: Order, please. Hon. members will realize at once that the whole issue of the length of questions and answers and of the decorum of members during the question period is my primary concern. I think we all feel the strain of the uncertainty under which we are operating at present. Whether or not the right hon. Prime Minister (Mr. Trudeau) is on his way to the Governor General, I hope that whatever happens in the next day or so will inject some certainty into the proceedings which will force my hand a little bit. All hon. members know that Friday's question period was a similar experience—very few, very long questions responded to by very long answers.

The difficulty is neither on one side nor the other, nor is the lack of decorum. On both days we had the spectacle of members shouting at each other from one side to the other, equally on one side and the other, and the curious spectacle of members shouting during a question or during an answer, telling the others not to be so impolite during the other's intervention, and so on. All this was contributed to considerably by the tension which invariably arises in the uncertain circumstances in which we find ourselves. I hope that some certainty will be injected in the next day or so, so that we do not go on in this way for too long.

ROUTINE PROCEEDINGS

[*English*]

JUSTICE AND LEGAL AFFAIRS

On the Order: Motions:

April 3, 1978—Mr. McGrath—That the Third Report of the Standing Committee on Justice and Legal Affairs, presented to the House on Wednesday, March 22, 1978, be concurred in.

Mr. James. A. McGrath (St. John's East): Mr. Speaker, before you call that motion I would like to suggest to the House, given the importance of that report, that the House might be agreeable to setting aside time today during the hour normally set aside for private members' business between 5 p.m. and 6 p.m., as this report deals with the subject matter of ten private members' bills. If the House were so disposed to setting aside the hour, I am sure there would be an equal disposition on the part of those who are interested to put the report through in an hour. I wonder if the House leader could react to that suggestion.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, normally I would agree to the suggestion made by the hon. member. However, I understand that the Minister of Justice (Mr. Basford), who wished to make some observations in the course of the debate, is not present, and therefore I would consider deferring the request until later in the week when the Minister of Justice could be present, if that were agreeable.

Mr. McGrath: It is agreeable, Mr. Speaker, if the House leader could give the House the assurance that there will be time to deal with this. He told the House that he was relaxed, and I believe him. Now perhaps he could relax the rest of us and tell us that we will be able to deal with this report later on this week.

Mr. Alexander: Mr. Speaker, I rise on a point of order. Since the President of Privy Council (Mr. MacEachen) is at a loss for words on a bill that is not very important—

Mr. MacEachen: It is a committee report.

Mr. Alexander: —I should like to refer to Bill C-46 relating to the discounting of overpayments of tax.

Mr. Speaker: Order, please. The hon. member for St. John's East (Mr. McGrath) was dealing with the motion which stands in his name. Before going on to the point of order raised by the hon. member for Hamilton West (Mr. Alexander), perhaps we could first consider questions on the order paper.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 787, 1,296, 1,303 and 1,403.

[*Text*]

WEST COAST OIL PORTS ENQUIRY

Question No. 787—**Mr. Munro (Esquimalt-Saanich):**

1. Was the West Coast Oil Ports Enquiry funded through the Estimates and, if so (a) under what vote (b) in what amount (c) how many persons received payments and what are their names?

2. What salaries, allowances and/or other emoluments were paid to members of the Enquiry?

3. What funds were made available to interested intervenors to prepare their interventions and, in each case, what was his/her name and the amount received?

4. What expertise was hired or contracted for, by the Enquiry, in the specialist area of (a) tankers (b) oceanography (c) superports and, what amount was paid to each individual or firm hired?

Order Paper Questions

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): 1. The West Coast Oil Ports Inquiry was authorized by Privy Council No. 1977-597 on March 10, 1977 and Treasury Board circular No. 749596. The necessary funds are being provided from within approved expenditure ceilings for 1977/78. (a) and (b) Operating votes and approved amounts: Operating expenditures, Vote 20, $1,157,000; Capital expenditures, Vote 25, $20,000; Grants and contributions, Vote 30, $260,000. (c) Persons receiving payments to November 30, 1977: Dr. Andrew Thompson, L. Lewis, J. Steeves, P. Fraser, J. Service, N. Napier, J. Wigmore, A. Ho, R. Snow, G. Harland, C. Zick, M. Gates, D. Baba, R. Epstein, R. Anthony (Edwards, Kenney & Bray), Peter Bernard (McCrae, Montgomery et als), A. Pape, M. Shaffer, B. Williams (Williams, Swinton & Co.), N. Hannum, C. Aspinall, D. Elliott.

2. Members and staff of the inquiry: Dr. Andrew Thompson, $51,450; L. Lewis, $15,450; J. Steeves, $10,133; P. Fraser, $4,197; J. Service, $3,342; N. Napier, $7,670; J. Wigmore, $8,125; A. Ho, $8,182; R. Snow, $7,424; N. Hannum, $8,654; G. Harland, $7,254; C. Zick, $4,750; M. Gates, $3,641; D. Baba, $1,800; R. Epstein, $1,272. Consultants paid other than members and staff of the inquiry: Edwards, Kenney & Bray, $84,781; McCrae, Montgomery et als, $29,178; A. Pape, $19,050; M. Shaffer, $22,300; Williams, Swinton & Co., $7,321; C. Aspinall, $17,042; D. Elliott, $6,355.

NOTE: These individuals were paid by contract through the operating expenditures vote 20.

3. 1. Kitimat Oil Coalition, $100,000; 2. United Fishermen & Allied Workers Union, $60,000; 3. Union of British Columbia Indian Chiefs, $35,000; 4. Nishga Tribal Council, $25,000; 5. Labour Advisory Committee—Victims of Industry Changing Environment (VOICE), $15,000; 6. B.C. Wildlife Federation, $10,000; 7. District of Kitimat, $5,000; 8. Coalition against Supertankers, $5,000; 9. Regional District of Kitimat—Stikine $5,000; Total intervenor funding, $260,000.

4. (a) Columbia Survey, Navigation of large oil tankers, $543.00; (b) W. McKay, Impact on native commercial and food fishing, $2,811.43; (c) Blue Peace C.A.S.E., Evaluation of oil terminal and spill clean-up capability, $5,000.00; K. Busswood, Social impact of oil port development at Kitimat, $2,812.68; Eaton, Barley, Consulting on economic impacts associate with construction of oil port project, $12,552.00; Western Montana, Studies on environment and human health associate with oil port, $1,611.91; Can-Guard, Consulting on spill control, $3,533.21; Captain McNail, Feasibility study on oil ports, $1,000.00; B. L. Smith, Consulting engineering services, $4,992,61; Tussing, Economic and Policy consideration in the choice of west coast oil port, $7,791.09.

RCM—PURCHASE OF NICKEL STRIP

Question No. 1,296—**Mr. Rodriguez:**

1. For the years 1973-77, from which companies did the Royal Canadian Mint purchase nickel strip for its coin production?

[Mr. Munro (Esquimalt-Saanich).]

2. For each company, by year, what was the value by country of origin of such shipments?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. During the years 1973 through and including 1977, the Royal Canadian Mint purchased nickel strip for domestic coinage production from the following two companies: Sherritt Gordon Mines Limited, Toronto; the International Nickel Company Limited, Toronto.

2.	Sherritt-Gordon	International Nickel
1973	$4,385,931	$ 2,792,884
1974	7,174,367	9,991,426
1975	6,001,504	14,650,035
1976	1,860,270	6,238,699
1977	4,933,640	8,545,867

The Royal Canadian Mint is not in a position to know the nickel ore sources of these companies.

G.T.E. LENKURT ELECTRIC (CANADA) LTD.

Question No. 1,303—**Mr. Leggatt:**

Did G.T.E. Lenkurt Electric (Canada) Ltd. receive grants from any department or agency and, if so, what was the total amount?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Industry, Trade and Commerce is concerned, G.T.E. Lenkurt Electric (Canada) Ltd. received contributions as follows: (excluding assistance given under the Industrial Research Development Incentives Act)

Fiscal Year	Amount
1977/78*	1,535
1976/77	24,819
1975/76	177,037
1974/75	200,349
1973/74	244,556
1972/73	153,784
1971/72	438,083
1970/71	203,663

* Period April 1, 77 to February 22, 78.

In accordance with section 13, information cannot be divulged with respect to assistance given under the Industrial Research Development Assistance Act.

In so far as the Department of Regional Economic Expansion is concerned, G.T.E. Lenkurt Electric (Canada) Ltd. accepted, under the terms of the Regional Development Incentives Act, an incentive offer in each of the fiscal years 1973-74 and 1975-76. The amounts of development incentive were estimated at $549,000 and $530,425 respectively, at time of offer.

In so far as the Departments of Finance, Employment and Immigration and the National Research Council are concerned: None.

OLD AGE SECURITY PENSION

Question No. 1,403—**Mr. Knowles (Winnipeg North Centre):**

1. How many persons in Canada, and in each province, are in receipt of the Old Age Security pension?

2. Of the recipients of the Old Age Security pension, how many persons in Canada, and in each province, are in receipt of the Guaranteed Income Supplement?

3. Of those receiving the Guaranteed Income Supplement, how many persons in Canada, and in each province, are receiving the full amount?

4. What is the average amount, in Canada and in each province, being received as a Guaranteed Income Supplement by recipients of the Old Age Security pension?

5. Do the answers to the above questions take into consideration persons living outside of Canada who are in receipt of the Old Age Security pension and, if so, how many of such persons are there, and if they are considered as belonging to the various provinces, what is the number for each province?

Hon. Monique Bégin (Minister of National Health and Welfare):

Number of Persons in Receipt of

	1. Old Age Security	2. Guaranteed Income Supplement	3. Full Guaranteed Income Supplement
Newfoundland	38,969	31,788	19,016
Prince Edward Island	13,750	10,065	4,262
Nova Scotia	83,479	55,398	22,914
New Brunswick	63,536	42,355	18,424
Quebec	505,547	320,344	142,674
Ontario	763,373	349,855	100,956
Manitoba	110,312	62,945	20,153
Saskatchewan	105,882	58,178	19,321
Alberta	141,323	79,730	27,531
British Columbia	246,620	126,310	42,575
Northwest Territories	1,142	926	732
Yukon	616	366	228
Total	2,074,549	1,138,260	418,786

Average Amount of Guaranteed Income Supplement Being Received Each Month by Recipients of the Old Age Security

Newfoundland	$91.49
Prince Edward Island	86.90
Nova Scotia	85.27
New Brunswick	85.85
Quebec	85.17
Ontario	79.01
Manitoba	81.25
Saskatchewan	82.31
Alberta	81.42
British Columbia	80.68
Northwest Territories	98.69
Yukon	89.79
Average in Canada	$82.39

Order Paper Questions

The Figures in List I and II Include Persons Living Outside Canada who are in Receipt of the Old Age Security

The Number of Persons Outside Canada Receiving Benefits

Newfoundland	101
Prince Edward Island	54
Nova Scotia	410
New Brunswick	366
Quebec	3,269
Ontario	9,290
Manitoba	668
Saskatchewan	403
Alberta	961
British Columbia	2,103
Northwest Territories	—
Yukon	—
Total	17,625

* * *

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, if questions Nos. 831 and 1,107 could be made orders for returns, these returns would be tabled immediately.

[*Text*]

POST OFFICES IN DEPARTMENT OF PUBLIC WORKS BUILDINGS

Question No. 831—**Mr. Lambert (Bellechasse):**

1. In the fiscal year 1976-77, what amount did the Post Office Department pay to the Department of Public Works for the use of buildings as post offices?

2. How many categories of Department of Public Works buildings are used as post offices?

3. At what price per square foot is the building rented in each category and are cleaning services included in the price?

Return tabled.

GROS MORNE NATIONAL PARK

Question No. 1,107—**Mr. Marshall:**

1. (a) What are the details of all work taking place at present, and future works contemplated, by the Department of Indian Affairs and Northern Development in the Gros Morne National Park in the Constituency of Humber-St. George's-St. Barbe under FLIP, as it concerns trail maintenance and construction, roadside cleanup, work on Berry Hill Campsite (b) how many jobs will be available in addition to those presently employed throughout the winter and additional numbers to be hired during the summer?

2. What are the details of the amounts of monies being expended for road work in the Gros Morne National Park area and what is the expected date of completion for such work?

3. What are the details in regard to the upgrading and paving of highway 430 where it falls within the responsibility of the Department of Indian Affairs and Northern Development?

4. What are the details of road work to be completed and future road work contemplated under the federal-provincial DREE agreement, particularly where it concerns the (a) upgrading and paving of the road from Woody Point to the Park boundary (b) upgrading and paving of the road from the Park boundary to Trout River (c) completion of the Rocky Harbour subdivision (d) construction of the Norris Point subdivision?

5. What are the details of the works contemplated under the same DREE agreement in regard to the (a) servicing of the West Link Access road with boundaries (b) study for the Woody Point sewer system (c) completion of the St. Paul's water and sewer system?

6. What action has the government taken to provide information to tourists at Wiltondale and to provide additional facilities at (a) Berry Hill (b) Western Brook (c) Lamond (d) Shallow Bay?

7. What are the details of the government's intention to charge camping fees in the Gros Morne National Park?

8. Are changes contemplated on the boundaries of the Gros Morne National Park as related to the consideration of the development of a master plan?

9. Is consideration being given to changes in boundaries and the direction of the highway as it affects the community of Sally's Cove insofar as it concerns the contemplated master plan?

10. What are the details as to the status of the establishment of a marina under the DREE agreement between the government and the Province of Newfoundland?

11. Has further consideration been given to the serious loss of income by way of cutting rights and timber availability to the residents of Glenburnie, Shoal Brook and surrounding communities who have been denied this opportunity as a result of the restrictions caused under the Park development and, if not, for what reason?

12. What consideration is being given to remove the restrictions affecting residents of the Gros Morne National Park area under the non-hunting area factor?

Return tabled.

[*English*]

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

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

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

Mr. Alexander: Mr. Speaker, I want to bring to the attention of the House, and in particular to that of the President of Privy Council (Mr. MacEachen), the importance of Bill C-46 relating to the discounting of overpayments of tax under the Income Tax Act and related payments. I understand that under the provisions of the bill any discounting amounting to more than 15 per cent of the tax rebate coming to taxpayers will not be allowed. Obviously it is an extremely important bill at this time, in view of the testiness of the Prime Minister (Mr. Trudeau) and given the fact that April 30 is just around the corner and that many people are involved with discounting and rebating. In view of all that, I have been authorized to say by the spokesman for our party, the hon. member for St. John's East (Mr. McGrath), that we in this party would be prepared to give speedy passage to this bill. I ask the President of Privy Council whether he could acquiesce in this request, which seems to me a reasonable one, given the fact that we are in a very strange position as a result of the attitude of the Prime Minister this afternoon.

Mr. MacEachen: Mr. Speaker, my I say in reply to the hon. member for Hamilton West (Mr. Alexander) that certainly I am agreeable to having this bill given speedy passage at the earliest possible moment. I would conclude that by speedy passage we mean we could put the bill through all its stages in the House speedily and we would not find it necessary to send it to the standing committee. On that understanding, I will try to fit it in at an early point in our deliberations, assuming that the comments by other hon. members will be brief.

Mr. Alexander: Mr. Speaker, I think I can help in this regard. I have been authorized to indicate to the President of Privy Council that we will give this bill speedy passage, that means second reading, report stage, and third reading. I do not know what my friends to my left have to say to this, but this is an extremely important bill which would prevent rip-offs.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am surprised my friend does not know where we stand because we said a few days ago that we are prepared to give this bill second reading, consideration in committee of the whole, and third reading, during the course of one session, and we would be prepared to do it quickly.

* * *

POINT OF ORDER

MR. DICK—REQUEST FOR TABLING OF DOCUMENT

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, a matter arose during the question period today when the Prime Minister (Mr. Trudeau), in allegedly responding to questions, read from a memorandum which he had in his hands. I believe that under the rules of the House, when a person reads from such a document, it is permissible to request that the document be tabled, and I am so requesting.

Mr. Speaker: Order, please. I will certainly examine precedents to see whether or not that document, to which reference was made by the Prime Minister (Mr. Trudeau), I believe, was in the nature of a memorandum prepared for his instruction, which would be a document not falling under that general classification. In any case, the Prime Minister wanted to read the whole document and obviously, because of its length, could not. I do not know whether or not he would have any objection to tabling it, but I will give the matter some consideration.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Do I understand that we will be proceeding with the postal bill today, the bill standing in the name of the Minister of Labour (Mr. Munro), followed by the Petroleum Administration Act, and is there anything else that the government House leader has on the plate in the way of legislation for today?

Mr. MacEachen: Mr. Speaker, I confirm that it is my intention to call the postal operations bill, to be followed by the report stage of the Petroleum Administration Act. I understand that there have been some discussions with the opposi-

tion parties on the suggestion that we should give speedy passage to the bill standing in the name of the Minister of Labour (Mr. Munro) having to do with the Canadian Centre for Occupational Health and Safety. I should like to explore further the suggestion made that we deal with the tax discounting bill. If that can be done, I will call that bill, followed by the export development bill, and then resume the budget debate tomorrow.

Mr. Knowles (Winnipeg North Centre): Tell us about Wednesday.

Mr. MacEachen: And Wednesday.

• (1532)

GOVERNMENT ORDERS

[*English*]

POSTAL SERVICE OPERATIONS ACT, 1978

MEASURE TO ENSURE CONTINUATION OF REGULAR POSTAL OPERATIONS

Hon. John C. Munro (Minister of Labour) moved that Bill C-45, to provide for the continuation of regular postal service operations, as reported (with amendments), from the Standing Committee on Labour, Manpower and Immigration, be concurred in.

Motion agreed to.

Mr. Munro (Hamilton East) moved that the bill be read the third time and do pass.

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

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

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

* * *

PETROLEUM ADMINISTRATION ACT

MEASURE TO AUTHORIZE IMPOSITION OF LEVY ON DOMESTIC PETROLEUM AND IMPORTS

The House resumed, from Monday, April 10, consideration of the motion of Mr. Gillespie that Bill C-19, to amend the Petroleum Administration Act and the Energy Supplies Emergency Act, be read the third time and do pass.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I will be fairly brief at this stage of the debate on the Petroleum Administration Act. The purpose of the bill before us is to Subsidize Syncrude, in order that it may receive the world price for its product from the Athabasca tar sands. We in the New Democratic Party objected to the Syncrude project when it came before the House of Commons for ratification, because we considered it to be a sell-out of the interests of Canadian consumers. Also, we feel this bill is a consequence of the Syncrude deal. It is detrimental to Canadian consumers in that it means, because the domestic price of oil is not at the world price yet, whereby Canadians have had some relief from inflation, that Syncrude, unlike any other oil company or energy undertaking, will be given the world price for its product.

The only way it can be guaranteed the world price, which is higher by approximately $2 or $3 per barrel than the Canadian price, is to institute a levy on all other energy oil products and thereby compensate Syncrude. We know what the escalation of the price of oil and its products has meant to the Canadian economy. We have seen the price of oil, which was about $3 a barrel in 1972, continue to escalate upwards to around $13 a barrel today. It will continue to increase to the world price of $15 or $16 a barrel.

The escalation in price has had a tremendous impact on Canadian consumers. It has meant our food has become more costly, because farmers are some of the greatest users of energy. It has meant our manufacturing has lost some of its competitiveness in world markets because fuel costs increase the price of goods. It has meant the consumer has had to pay more in practically every area of purchase because energy costs are involved in some way or another. Now the government has come before the House of Commons to increase that consumer burden even more, by giving a special favour to Syncrude which no other company in this country has. It will not stop there, because the projections concerning the price of oil at the world level rising to $35 or $45 a barrel over the lifetime of the Syncrude project indicate how Canadians, using oil from that plant, will continue to pay the cost year after year. This bill is really after the fact. It is a legislative implementation of a contract signed between the Government of Canada, the governments of Ontario and Alberta, and the Syncrude consortium.

We must look at the impact of inflation on this country, despite the anti-inflation program instituted by the government. In October 1975, when the anti-inflation program was brought in, inflation was approximately 9.5 per cent. Last week, when the program officially came to an end, inflation was approximately 8.8 per cent or 9 per cent. Thus, we see that the program has failed to control price increases in any significant way. One of the reasons it has failed to do so is the year by year increase in energy prices to which the government has committed itself. On top of that year by year increase in prices, now we will levy on the consumers of Canada an additional charge, so that one particular company can receive a special favour which was negotiated a few years ago.

The government's record in terms of energy policy is a dismal one. The government was convinced by the oil companies in 1973 that we did not have to worry about curtailing exports to the United States. I think of the annual report of Imperial Oil which indicated that we had hundreds of years of domestic supply of oil ahead of us. When the price of oil went up world-wide, because of the OPEC consortium, suddenly the

oil companies of Canada changed their tune, and no longer was there a great surplus. We were facing an imminent shortage, and the only way to overcome it was to give oil companies some kind of economic stimulus so that they would go out and explore for more Canadian oil. This came about despite the fact oil prices have risen gradually between 1971 and 1973 when the international crisis was upon us, and that oil companies in Canada were showing record profits.

As weak-kneed as the government is, and without any comprehensive policy, it gave in to the Canadian oil industry, which is 90 per cent foreign-owned. It allowed them gradually to increase the price year by year in an attempt to bring the price of Canadian oil up to the world price. This is despite the fact that there were no cost increases for the domestic wells which were already pumping oil. The oil companies received their price increases and the resulting tremendous increases in cash flow and profits. It is interesting and discouraging to note, although they received those benefits, the amount of exploration, at least in the early years, did not significantly increase in Canada. Much of the cash generated from the increased domestic price was spent on exploration outside Canada.

In 1974, amidst the crisis of shortages and rationing, the federal government, led by the Minister of Energy, Mines and Resources and the President of the Treasury Board, went and negotiated under the gun with the Syncrude consortium, which indicated that, unless a deal was signed by the end of January, the company would close down its Syncrude project, and Canadians would be freezing in the dark. It did not happen. The Syncrude consortium got what it wanted, namely, federal subsidies to the tune of about 70 per cent of the $2 billion cost of this project to the Canadian people through their provincial and federal goverments, and in return for these hundreds of millions of dollars investment they only end up with 30 per cent ownership.

● (1542)

We in the NDP opposed that deal as a sell-out then, and likewise we oppose this kind of deal now before us, although we know it is after the fact. This is merely confirming a price advantage given to Syncrude which the government negotiated some four years ago. All I can say is that it will continue to exacerbate the state of Canadian industry, especially manufacturing.

We have lost 80,000 jobs in the manufacturing industry over the past three years because of a number of factors, one being the lack of an industrial policy on the part of this government. Surely another factor is the increase in the cost of fuel, which is in turn an increase in cost to our manufacturing industry.

We have lost jobs because of the lack of a comprehensive and sensible energy policy on the part of this government. Consumers have seen their home heating costs increase dramatically, as well as the cost of gasoline, so they too are paying the price not only in terms of lost jobs for some but in terms of higher energy costs for all, mainly as a result of the incompetence of this government and, in particular, of this most recent minister.

We in this party are opposed to this bill for the reasons I have outlined. It is a discriminatory piece of legislation in that it favours one company, and it probably will set a precedent allowing other tar sand development to receive the world price for oil, with all the inflationary implications of that. The projected continuing increases in the world price, unrelated to production costs here in Canada, will automatically be given the Syncrude oil sands development. This is a projection that the Canadian consumer will have to face for decades ahead. We are all paying for this bad deal and the lack of any comprehensive policy on the part of this liberal government. I regret this, and we oppose the bill.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, this piece of legislation is, unfortunately, not untypical of the kind of legislation frequently brought before this House for examination by members of the House of Commons. We support the intent of the bill, which is simply to provide mechanisms through which the federal government can fulfil the commitments it negotiated in respect of the Syncrude arrangement.

During those negotiations Syncrude and its partners, including the provinces of Ontario and Alberta, were promised by the federal government that Syncrude production would receive the world price. This production is due to go onstream within a very few days. For that reason it was necessary to have in place the authority for the federal government to fulfil this commitment. We understand that and support the bill, as we did at second reading. This does not justify the atrocious draftsmanship of Bill C-19, or the means to accomplish this goal of fulfilling contractual commitments to Syncrude in respect of production.

Let me refer to the manner in which this bill was drafted in the first place. It provided for a levy or a charge against all domestic consumption of oil and gas in Canada, the proceeds of which presumably are to be used to subsidize Syncrude. We have to question the validity of that measure providing this extra tax or charge because of the export tax now being charged by the federal government.

Notwithstanding that, sir, the legislation should state, as it stated in the first instance, that the government could impose a levy. That is what it originally said; it simply authorized the government to collect another tax up to $1 a barrel. There was no indication in the bill that the tax should be used or could be used for any purpose whatsoever. This was just an additional tax.

I suggest there is a procedural question involved. The government did not call this a tax, it called it a levy, and through that little game of semantics it avoided the necessity of having the bill discussed in the committee of the whole. We did not raise the point at the time. Perhaps we should have raised the point because this step represents another way in which the House of Commons has been demeaned by the approach of this government.

The original bill provided for a ministerial discretion to exempt certain domestic production from the levy. This again is an atrocious provision. The House of Commons is being asked to authorize the minister, without any recourse to legislative authority, to exempt certain production from this extra levy. If the minister wants to make Petro-Canada look good, or some other company, he could easily exempt such company from this extra charge. That kind of discretionary authority should never be given by parliament to any minister.

In addition, this measure gives the minister the discretion, without recourse to parliament, to deem any production in Canada as imports for the purpose of compensation. The intent clearly is to allow Syncrude products to be deemed to be imports for the purpose of compensation, but there is nothing in the measure that restricts the minister's intention to Syncrude production.

The minister's intent is, as he indicated to the committee, to allow for subsidization to world prices of future heavy oil production, including the expansion to the Great Canadian Oil Sands plant, the proposed new Shell plant, the Petrofina plant, and possibly some heavy oil production from the Lloydminster and Cold Lake fields. We can understand that and we may agree with it, depending on the circumstances that prevail on those particular occasions. However, it is absolutely atrocious for the minister or this government to ask the House of Commons to give the minister the authority to deem certain productions as imports for the purpose of compensation, at his discretion and at any time he wants.

There is nothing to prevent the minister from declaring all Petro-Canada's production as imports for the purpose of compensation, or doing other things like that to ensure Petro-Canada a decent balance sheet, or one a lot more decent than the one produced last year.

There is another clause, the impact of which is not so important, which contains a ministerial discretion. This is a discretion that anyone who believes in the parliamentary democracy system, which is supposed to exist in this country, must find offensive. During committee meetings we had discussions about these various ministerial discretions, I may say to the government's credit. It did redefine the clause providing for the levy on certain domestic products. It was provided that the funds from that levy would be used for satisfying the conditions of this bill—meaning that it would not be another tax that could be used for anything. It would be a tax specific to this particular bill. That was an improvement, and I congratulate the government on at least going that far.

● (1552)

There was considerable discussion, Mr. Speaker, on the question of ministerial discretion in regard to deeming any domestic products as imports for the purposes of compensation. In our suggested amendment, we moved at committee that such action taken by the governor in council or by the minister should be subject to an affirmative resolution of the House of Commons. That is, in reference to the fact that we are supposed to be a democracy, there would be the provision for the House of Commons to validate a recommendation by the minister to deem certain products imports for the purposes of compensation. At least this would say that the people's representatives were deciding where these tax funds were to be sent. It is a very modest and reasonable request.

It seems that the minister, the minister's advisers, the Privy Council bureaucrats, or whoever controls these matters, would not consider or tolerate such a move, and we were faced in committee with either being rather tenacious, and thereby causing some delay in the progress of this bill through committee, or backing off and conceding to the government this very undemocratic clause in the bill.

I must say it is times like these that one's conscience and principles as a member of parliament are sorely tested. However, after much discussion, there was one little motion in regard to that clause, namely, that orders in council granted pursuant to that particular clause—which is clause 2 of the bill—shall stand permanently referred to the standing committee which normally considers oil and gas matters. That is not as satisfactory as having parliamentary control over the spending of public funds, but at least it potentially allows some public airing of these matters through a committee which is knowledgeable in the area. It does allow us some discussion and, therefore, any step that a minister may take that is out of line would have the potential of being exposed to the light of day. It is at least a minor political check. I say political, Mr. Speaker, because there is no guarantee that reference to a committee allows for such discussion. In this particular committee during the discussion of this bill and during all of the meetings, not once was I, as the spokesman for my party, asked whether I would be available at the time the meetings were scheduled. Not once during all of that time was I asked, Mr. Speaker. It is common decency in the operation of this House and of the committee system to check with the members opposite who have special interests or responsibilities in an area, to find out whether they are going to be present or do not have conflicts regarding the scheduling of meetings. As I indicated, not once, not a solitary time did the minister, the chairman of the committee, the parliamentary secretary to the minister, or anybody on that side, ask whether I would attend the committee meetings on the dates scheduled. As it so happened, there were a couple of committee meetings I was not able to attend.

As a consequence of my non-attendance, the Minister of Energy, Mines and Resources (Mr. Gillespie), on that campaign junket of the cabinet to western Canada, made a speech in Lloydminster accusing us of filibustering the bill and of not being there to participate in meaningful committee sessions. Well, Mr. Speaker, the minister's words do not cast a very long shadow, if you like, and no one pays much attention to them in western Canada, so I am not really concerned about the impact of that speech.

What I am concerned about is the morality of that kind of behaviour and then pointing an accusing finger when, in fact, it was the performance of that side of the House that precluded me from being at those particular committee meetings.

That lack of courtesy makes it very difficult to accomplish the business of the House with some dispatch. I hope the people of Canada will recognize that as we go into this campaign and when the government makes its usual claims about the business of the House being too slow because of the irresponsible opposition. The people will realize that the business of the House is controlled by the government, and normal courtesy from their side would have a lot to do with the speedy passage of legislation.

More important than the question of courtesy is the fact that I was deceived, deliberately deceived—deliberate is difficult to establish—but certainly deceived in regard to certain aspects of the bill. I am referring, Mr. Speaker, to proposed section 65.13 in clause 1 of the bill which, as the bill was originally reported from second reading, would have allowed the governor in council to exempt domestic production from this special levy. My original objection to this on behalf of my party was with regard to this ministerial discretion again. We felt it was important that there should be parliamentary involvement at least in one step or another.

I was then approached by the minister and asked if I would mind if that whole clause was dropped and whether or not that would satisfy my concerns. I indicated that if that was what the government wanted it would be fine, that it satisfied my concern. Subsequently, I became aware of some companies in the petrochemical business which had a desire for the retention of this clause because they felt they had a case for special exemption. I asked in committee whether the government, the minister, deputies or officials were in receipt of any applications for special exemption under that clause. I was told they had not been in receipt of any applications.

Since I had in my hand a copy of two such applications, I was able to challenge the reply immediately, which I did. As a result of that challenge, I found out there were five petrochemical companies which had applied for exemption under that particular clause of the bill. Now, Mr. Speaker, lack of courtesy is going to bring the business of this House to a grinding halt, but deceit will guarantee that nothing happens. I resent bitterly being lied to in that fashion by whomever is responsible.

The Acting Speaker (Mr. Turner): The Minister of Energy, Mines and Resources (Mr. Gillespie) on a point of order.

Mr. Gillespie: Mr. Speaker, I am not sure if the hon. member intended to use the language that I thought I heard him use. I would suggest that he be given a chance to withdraw that word. It is a well recognized practice in this House that that word shall not be used.

I would also suggest that if he were to re-read the record, the hon. member would find no reason to suggest there has been deception. I do not think that he has chosen to report very accurately on the record.

Mr. Andre: I have in fact, Mr. Speaker, reported very accurately on the record. The choice of language I will withdraw, but the fact that I was deceived as to what had happened—and it was only as a result of having independent evidence come to me from a separate source—is not something that I will withdraw because that is in fact what happened. If two of these companies had not given me copies of the submissions they made to the government, I would never have been aware of them, and, therefore, would never have been able to determine what in fact had happened.

● (1602)

My good friend and colleague, the hon. member for Peace River (Mr. Baldwin), has led a long crusade for freedom of information. I was convinced long before that incident of the need for a freedom of information act but, if I had any doubts, they ended there. If a member of parliament requires separate collaborating evidence from an external source to get an accurate answer to a question, then our democracy is in deep difficulty.

Related to that question on that clause is a very important question, and that is the nature of the request—

Mr. Gillespie: On the same point of order, Mr. Speaker, there is a suggestion by the hon. member for Calgary Centre (Mr. Andre) that steps were taken to conceal information from him regarding submissions made to the government. He specifically referred to petrochemical companies. I should like to ask him if at any time he asked whether that information had been provided and had received contrary information. My recollection of the events is that he asked whether that information had come forward. Some information had come forward, not to me or the department, but to the committee, and that was dealt with that day. It had come in that day. He also asked whether my department had received information and was told that it had.

Mr. Stanfield: Mr. Speaker, with all respect, the minister did not rise on a point of order. He rose to make a point in debate and abused the rules of the House by virtue of his position.

The Acting Speaker (Mr. Turner): Order, please. I would suggest to all hon. members that the offensive language has already been withdrawn and now there is a dispute as to facts. The hon. member for Calgary Centre (Mr. Andre).

Mr. Andre: Mr. Speaker, I stand behind the facts as I presented them because they are accurate. My exact words were: "Is the minister in receipt of submissions from any companies in respect of this clause?" I was told no; then I—

Mr. Gillespie: That was accurate.

Mr. Andre: What is strange about that is that the minister's chief official, when I challenged him and said I had a couple of copies of the documents—I was then informed—and then the deputy minister informed the minister that there were five companies which had petitioned the minister in that regard. Had I not been in receipt of two of these I would not have known about the other three. I guess that is a warning to anybody dealing with this particular government, albeit a

temporary government, that if they are to make a reasonable and proper request they had better send a copy to the opposition or the request will never see the light of day.

I want to deal for a minute with the specificity of those requests. They were reasonable requests from petrochemical companies which used crude oil as their feedstock, and in particular, petrochemical companies which produce fibres for textiles which end up in clothing. Anyone who has been in this House in the last few months or years recognizes that this portion of Canadian industry is in dire straits. The fibre and textile industry in Canada is sick. There are hundreds of lay-offs, companies are closing down, and it is a sector of our economy which is in a very precarious position at the moment.

I am led to believe by some of the companies involved that the effect of this levy will be to make their feedstocks more expensive than the feedstocks of competing companies, primarily those operating on the gulf coast of the United States. It seems to me reasonable and proper for the government to examine closely the submissions of these companies in order to ensure that, through this act, they are not driving them over the ledge to where they can no longer compete and so must those close down.

In view of the fact that the Minister of Industry, Trade and Commerce (Mr. Horner) has imposed a quota on imports, that the sickness of the industry caused the government of Quebec to remove the sales tax on textiles entirely, and that there is such great unemployment in the textile areas of the country, surely it behooves a responsible government to examine these submissions. It chose not to do so, however. It chose first, not to inform the committee of them. Only through prying was I able to determine that the government was aware of them and had received them. Instead, it choose to remove this clause entirely, thereby precluding the possibility of those industries gaining exemption from this extra tax at this time. The government has a majority. It has every right to do that, but let it be responsible for that action. Let the public be aware that we on this side of the House are endeavouring to ensure that our textile industry is not hurt further through any action on our part. The government precluded that possibility and chose to pursue that line. Presumably it will have to live with the results.

As I indicated, Mr. Speaker, we are in favour of the principle of this bill. We recognize that the government signed an agreement with Syncrude which guaranteed it world prices for its production, which will start within days. We therefore wish the bill to go through with dispatch. However, we are most upset and annoyed at the details of the legislation and the ministerial discretion that is granted. This is a continuation of a trend which must lead to parliament passing one bill which says, in effect, that the government shall do whatever it wants—full stop. If we do that we need no longer worry about legislation. That would give ministers all the discretion they need. That seems to be their goal, when one examines the way in which legislation is drafted and the types of clauses in the legislation presented to us.

We hope and trust there will be a change when this party assumes power. We will have an opportunity to put in place wiser and more intelligent legislation to deal with the ongoing questions of handling Canada's heavy oil and tar sands production.

Any careful examination of Canada's energy situation indicates that we will need enhanced production from tar sands and of heavy oil. These represent enormous potential reserves to which we must have access if we are to achieve our goal of energy self-sufficiency and self-reliance, thereby reducing reliance on energy imported from the politically unstable Middle East and reducing our horrendous trade imbalance. We can only bring on stream the production of crude oil from the tar sands and from the heavy oils if there are clear rules which indicate to potential investors what prices, royalties, taxation, rules and regulations they can expect. Without those rules there would be a ridiculous situation.

We know that Shell Oil Company is interested in establishing a tar sands plant, with several partners. Two or three other companies are involved, and so are the government of Alberta and the federal government. We have a situation where we are trying to put together a business deal involving the investment of $3 billion or $4 billion, three or four companies, and two levels of government. Contemplate for a moment the difficulty of trying to arrive at a decision in a circumstance like that. The only one to benefit from that kind of arrangement is Air Canada, with officials and high priced lawyers flying from Edmonton to Ottawa, back to Edmonton, to Calgary, to Toronto, to Ottawa, and round and round, trying to find out the rules so they can make a decision.

• (1612)

Talk to those in Ottawa and they say, "Talk to those in Edmonton." Talk to those in Edmonton, and they say to go and see those in Ottawa. You talk to your partners, and they say, "Don't talk to us about investment until you know what are the rules." Round and round it goes. It is a totally non productive activity, an activity which gains for the Canadian economy absolutely nothing. It certainly does not hasten the day when this new tar sands plant comes on line, Canadians get access to the production, and we reduce our reliance on imported crude oil. It makes me laugh, Mr. Speaker.

The Minister of State (Small Business) (Mr. Abbott) says that he is appalled at the cost of the paperwork burden and bureaucracy. He says it costs the economy $1 billion a year. He said the government is going to do something about it by appointing a "comptroller of paperwork burden", or whatever he calls it. On the other hand we have a minister, through indifference or incompetence, imposing a bureaucratic structure the cost of which will certainly be in the tens of millions of dollars. The ultimate cost of putting together the paperwork for this next Syncrude plant will at least be of that order of magnitude by the time all the details are arranged. That is an appalling way to run a country. It is an appalling way to run a business or anything else.

The role of government is to define rules, and let people, either individually, or collectively through company structures, act within those rules and pursue their own goals. The rules should provide incentives and encouragement consistent with public policy goals. The minute you put the government in there as an active participant involved in the nitty-gritty of the details, you impose a bureaucratic burden, the cost of which will be at least the $10 billion talked about by the Minister of State (Small Business). With a million unemployed, we could use that $10 billion for productive activity within the Canadian economy, not simply shuffling paper around and around with nothing worth while gurgling out.

It is with some reluctance we concur with the passage of this bill. It is necessary to get Syncrude going. Were there any worth to it, I would plead for some intelligence over there, some definition of rules for the establishment of a Syncrude policy and a set of regulations that are firm and reasonable rather than this continued ad hocery. Were it worth while, I would similarly pray for a little more respect for democracy, a little more concern for the role of the peoples' representatives. A continuation of this trend does not bode well for the future democracy of this country, for the future of a parliamentary democracy. I would not feel comfortable sitting idly by watching this happen without raising a voice of concern at this time.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I wish to take a few minutes to make some comments on this bill. I do so because at second reading I made it quite plain that unless there was some improvement at the committee and report stage, I was going to vote against it.

There has been a very limited measure of improvement, as has been mentioned by the hon. member for Calgary Centre (Mr. Andre). It is rather nice to see that, small as the progress has been, particularly after the pitiful parody of parliamentary performance this afternoon on the part of the Prime Minister (Mr. Trudeau) during the course of the question period. It adds to my perception. I hate to say it, but watching from outside rather than inside in recent weeks, one sometimes gets the impression that this place is assuming some of the characteristics of a sick joke.

The right hon. gentleman is playing games. It was a juvenile performance, saying he was going to go and talk to the Governor General. I admit there was some fault on this side of the House. I do not deny that. However, the right hon. gentleman fought for the right to act as first minister of the Crown, and that is the way he should be acting. I was ashamed of the performance we witnessed this afternoon. It was absolutely shocking. I do not say the fault was all on one side, but the responsibility lies over there. In the exercise of that responsibility, there should be greater effort made on the part of this government, by the right hon. member and his colleagues.

I am going to vote for this bill because there has been some improvement and because, after the next election, there will be another minister and another government looking after it. If it were to be left to this government, I would have very little confidence. If the right hon. gentleman, the Solicitor General (Mr. Blais), and his colleagues should, contrary to the wishes of the people of Canada and through some misfortune, come back as the Government of Canada, they will need people like myself and my colleagues to keep them in order. I have not seen for a very long time a group of assorted dinosaurs so completely incapable of exercising their responsibilities and duties. If God so wills that we do not form the government—

The Acting Speaker (Mr. Turner): Order, please. I suggest the hon. member get back to the terms of Bill C-19, which is under discussion.

Mr. Baldwin: I was provoked by the raucous shouts of the members opposite. There has been one improvement in this bill, as pointed out by my friend from Calgary Centre, in clause 2(3), that every designation by the board under subsection (4) shall stand permanently referred to the committee of the House of Commons that normally considers oil and gas matters. That is a very minor degree of progress.

I say to my friends opposite that we are in a mess with regard to legislation. This and other bills are out of date. They are delayed. They are going to go to the country with a lot of legislation left on the order paper.

There should be a willingness to have clauses of this kind inserted in legislation, as well as additional clauses, such as those suggested by the hon. member of Calgary Centre, through affirmative and negative resolution to retain in parliament the right to ride herd on what government does when we have granted to government the vast power and tremendous responsibility envisaged in Bill C-19, with particular reference to Syncrude.

● (1622)

I agree with the minister and with my hon. friend from Calgary Centre that some aid of the kind proposed here is essential. But we all know it will be extended to other ventures—we may be looking at assistance involving between $20 and $30 million. Parliament is granting to the minister and to a small group of men and women this fantastic amount of authority, and I would always feel more happy if there were contained in the legislation the right to examine the way in which this authority has been used. This is why I was objecting earlier to the attitude taken by the government.

I realize that in the complicated world in which we live, legislation cannot always be self-contained—it may be skeletal in nature, with provision for the right to delegate authority. But it would be far easier to get such legislation through the House if parliament were given the power in the legislation to call back certain aspects for study by resolution. My hon. friend from Calgary Centre said this had been suggested but that the civil servants, the bureaucrats, the mandarins, said no. Who runs this country, Mr. Speaker? We all know it is not the minister but his advisers. But his advisers do not speak for the people. This House speaks for the people, and it must insist on its right, through an affirmative or a negative resolution, to limited debate on these issues.

We are not suggesting lengthy debates. We are suggesting that action taken by order in council, by regulation, should be susceptible of being brought back to the House on the resolution of a limited number of members for discussion. The government, after all, has the weight in numbers and, if it has a case, its view will always prevail. But at least we and the people will know that questions of considerable consequence can be brought back here and discussed. The government has walked half a mile and declined to go the whole distance. It was the same with the northern pipeline bill. I was happy to see in that legislation provision for a permanent reference of the same nature as I have in mind. That is one of the reasons the bill was so quickly passed, in my view. I should like to ask the minister to give us, when he replies, some real reasons for not including a provision by which ten, 20 or 30 members of the House could proceed by way of an affirmative or negative resolution which would bring back to this Chamber for limited debate significant actions taken by order in council, regulation or decree. After all, a great deal of money might easily be involved.

Hon. members may recall that the Committee on Statutory Instruments has suggested that negative and affirmative resolutions should play a far larger part in the proceedings of the House. I put it to ministers who are here, and to ministers who are not here but who may yet find the time to read what is being said in the House of Commons today, that legislation would be much more acceptable to the House if it contained safeguards and precautions of the kind I have mentioned. This parliament is dying. It should have been dead a long time ago. The stench is beyond bearing at the present time.

Mr. MacFarlane: The prevailing wind comes from over on that side.

Mr. Baldwin: Let us hope that the new parliament will be more lively, that a great deal more independence and objectivity will be shown by its members. I think the public takes a very dim view of this parliament, and it is much to be hoped that the parliament which replaces it will act in a more reasonable and independent way and insist upon making the government more accountable. That, after all, is the duty of parliament. We do not govern. We do not want to govern.

An hon. Member: Let's hear about the bill!

Mr. Baldwin: I am talking about the bill. Some of the hon. members over on that side should take these words to heart. Making government accountable is what parliament is all about. If it fails in this task, I think parliament will have a very short life because the public has had just about enough. If they see, contained in legislation, measures of the kind I have described, the people will know they have some protection. They have no such knowledge today. Although it falls far short of what is desirable, I will go along with the bill. There has been an opportunity to rectify some of the omissions. Besides, I have the very firm knowledge that there will be a better government and a better man to look after the bill when the election is over.

Energy

Mr. Arnold Peters (Timiskaming): Mr. Speaker, we are continually providing assistance to Syncrude to produce synthetic oil. There is probably no objection to doing so because some people in this country believe there is an oil shortage. However, a lot of people do not think there is an oil shortage at all.

A year or so ago there was supposed to be a shortage of gas as well. While travelling on the highway yesterday I was surprised to hear an advertisement by companies asking people in Ontario to instal gas furnaces. Incidentally, I heard that 70 per cent of the new houses in Ontario are being so equipped. If you put gas from a private monopoly gas company in your home, the companies assure you that fuel bills will be 10 per cent less than if any other kind of heating system had been installed. The company also guarantees a three-year supply. A number of other concessions are available. First, no payment on the furnace is required for the first year. Thereafter, payments are spread over a ten-year period, I think it is, and the interest rate is lower than the normal rate. They also said they would instal a burner in an existing furnance free of charge. Thereafter there would be a small monthly rental fee. In addition, they would put the gas line into the House from the street free of charge. All the customer had to do was agree to take gas for a one-year period.

If there is, indeed, a gas shortage, all this sounds very strange to me. I draw attention to it because I do not believe the gas companies. I do not believe the oil companies. I do not believe we know what the situation is. The price of gasoline has gone up considerably and we do not know what the government is doing to ensure we are getting a fair deal.

● (1632)

A few years ago premium gasoline with lead was introduced for high compression engines. It cost five cents more for gasoline with lead. Now we have new cars which use catalytic converters and which require unleaded gasoline. It now costs five cents more for unleaded gasoline than it does for gasoline with lead in it. At one time the oil companies charged for putting lead in gasoline, and then they charged to take it out. That is not honest or fair. The oil companies are cheating and stealing from us. We are charged extra for gasoline with lead and then charged extra for gasoline without lead. These changes have cost us ten cents a gallon, because it costs five cents to put it in and five cents to take it out.

I am not at all sure that the minister knows the potential of the oil companies of this country. The minister never talks about the oil which was pumped ten years ago at 15 cents a barrel. At that time the oil companies were having trouble getting rid of it. No new machinery has been put into the oil wells, and I doubt if it costs 30 cents a barrel to pump oil out of wells now.

When we talk about setting the price of oil for the Canadian public, we talk about the highest possible price, the world price. The minister is getting information that there will be a shortage, but the general public doubts that. The public does not believe that the information being given is correct, because

people remember that a few years ago oil was coming out of our ears. We were paying a subsidy to export it. We were begging to export it ten years ago because we did not know what to do with it. Then all of a sudden we were told there was no oil. Four or five years ago there were heating oil shortages in Canada and the United States. We were told that we would be out of oil in two years. Well, we are not out of oil. I think the minister will agree that the eight to 12 year projections being made today vary, depending upon who is making the projections.

We have decided to take oil out of the tar sands, and we have put up 70 per cent of the capital in Syncrude, but for our 70 per cent we do not get 70 per cent equity. We get only 30 per cent equity.

Much of the capital we have put up is in the form of tax rebates, tax reductions, grants and other kinds of assistance, but we have only 30 per cent equity. That capital was put up not only by the federal government but also by the provinces of Alberta and Ontario. Because we have a 70 per cent investment in Syncrude, we should be interested in knowing what Syncrude is being developed for. Imperial Oil and its friends, the seven sisters, have 70 per cent equity but made only a 30 per cent capital expenditure, and I think we should ask what we are going to get out of this and what changes there will be for drivers, people who heat their homes with oil, or people who use oil to produce electricity, as is the case in most provinces.

Mr. Symes: There will be higher prices for them.

Mr. Peters: My colleague says there will be higher prices, and there will be higher prices. This bill says that we have to be prepared to provide a subsidy to bring Syncrude prices up to the world price. No matter how fast we move the price up to the world price, there will be a never ending escalation because world prices go up rapidly at almost every meeting of the OPEC nations.

The OPEC nations know that oil is their basic resource, that it is not renewable, and that they are using it up at a fast rate. They are going to ask more and more for their product, and therefore the world price will escalate. I point this out because I think the Canadian public agrees that we must have an oil base in Canada for security of supply, for industry and for the development of our country. We must produce as much of the resource as we can for the future, but surely the public is entitled to something in return.

I suggest that this bill should not be passed until we equalize the cost of gasoline and home heating oil. Years ago a man with a big idea escaped the potato famine in Ireland to come to Canada. That man established the T. Eaton Company. He knew that Canada was a big country and that he should be able to sell his products everywhere in the country. Originally he wanted to sell food and a number of other commodities. He put out catalogues which said that a dresser purchased in Nova Scotia would cost exactly the same as it would in downtown Toronto. The same price would be paid in northern Ontario or in Yellowknife.

Not long ago I was at an auction sale where a dresser originally sold by the T. Eaton Company was up for sale. It was shipped to northern Ontario in about 1900. It was shipped by rail to Mattawa, transferred to another small branch line at Mattawa, shipped to Temiscaming, put on the old Meteor steamboat and taken to New Liskeard by boat. The tag on the back of the dresser indicated how it was transported. With all the difficulty getting that dresser into a newly developed frontier area by boat, the cost was the same as it would have been in downtown Toronto.

What I am saying is that if we want to be fair to the public and if we do not want just to take money from the public and give it to the oil companies so that they can make huge profits and do many things which are, in our opinion, not in the interest of the consuming public, should we not stabilize the price of gasoline for all Canadians? Why should the price not be the same in downtown Ottawa as it is in Renfrew? Why should it not be the same in downtown Toronto as it is on Vancouver Island? Why should we not make that decision? If we added a cent to the price of a gallon of gasoline at a service station in downtown Toronto, where as much as 500,000 gallons a month are sold, that would equalize the price of gasoline for northern Ontario without any great difficulty.

Mr. Symes: They have equalized beer prices.

Mr. Peters: My colleague says they have equalized beer prices. We equalize many things.

Mr. Symes: Not milk.

Mr. Peters: Because someone lives in an isolated area like Comox-Alberni we do not take anything off his taxes. We do not take anything off taxes for people living in Kirkland Lake. We equalize only when it is good for corporations or for the government, but we never emphasize the need for equalization for the consumer. Before this bill passes we should give serious consideration to this. We should consider it in the light of what the public deserves and what companies deserve.

Gasoline prices should be equalized across the country just as the Eaton company equalized prices for all commodities in its sale catalogues. Perhaps I should use Simpsons as an example because its catalogue sales are continuing. I am not prepared to argue the financial structure of Eaton's or what happened to that company. During the whole time that Simpson's has been in business, their prices on heavy commodities, have been the same throughout the country, but the price of gasoline in northern Ontario has been higher for years, and the reason we have been given for that is the cost of transportation.

• (1642)

Gasoline has always been 5 cents cheaper in Timmins than in Kirkland Lake. Why is that? The gas company has set out a number of zones and they placed Timmins in a zone which is farther south than Sault Ste. Marie, yet from Kirkland Lake it must be hauled another 80 or 90 miles, so it should cost more. The oil companies have administered prices for gasoline and

for fuel oil for years. Now is the time for us to decide if we are going to equalize the prices and if we are going to charge every consumer in Canada a levy to allow the equalization of the price which Syncrude will get to the world price. I think it is about time we did something very small and insignificant, but very important for the consumers of this country, namely, we equalize the price of gasoline and fuel oil across the nation. I do not see any argument against that.

Not long ago a young chap came down here from northern Saskatchewan where they have some oil. He was very surprised to find that in Ottawa gasoline was being sold at a cut rate, that it was cheaper here than in northern Saskatchewan. I imagine that is also true of Alberta and that there are places outside the major markets where the price of gasoline is considerably higher than in Calgary, Edmonton, and some of the larger centres. I think the time has come when we should protest being discriminated against by the oil companies.

If the oil companies were operating on the free enterprise basis, I would have no argument, and they would be able to set their prices. But they are not free enterprise operations at all. From the point of view of a free enterprise operator, if you can get 70 per cent of the capital and only have to give 30 per cent of equity, it is probably a pretty good deal, but nobody in their right mind would call that a free enterprise operation. We are subsidizing Syncrude, and we are subsidizing the whole oil industry.

Who will benefit from Syncrude? Benefits will flow to Imperial Oil and the other oil companies rather than to the governments involved. There will be no benefits flowing to average Joe Citizen. It is the average citizen who should be benefiting. We should develop some equality in this country, and one place where that equality is needed is in the price of gas.

Because of subsidization, you and I contribute to the public transportation system in Montreal, Winnipeg, Toronto and Vancouver. We have assisted them in moving around in their areas, but in 90 per cent of the land mass in this country, where probably 30 per cent of the population is affected, a car is not a luxury, a furnace is not a luxury. These are absolute necessities in our nation, and I see no legitimate reason for people in some areas of our nation having to pay more for gas or fuel oil than in others. I should like some hon. members to rise and tell me why I am wrong. I see no legitimate reason for that, if we are willing to subsidize oil companies—that is exactly what we are doing in this operation—we are not subsidizing the users of oil.

If we wanted to subsidize the users of oil we would have put 100 per cent into Syncrude and we would have distributed 100 per cent of the oil extracted by Syncrude at whatever price we wanted. Another way of doing it is to equalize the price of oil to all Canadians regardless of where they live. But we have the Liberal government trying to accommodate both the free enterprise system and the government corporation. I see nothing wrong with that kind of cooperation, but surely what we are doing is giving the corporations a handout.

It would be reasonable, and no businessman would object to it, if I put up 70 per cent of the capital to develop the operation and got 70 per cent of the equity. The difference, or 30 per cent, on which we do not get equity, would give us the few cents necessary on the total volume of gasoline used in Canada to make gasoline prices equal all across the nation. You can only drive a car so far and burn that much gasoline, but the same is not quite true of tractors and farm equipment.

In the last year, farmers have had an increase of approximately 75 per cent in their fuel oil for farm equipment. This has become a huge operation. We have not subsidized our farmers and we did not tell them they could raise their prices to recoup their losses. Farmers are not able to reclaim that increase in fuel oil which has become part of their cost of production. Each and every Canadian wants farm prices to remain low so that we can distribute food to all Canadians at a reasonable price. But we have not subsidized farmers and their fuel costs although we are subsidizing the oil companies.

Let us look at it realistically. We are not talking about a large amount of money. We are certainly not talking about anything like the 40 per cent we have put in, and much of this money continues to be paid out. Our payments will not remain at 40 per cent. As the minister says, we will have to increase it every time there is an increase in the world price. A levy will be paid by all Canadians to ensure that this operation is maintained at the world price.

I would like to hear members argue why they do not believe in the Eaton's catalogue principle. I think they would all agree that if you lived in Carp, you would be paying six, seven, or eight cents more for gasoline than in Ottawa. They would agree that half a cent more on the gasoline price in Ottawa would cover Carp and all the other little communities around Ottawa. It does not take much more because some people living in Carp find that they can drive into Ottawa, buy gas here, go back to Carp, and still make a saving. It does not take much to equalize the price of gas. If we are really interested in providing equality, let us provide it for everyone, not only for the oil companies so that they can develop a synthetic product from a new source, which we all agree they should do. At least some of the subsidy should go toward equalizing gasoline prices and, if I had the opportunity, I would dearly like to move such an amendment and divide the House on it.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to make a very brief contribution to the debate on Bill C-19, which is of interest to every Canadian, whatever his province of residence. The general public is not adequately informed about the real volume of oil reserves contained in our land. I am at a loss when I see reports from highly intelligent and educated persons who seem to be able to tell us with confidence that there is enough oil to satisfy Canada's needs for so many years, while other scientists as knowledgeable as anybody else tell us those reserves are inexhaustible, non renewable yet immeasurable.

The public has many unanswered questions. How come in one part of Canada the gas we use for our cars costs $1 a gallon, elsewhere 90 cents and elsewhere again $1.04, as in some areas of the province of Quebec? Even within that same province, along Highway 20, gas sells for so much but if you leave that road and drive to a nearby village, the price is different. I admit these prices are under provincial jurisdiction. I realize that but how come, Mr. Speaker—because it still is within Canada—we are unable to establish a uniform price? It is a shock when you get near a gas station to fill up your car and you look at the price. In some places, where the price posted is 52 cents a half gallon, that means $1.04 a gallon. If you leave Highway 20 ten miles farther it goes for 89 cents. The company is not important, whatever the company that provides the gas to fill the retailer's tanks, at one place gas costs 89 cents and at another $1.04. This is for the same grade. I should add that the price at both stations is for unleaded gas. Why can there not be a uniform price?

Mr. Speaker, I realize that this is not the responsibility of the federal government. I am well aware of this. However it should be possible for the federal and the provincial governments to come to an agreement so that the consumer might pay a uniform price for the same product. The same thing applies to heating oil. In one municipality it costs 54 cents and in another one 48 cents. I imagine that the distributors are honest men and that they offer products of the same quality, that they do not sell us heating oil of a given quality in one region and heating oil of another quality elsewhere. I am not qualified to do quality analyses. Not at all. But I regularly receive representations. Again yesterday I was asked for explanations. I cannot reply because I do not have the necessary information. I believe that during such a debate perhaps the Minister of Energy, Mines and Resources (Mr. Gillespie) could give us information on this subject when he speaks at the report stage.

Mr. Speaker, I do not believe in the predictions of the great geniuses who tell us that our resources are limited to so many barrels. I had the opportunity to visit the Yukon Territory and the Northwest Territories with the committee of the House. We even visited an artificial island in the Beaufort Sea in the Arctic, and I was able to speak to those responsible for exploration in that area. There was one well more than 3,000 feet deep. I asked: Are you finding oil? Of course, they are finding oil. The operator who replied to me said: "I have been doing research for the same company for 18 years and this is the first time that I find such a productive well." What do you do with that? "Well", he said, "when we have finished exploring, we will install a valve and close it; that will be part of our reserves for the future." I am very happy about that, Mr. Speaker, but what struck me was the wealth Providence has provided us with in that whole territory. I had slightly different ideas from what I say in the Arctic. I thought that land was so cold that God had forgotten to put anything there. Then I discovered that the Creator had thought of everything. I marvelled at the sight of banks of gravel in those frozen territories. With loaders they could get better gravel there than in Quebec, in the form of crushed ballast.

I was absolutely amazed, and then we drove over miles and miles of roads built of gravel spread over ice. I also found it absolutely extraordinary that companies had managed to build villages with the possibilities for all the services we find back home.

[Mr. Lambert (Bellechasse).]

● (1652)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Egmont (Mr. MacDonald)—Status of Women—Equal opportunity programs for women in Public Service; the hon. member for Sault Ste. Marie (Mr. Symes)—Transport—Future of ship canal at Sault Ste. Marie; the hon. member for Victoria-Haliburton (Mr. Scott)—Trade—Discrepancies in retail price of gasoline—Request for investigation.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I believe there is agreement to proceed at this time with notice of motion No. 27 standing in the name of the hon. member for Fraser Valley West (Mr. Wenman). If that is agreeable to the House, I would ask that all notices of motions preceding motion No. 27 be allowed to stand by unanimous consent.

The Acting Speaker (Mr. Turner): Is there unanimous consent to stand notices of motions Nos. 4, 11, 21, 24 and 26?

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, at this late date in the session the action I am intending to take is only as a result of some rulings which were made earlier in the session. Since the motions that precede the motion which is going to be considered this afternoon were placed on the order paper almost six months ago, this should be recorded as the first time

of calling. Under our House rules, these motions will drop the next time they are called.

The Acting Speaker (Mr. Turner): Item No. 4 in the name of the hon. member for Ottawa West (Mr. Francis); shall the item stand?

Mr. Herbert: No, sir.

An hon. Member: Stand.

The Acting Speaker (Mr. Turner): Stand at the request of the government.

Item No. 11 in the name of the hon. member for Don Valley (Mr. Gillies); shall the item stand?

Mr. Herbert: No.

An hon. Member: Stand.

The Acting Speaker (Mr. Turner): Stand at the request of the government.

● (1702)

Item 21; shall the item stand?

An hon. Member: Stand.

The Acting Speaker (Mr. Turner): Stand at the request of the government.

Item No. 24; shall the item stand?

An hon. Member: Stand.

The Acting Speaker (Mr. Turner): Stand at the request of the government.

Item No. 26 in the name of the hon. member for Dartmouth-Halifax East (Mr. Forrestall); shall the item stand?

An hon. Member: Stand.

The Acting Speaker (Mr. Turner): Stand at the request of the government.

I call item No. 27.

* * *

HUMAN RIGHTS

FREE ACCESS FOR BIBLES SENT TO U.S.S.R.

Mr. Bob Wenman (Fraser Valley West) moved:

That, in the opinion of this House, the Canadian delegation at the Belgrade Conference on the Helsinki Accords should gain guarantees from the Government of the U.S.S.R. that individuals be permitted to send or personally bring with them bibles and other religious publications when visiting friends or relatives in the U.S.S.R.

He said: During the past four years I have often expressed my constituents' concerns on material matters such as inflation, unemployment, and the economy. I have supported, opposed, and proposed programs that sought to provide the basic life support structures of food, clothing and shelter; programs and structures that have in fact met all of our basic needs and, in fact, most of our materialistic greeds, but all for what vain purpose? Surely this House, this parliament, is preoccupied with materialism, and too seldom do we turn our attention to man's inner spiritual being.

Today the subject I should like to deal with is that of religious liberty. Christian religious liberty is biblically rooted firstly in God's nature and secondly in His dealings with persons. Freedom is represented as a gift of God through grace extended to man throughout the New Testament. Freedom is in fact rooted in God. God gives man the capacity to receive and experience the inner peace of freedom. For a man to be truly free is for a man to be at one with God, for freedom is where God is present.

Paul wrote:

Where the spirit of the Lord is present there is freedom . . . Freedom is what we have—Christ has set us free.

By Christian definition persons reconciled to God are therefore free persons. Christians have therefore demonstrated throughout history that even in the face of persecution, prison, and martyrdom, a Christian can be free and at peace through God's love and the commitment of Jesus Christ for eternal life.

God's revelation of Himself to man is made on the basis of freedom. Jesus Christ came not with wordly majesty and power to force and subjugate man to His will. He came and chose to make Himself known instead freely through love. God's approach is, "Listen, I stand at the door and knock; if anyone hears my voice and opens the door I will come into his house and eat with him and he will eat with me." The freedom which God has given in Christ implies a free response to God's love.

For faith to be faith it must be a voluntary personal and free act born out of freedom. God does not compel faith, for faith itself is a gift of God and is by its very nature a free and voluntary act.

Though this inner Christian freedom does not require an external civil or political freedom, civil and political freedom is desirable primarily for creating the kind of environment that will allow an unhindered expression of religious faith and commitment without civil political advantages or disadvantages. It is this environment that allows the free flow of religious information and free flow of bibles throughout the entire world that is of concern, because it is this inner Christian life that is the basis of external or social religious liberty. This external freedom is thereby the outward expression of that inner freedom with which God set us free. By its very nature external force or interference in religious matters is a denial of religious liberty and thus God's purpose for man. The human right to religious liberty, is therefore, first of all the right to give outward expression to or manifestation of the inner freedom one has found in God.

While the exercise of one's conscience must be limited by the protection of another's rights and the maintenance of a just social order, even these limits must not be imposed arbitrarily

or partially, but in the spirit of equality and non-discrimination. One essential duty of every state is in fact not only not to prevent or not interfere with, but rather to protect the inviolable rights of man, principles endorsed by all nations in the United Nations Declaration on Human Rights.

While religious freedom has, in principle, become almost universal, multitudes of people are in practice denied the right of religious freedom.

Under Part 2, Section (A), No. (II), printed information of the Helsinki Final Act on Cooperation in Humanitarian Fields, the U.S.S.R. undertook:

To facilitate the improvement of the dissemination on their territory of newspapers and printed publications, periodicals and non-periodicals, from other participating states.

Further according to Article 124 of the constitution of the U.S.S.R. "Freedom of conscience and separation of church and state" is assured, and it is presumed that non-interference of the state in the affairs of religious denominations is thereby equally assured.

Because of the U.S.S.R.'s adherence to these principles it should be easy enough for the U.S.S.R. to accede to Canada's request to send, or allow Canadians to bring with them, bibles and other religious publications when visiting their co-religionists in the U.S.S.R.

Talk of religious liberty is just so much wind, of course, unless guarantees of religious liberty are institutionalized, and unless social machinery is set up to protect religious liberty against violation. I would suggest that is one of the courses of action that would seem to be needed in the U.S.S.R. It is reported that in fact a person may take, by Russian law, one bible and one individual copy of a religious publication with him. If you press the matter I have heard of people who have managed to take ten bibles with them into Russia. While the Russian constitution proclaims one thing, the practice at the border crossing in the experience of those I have talked to seems to be considerably different. While the U.S.S.R. state apparently talks constitutionally and rhetorically about making such provisions, actual practice is somewhat contradictory. Confiscation of Bibles and religious publications is a widespread practice at U.S.S.R. border crossings.

Members of the Alexander Koshetz Choir of Winnipeg tell of being prevented by Soviet customs officers from bringing records of their choir into the Soviet Union, and then once in the Soviet Union of having to restrict and delete religious numbers from their program for presentation to Soviet audiences. Can you possibly imagine the indignation of the Soviet Union were the Red Army chorus in Canada restricted in the singing of its nationalistic songs in Canada? Equity is certainly required in this case.

Personal friends who have visited have come back to tell of tremendous shortages not only of religious publications but also of bibles. They tell of bibles being produced in Russia which are denied to the people to read because most of the production is exported. They tell of such statistics as one bible for every 250 believers, and of grown men crying with the pleasure of being able to receive a Bible from abroad.

[Mr. Wenman.]

I will be anxious to hear a response by Soviet authorities, and I hope that an occasion will arise when I can visit the Soviet Union to verify what I know to be truth, because the people who have verified this to me walk in truth and light and in the way of the Lord, loving freely and with willing hearts serving Him with joy and righteousness.

● (1712)

While the Belgrade conference has concluded, the principle of the motion is still intact. In fact, I heard within just a matter of weeks of people returning and the confiscatory problems still continuing of Bibles and religious publications being confiscated at the border. There are very few getting through. I would like to see the Soviet Union demonstrate to the world—in the spirit that they came to the Belgrade conference with and that they participated in Helsinki with—that not only was their talk sound but it was carried through into action.

This is a very important motion, Mr. Speaker, and I make it with all seriousness and in a totally non-partisan manner. I appeal to Christians throughout this House and to people who believe in religious liberty in all fields throughout the world. I urge the members of this House to speak briefly as I have done so that this motion might pass, although the Conference is completed, so that the government can carry the spirit of this motion through the ambassador directly to the Soviet Union, so that once again believers throughout the world will have an enlightened view and religious liberty that their birthright under the United Nations Human Rights Charter.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, on this side of the House we would certainly like to express our admiration for the deep commitment on the part of the hon. member for Fraser Valley West (Mr. Wenman) that he brings to politics and for his particular commitment to the gifts of the spirit as they ought to guide our decisions and approaches not only at home but also in international relations. We would also like to commend him for the initiative he has taken in bringing this matter before the House, thus permitting hon. members to devote time and attention to this issue.

In conducting a brief research this afternoon on the subject in order to deal with the recommendation of the hon. member, and in search for a source that would be the most complete possible, I came across two statements which I would like to put on the record and bring to the attention of the members of the House, because they seem to have been conceived and expressed with exactly the same concern in mind and with the same objective as that of the hon. member. The first statement I came across was expressed in Belgrade and put forward by Monsignor Achile Silvestrini on behalf of the Holy See on October 7, 1977. I will quote a few passages from Monsignor Silvestrini's speech in the hope that its content will be informative and give an idea of the assessment of the situation on the part of the Holy See.

As I understand it, the Holy See was entrusted by churches throughout the world to represent them at Belgrade and in subsequent follow-up conferences in the field of religious free-

dom and implementation of the spirit of the seventh article, as I recall it, in the Final Act of Helsinki. This is what Monsignor Silvestrini had to say, and I am quoting from page 5 of this statement:

Mr. Chairman, to be sure anyone, I personally did too, whoever took part in the laborious formulation of the Final Act could never think that the signing of this document although a gesture so solemn, of such commitment, could lead to immediate over-all modifications, almost spectacular ones. However, it was clear immediately that the spirit of Helsinki could not fail to demand in the first place that every area of liberty, recognized, even to a limited extent, in the laws of various countries, the rights of individuals and social groups, that this area of freedom should be preserved and protected and no longer reduced or compressed by rules and regulations.

Indeed the truly important aspect of the Final Act beyond the actual immediate application registered so far in every country lays in the very impulse given to a progressive motion, although laborious and too slow in some places for the people's expectation, towards an irreversible development of an ever broader liberty.

As regards religious freedoms it is an undeniable fact that the Final Act said "go" to this positive process although it is still at the start. This is, in particular, sufficiently clear as regards circulation and meetings of person and communications from country to country.

Indeed, there have been confirmed encouraging developments in this field as far as we are concerned, by the various churches and various denominational grounds. But in particular, as regards the Catholic church, of which I am particularly competent to speak, it is satisfying to note that a certain number of positive facts without doubt have been proved. Above all, there has been recorded a broader flow, a fairly steady one, of travel facilities for religious motives. Travel for bishops to come to Rome for their visit "ad limina" (as we know this is a visit which should be made every five years to the Pope by the bishops, and this year indeed it includes the turn of the European countries), or also for travel for bishops and other ecclesiastics to attend important meetings of the Holy See, or participation by monks and nuns in the general chapter of their order, or other conventions in Rome, or other places in Europe and America; or again, participation of bishops, priests, groups of the laiety in major international manifestations of a religious nature; like the Holy Year which took place at Rome in 1975, and the International Eucharistic Congress of Philadelphia in 1976—or for pilgrimages to European sanctuaries, both east and west. Furthermore we can note more frequent meetings and exchanges of visits among representatives of the Episcopy of various countries, more numerous concessions for priests who have emigrated to visit their own families at home, and a certain number of young ecclesiastics who have been sent to take study courses in cultural theological university institutes in Rome and elsewhere.

In the same way in the field of means of communication and information, we can record the concessions given to religious communities to print locally a certain number of prayer books and catechisms, the authorization given to send some thousand religious publications (gospels, bibles, catechisms) or liturgical publications (missals, ritual for the administration of the sacraments, brevaries for priests and religious) or works of piety, to catholic communities who previously could neither print nor import; furthermore, the now unhindered reception without interference for some radio religious programs, like the Radio Vatican broadcasts.

These measures, which we stress with satisfaction, correspond to commitments in the Final Act and have begun to modify—even though it is but partially so far, and not to the same extent everywhere, a previous situation which in the field of communications and relations from one country to another, was previously one of rigid and discouraging frustration.

Monsignor Silvestrini goes on to say:

—it is more arduous, more delicate, and more complex, to speak of religious freedoms within the States. Here appeals, testimonies, requests, continue to multiply, sometimes with anxiety and urgency, because the situation in several regions is still far from a normal life of sufficient freedom.

● (1722)

There are particular complaints of difficulties concerning religious practice of certain categories of persons, difficulties for religious education of young people, restrictions concerning the training of candidates for the priesthood, restrictions of freedom in pastoral action for certain bishops and priests.

This completes my quotation from the statement of Monsignor Silvestrini. I would be more than happy to make the full text of the statement available to the hon. member for Fraser Valley West.

The Canadian delegation in Belgrade played a very active role between October and March when the conference took place. The delegation was outspoken both in public, in committees and in plenary session, as well as in private conversations with delegates from other countries, particularly those from the Soviet Union and eastern European countries. I had the opportunity for such conversations on a number of occasions. On one occasion I showed a Soviet delegate a brief prepared by a group of citizens on the question of religious freedom and pointed out to him the shortcomings identified by that group.

I note that the motion before us was put forward on November 3, 1977. Just a few days before that, on October 31, the head of the Canadian delegation at Belgrade made a major intervention on the subject of human rights. I should like to quote part of what he said on the subject. He dealt with problems being encountered in the area of religious freedom and said:

Why is it that in 1977 we are hearing complaints that members of religious groups in a few participating states are constrained from practising, alone or in community with others, a religion or belief in accordance with the dictates of his own conscience' as specifically provided for in the third paragraph of the seventh principle, and in paragraph 18 of the Universal Declaration of Human Rights? Why are there charges that in some participating states the practitioners of certain religions—in particular Jews and Baptists—are subjected to especially severe restraints in the exercise of their communal religious life notwithstanding official constitutional guarantees that all citizens shall enjoy freedom of religion? Examples of this penalization are the prohibition of organized religious instruction, restrictions on private worship, communal, social and fund-raising activities, harassment at church festivals, restrictions on the importation of religious literature and even the prosecution and imprisonment of believers, especially those advocating more religious freedom. Why are contacts between practitioners of the same religion living in different participating states sometimes discouraged or prevented, despite the fact that in the third chapter of the Final Act it is explicitly stated that 'religious faiths, institutions and organizations, practising within the constitutional framework of the participating states' can have such contacts? These matters are of real and continuing concern to many Canadians . . .

One of the objectives Canada had at the Belgrade meeting—and it made this clear early in the meeting—was to get participating states to agree to facilitate normal communication of ideas and information between individuals, particularly through the freer flow of printed material. This objective included religious information. This objective was put into concrete form as a western proposal that Canada co-sponsored, by which governments would take the following action:

express their intention not to impede the satisfaction of the demand existing on their territory for the newspapers and printed publications, periodical and non-periodical, from the other participating States and will to this end avail themselves of the ways and means set out under the heading 'printed information' including, inter alia, the development of the possibilities for taking out subscriptions.

Finally, Mr. Speaker, the motion before us speaks of individuals being permitted to transmit religious materials. At Belgrade the Canadian delegation put particular stress on the

role of the individual in the implementation of the Final Act. That was not a new concept we tried to inject into the CSCE discussions. Quite the contrary, it is a concept already in the Final Act and, in a proposal we eventually co-sponsored on this point, we simply wished to reaffirm as follows:

The relevant and positive role which institutions, organizations and persons as well as governments have to play in the process of developing co-operation between governments and peoples and in the process of securing the implementation of the provisions of the Final Act.

The hon. member for Fraser Valley West has asked us to make short interventions and I will, of course, respect his wish. I conclude by saying that the closing statement Canada made on March 9 makes it quite clear that Canadian interest in humanitarian questions will not cease just because the Belgrade meeting has ended. On the contrary, our commitment to those goals will be vigorously maintained in the months and years ahead as we prepare for the meeting in Madrid in 1980. At that time there will be another opportunity to scrutinize the performance of this Final Act by all participating nations in this very important area of human rights which includes the area of concern of the hon. member for Fraser Valley West which he so eloquently put to us this afternoon.

Some hon. Members: Hear, hear!

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I want to compliment the hon. member for Fraser Valley West (Mr. Wenman) on his initiative in presenting this motion to the House, which reads as follows:

That, in the opinion of this House, the Canadian delegation at the Belgrade Conference on the Helsinki Accords should gain guarantees from the government of the U.S.S.R. that individuals be permitted to send or personally bring with them bibles and other religious publications when visiting friends or relatives in the U.S.S.R.

I agree that we should not debate this motion very long. I want to urge members to give the motion unanimous consent so that it can become a landmark of our posture on the Helsinki agreement and the relationship we want to establish with those people in the U.S.S.R. who are labelled there as dissidents and, in one sense, are unwanted people.

My grandparents came to this country from the Ukraine over 100 years ago. They had lived there for a generation or two, having come from Germany. It has been the history of the Mennonite people to move from one country to another in search of freedom of conscience. They had been promised that kind of freedom in Russia by Catherine the Great and had enjoyed it for many years. In the latter part of the 1800's, however, they became nervous because czarist Russia was experiencing revolution and feeling more and more the need to arm. As a result, my ancestors looked for another place and so came to Canada over 100 years ago. I still have many distant relatives there.

In the 1920's, 25,000 more Mennonites came from Russia to settle in Canada in search of religious freedom and to escape the persecution they were experiencing from the statist Communist regime of the Soviet Union. They were not allowed that freedom of conscience that had been promised to them by the previous government. Even to this day, although the Russian constitution guarantees to them freedom of conscience and freedom of worship, they really do not enjoy that. Members of the Mennonite faith, the Pentecostal faith, the Baptist faith and many other religious denominations have to meet in secret. They have to meet in the woods or in basements. They meet at a moment's notice so that the KGB does not know when that meeting is going to take place and cannot find them. This in spite of the fact that the constitution guarantees them freedom of worship.

• (1732)

It is because of knowledge that I have that many of my far distant relatives are still suffering prosecution that I really was not very happy with the fact that Canada was signing the Helsinki agreement. As far as I was concerned, it was a charade and a farce. Having signed that agreement, I find there are opportunities to point out to that government it is not living up to the agreements on human rights and the human rights accord which they promised in that document. They are not living up to that. Just last night in one of the local churches in my community we were given a report of the very latest incidents taking place. When the so-called tourists come to the Russian border, their cars are literally torn apart in search of Bibles and New Testaments that are being smuggled into the country in some kind of clandestine fashion. It has come to the point where each tourist is allowed one copy of each kind of book. Therefore, they can bring into the country one Holy Bible and one New Testament. These are printed in Germany for the Russian people.

Many people are not allowed to have bibles in their homes. According to the law, children up to the age of 18 are not allowed to participate in religious worship. It is the attitude of the Russians that up to that time they are being brainwashed by their parents. Up to age 18 they are under the protection of the state. They are not allowed to worship freely. There are no Sunday schools; that is considered brainwashing. People there cannot understand that in our country children can freely go to church and Sunday school. They cannot believe there are stores in Canada which specialize in selling Bibles and religious books.

The Russians make a big deal of the fact that in the city of Moscow there is a very large Baptist church in which leading religious leaders are invited to speak and do speak there. The common experience when people from the United States and Canada speak there is that the Christians there are inexpressibly hungry for the kind of preaching that is presented to them on those days.

While the large cities have large churches, when you leave the metropolitan areas and go to the villages and hamlets you find there are no churches, or at least very few. The people are being hunted out and punished for having religious convictions. I think of the case of Mr. Georg Vins, a Baptist preacher in that country. There are many well documented rumours that he is being poisoned while in prison.

His son is following in his footsteps and is now a Baptist preacher. He was recently fired from his job; he cannot

maintain employment because he is a Baptist preacher. Because he is now unemployed, he is considered a vagabond and therefore punished and fined for not having a job. It is the catch 22 situation in Russia. You cannot propagate or express your faith. If you do, you lose your job. If you lose your job, you are punished even more for being a burden to the state.

In addition to the children, those who suffer most are the people on pension. These people earned a pension during their hard-working years. If they are found and convicted of participating in religious worship, they are fined 50 per cent of their pension. This is in a country that has signed the Helsinki agreement and supposedly is allowing for free access to scriptures. I think of the experience of a man called Brother Andrew. He has been dubbed "God's smuggler". He has made it his mission in life to smuggle bibles into that country. If the Russians allow freedom of worship, how can one man make it his mission in life to smuggle Bibles into that country? How can that be if there is free access to the scriptures?

The Mennonite Central Committee formed a delegation two years ago to meet with Russian officials. They asked to be allowed to import 10,000 Bibles into Russia. Some time later they were given permission to import 10,000 hymn books. That is something, I am glad for that, but it is strange that the request was sidetracked in that way.

The Russian government has adopted a means of isolating believing Christians by using the term unorganized or unrecognized churches. That is their euphemism for labelling or dealing with people whom they consider to be dissidents because they want to worship God in the way they have chosen as a result of the commitment they have made to the person of Jesus Christ.

Two years from now we will have the Olympics in the city of Moscow. I am sure it will be an extravaganza par excellence. The government of the U.S.S.R. will want to have thousands of tourists present on those days to see the Olympics and the accomplishments they have made in a material sense. Tourists will come from around the world to see the Olympics and other parts of their country. I wonder what it will be like for tourists who want to bring more than one Bible into the country. How much will they be frisked? How much freedom will they be given to travel around that country and visit their fellow Christians, their brothers and sisters? Will they be allowed free access to little groups who worship around the country or will they be hassled and harassed as they come to the border? If they have ten, 20 or 30 bibles, will they be confiscated?

I speak on this motion because I am concerned for those of my brothers and sisters in Russia who do not have the freedoms that we enjoy here. They hunger for the kind of fellowship that ought to be theirs and was promised to them under the constitution that was passed by their government.

I commend the hon. member for Fraser Valley West for bringing this issue before us and the hon. member for Davenport (Mr. Caccia) for updating it and pointing out that we will have another day of scrutiny in 1980. After the 1980 Olympics, we will have an opportunity to examine the record established by the government of the U.S.S.R. in relation to all of the countries that are signatories to the Helsinki agreement. I urge hon. members to make it a personal responsibility to examine what is going on in that country in relation to Christian and Jewish believers in particular, who are suffering for their faith. I urge them to do their own research and at the 1980 conference in Madrid bring the question before the Russian delegation to make sure they give a proper accounting of their mandate to live up to the Helsinki agreement.

● (1742)

I should like to close by referring to one of the resolutions presented at the Twelfth Ukrainian Congress held in Winnipeg in October, 1977. It points out that the U.S.S.R. forbids the Ukrainian clergy and lay people from sending bibles and other religious publications to their co-religionists in the Ukraine either by mail or by personal delivery, and concludes by expressing the desire that there should be freedom of worship and freedom of access to the scriptures.

Mr. J. Larry Condon (Middlesex-London-Lambton): Mr. Speaker, I should like to compliment the hon. member for Fraser Valley West (Mr. Wenman). The issue he raises is one of great concern to us in Canada; it comes sharply into focus when we hear from other parts of the world about limitations upon human freedom which, fortunately, are outside our own experience.

The motion before us, in effect, seeks guarantees from the government of the U.S.S.R. through the forum of the Conference on Security and Co-operation in Europe that bibles and religious publications will be able to enter the Soviet Union without hindrance. In view of reports received about difficulties experienced by some who have tried to take or send such material into the Soviet Union, the objective of the motion is certainly understandable and deserves our sympathy. Indeed, it is completely consistent with the basic aims of the Helsinki Final Act.

That document, among other things, tries to promote freedom of religion and the freer flow of information and ideas. The Final Act, however, is not an agreement in the sense of an international treaty with legally binding obligations which, if not adhered to, may be considered as violated. It is simply a declaration of intentions or guidelines for future action by governments. There are no deadlines by which it must be implemented nor any hard and fast rules on how it is to be implemented. It is by its very nature a long-term process and one should be under no illusions about the obstacles that lie in the way of its full implementation. We cannot, in other words, insist that the U.S.S.R. give the kind of guarantees the motion before us suggests.

Having said that, I have to add that human rights are a matter of concern to Canadians, particularly freedom of conscience and belief which are fundamental rights. Where these are not permitted to exist or are hindered, it is difficult to see how the process of increasing confidence and overcoming mistrust which are at the heart of détente can be promoted. Whether certain governments like it or not, therefore, human

rights and humanitarian issues will continue to feature prominently in East-West relations and will be the means by which the vast majority of the public will gauge the sincerity of undertakings within the CSCE context. This makes it all the more important for governments to move in the direction of better respect for human rights and humanitarian co-operation and to be seen to be doing so. This is most important, in my opinion. It is not just a case of being seen to be doing so, because as was once said you can con the people some of the time but not all the time, and the rest of the world is watching.

Unfortunately, there is a tendency on the part of some governments of Eastern Europe to dismiss the importance of what the public in the west thinks. That is a serious mistake on their part and we have to find ways of impressing that point on them. Those members of the House who were able to participate in the Belgrade meeting of the CSCE had perhaps one of the best opportunities of doing so. Certainly the Canadian delegation made the point repeatedly about the importance of living up to the undertakings in the Final Act: otherwise, there was a real danger of public skepticism about the value of the CSCE process and even about détente itself.

We did not get agreement on the various human rights and humanitarian proposals Canada and other western countries put forward at Belgrade and the concluding document that emerged fell far short of what we hoped at the beginning it might be possible to achieve. In fact, the document was no more than it was primarily because the reality of the situation at Belgrade was that the Soviet Union and its friends were not ready to see any forward movement on the vital questions of human rights and humanitarian co-operation and the western delegations refused to agree to an unbalanced document that did not take into account their concerns on these issues.

As the Belgrade meeting is over, the question we have to address ourselves to is what we can do to encourage the kind of progress sought in the motion before us between now and Madrid when the 35 CSCE participants will meet again.

Mr. Paproski: Let the motion pass.

Mr. Condon: We cannot simply carry on as though all our problems were resolved at Belgrade and the slate had been wiped clean. The Eastern European governments have to understand that the questions we regard as urgent have to be taken seriously and that their unwillingness to do so cannot fail to have an effect on our dealings with them. We as members of parliament have just as much a role to play in bringing about an understanding of this point during our encounters with Eastern European officials and parliamentarians at international meetings and during visits.

This is an issue about which all of us are most concerned. Again I congratulate the hon. member for Fraser Valley West whose comments I appreciate.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I rise to contribute to this debate because I believe firmly in the thrust of the position advocated by the hon. member for Fraser Valley West (Mr. Wenman). However, I am bound to take exception to one aspect of the presentation of the hon. member for Surrey-White Rock (Mr. Friesen). It is important that we use terms accurately in this debate. He used the word "Russia" throughout and I think it is very important that we should understand that this is not a problem with Russia as such but with the Soviet Union.

Mr. Friesen: I used that expression, true.

Mr. MacGuigan: I have no doubt. But this is a point well worth making. There are many important nations within the Soviet Union from the point of view of national origin. Our issue is not with those nations but with the Soviet Union and its policy position.

The question of the importation of bibles and other religious materials into the Soviet Union is directly linked to that of religious freedom. As such, it falls squarely into the Agreement on Security and Co-operation in Europe, the Helsinki accord, as it is called. Basket one contains provision for this very type of thing. In accordance with the seventh principle, the participating states undertake to respect human rights and fundamental freedoms, including freedom of thought, conscience, religion or belief. It may also be said to fall into basket three, which pertains more directly to human rights and relates to such things as humanitarian principles involving the freer movement of people, ideas and information.

● (1752)

However, even beyond that, the Soviet Union's own constitution guarantees for its citizens the right to observe any religion they choose. The problem is that the actual practice of religion in the Soviet Union is much more difficult. Opposed to the theoretical freedom of religion are the practices and ideals of communism. The Soviet Union officially espouses atheism and, as a result, ensures that atheism is taught to all children in the Soviet Union.

To counter the effect of religion, obstacles are placed in the way of its practice. The most important are the banning of public proselytizing and strict limitations on the teaching of religion to children under the age of 18. Religion is also interfered with by the strict controls that are kept on the churches and their priests and by the limitations which are placed on the availability of religious materials.

While bibles are printed in the Soviet Union, they are printed in numbers that are woefully inadequate for the need. In order to prevent proliferation of such material from other sources, a ban is placed on the importation of such materials as well. This ban takes the form of customs regulations. Tourists and visitors to the Soviet Union are allowed to bring with them religious material for their personal use only.

Freedom of religion is one of the issues which clearly separates east and west. Canada, as part of its contribution to the east-west dialogue, has always insisted that basic freedoms such as that of religion must be fully respected if relations not only between Canada and the U.S.S.R. but also between east and west generally are to progress. Canada has pointed out that people here care about issues such as this. They care that

people of whatever faith in the Soviet Union are not able to obtain the materials which are necessary for the free practice of their religion.

Mr. Wenman: Sit down.

Mr. MacGuigan: I do not understand clearly the words the hon. member opposite is saying, but I believe he is probably not aware of the fact that this resolution could not be passed by the House in its present form. I recognize that when the hon. member introduced this resolution this matter was before the conference, but there is no way now that we can pass a resolution in this House which says that we should do something at a conference which is already over.

Mr. Wenman: Amend the resolution.

Mr. MacGuigan: Great as are the powers of this government and its good intentions, even it cannot undo what has already been done.

The Soviet Union has replied and will undoubtedly continue to reply—unfortunately—that freedom of religion exists in the Soviet Union, that what limitations there are and what apparent hindrances exist are not real impediments and are in any case matters of purely internal Soviet concern. The Soviet Union has been very firm in stating that it will not tolerate interference in its affairs and has indicated clearly that it will resist outside pressures which it feels are intended not to meet human rights purposes but to undermine the strength of Soviet Union control. In practice, however, the Soviet Union normally sees all pressure of this kind as directed toward weakening its control and seems unable to distinguish a category of outside pressure which would be seen by others as directed only at human rights.

Détente in terms of east-west relations is an important process for both sides. As such, we must all work to further it, but this can be done only if there is an increased understanding between the people of the east and the west. Such improved understanding is possible only if both sides can accept fully that basic human rights must be respected. In the present circumstances respect for human rights is the main yardstick people in the west use for measuring progress in détente.

Mr. Friesen: Mr. Speaker, I wonder if the hon. member would entertain a question.

Mr. MacGuigan: Certainly, Mr. Speaker.

Mr. Friesen: It is the intention of the hon. member to talk this resolution out anyway. The hon. member says he believes in détente and that getting to understanding each other better is an important experience which we must go through. I wonder if the hon. member feels the same way with regard to South Africa.

Mr. MacGuigan: Mr. Speaker, the problem we have with South Africa is different from the problem we have with the Soviet Union. However, with respect to questions of human rights there is no difference between the standard I expect from the government of South Africa and that which I expect from the Soviet Union. From my point of view, I am not very satisfied with the practice of human rights in either of those states.

Mr. Wenman: Would you accept an amendment then?

Mr. MacGuigan: It is not for me to accept or reject amendments. My purpose is to express my views on this important issue of the day.

The Belgrade meeting of the Conference on Security and Co-operation in Europe is over. It ended without a substantive concluding document which spelled out any progress in the human rights field. However, the meeting did take place and during it a thorough review was made of the provisions of the Helsinki Final Act which covers explicitly the issues we are discussing here. Canada made it very clear that its people expect progress in areas such as human rights, including particularly freedom of religion and the free flow of information and printed material.

I want here to express the gratitude which many people in Canada feel to the Minister of State (Multiculturalism) (Mr. Cafik) for the strong position he took on behalf of our government at the Belgrade conference. We were able to send many observers from this House who contributed to the discussions and to our understanding of the problem, but it was especially fortunate that we were able to send the Minister of State (Multiculturalism) to make the final statement for our government at the conclusion of that conference.

It is impossible for us to force the Soviet Union to make specific concessions in this area. International relations do not work that way, so it would not be possible to obtain a guarantee as such, to use the word which the motion uses. However, the Soviet Union must be made aware, and has been made aware by our minister and by our government, of the concern of the Canadian people in this matter, and it should have no doubts in the future about the intention of the Canadian people as a whole to pursue this matter further.

Freedom to import bibles and other religious materials is one specific example of an area in which progress must be made in human rights if the CSCE and détente are to be seen by the people of Canada and by the people of the world as valid processes.

Some people will raise the question of whether the whole process of Helsinki and the follow-up conference in Belgrade were worth while. I want to quote briefly from the words of the Minister of State (Multiculturalism), who said the following at Belgrade on behalf of our government and our country:

> We had hoped that Belgrade would be the occasion for all signatory governments not only to reaffirm their pledges to respect human rights, but also to act on them. We have never claimed that human rights are all there is to détente. What we have claimed and what we do claim is that, to the extent that détente rests on confidence, we cannot muster that confidence among our citizens unless it is seen to have a human dimension. Respect for human rights is part of the structure and balance of the Final Act.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but the hour provided for the consideration of

private members' business has now expired. I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

PETROLEUM ADMINISTRATION ACT

MEASURE TO AUTHORIZE IMPOSITION OF LEVY ON DOMESTIC PETROLEUM AND IMPORTS

The House resumed consideration of the motion of Mr. Gillespie that Bill C-19, to amend the Petroleum Administration Act and the Energy Supplies Emergency Act, be read the third time and do pass.

The Acting Speaker (Mr. Turner): At five o'clock the hon. member for Bellechasse (Mr. Lambert) had the floor.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, when the debate was suspended at five o'clock this afternoon, I was summarizing the remarks I had occasion to make when a committee of the House visited the Northwest Territories, the Yukon and also Alaska, on the American side, up to Prudhoe Bay. I was filled with wonder at the sight of those vast territories being explored by the oil companies, national or multinational; they act like little sisters, over there, exactly as if they were the Dionne quintuplets. We all remember the Dionne quintuplets, all in the same cradle. Over there, the companies act the same way. I have nothing against that! As long as we do research that is beneficial to all Canadians. But having done the research, they should not agree to put off the development of the large oil resources existing in those regions and worry Canadians by saying: "Well, we may run out of this source of energy in five, or maybe ten years." I am against creating all this concern among Canadians and the fact that they accept to pay higher prices because in my opinion there is something desperately wrong if there is enough oil at $1 a gallon but no longer enough at 70 cents. I quite agree that companies involved in research should reap benefits so they can pay dividends to their shareholders, because I do prefer financially sound companies to those which are on the verge of bankruptcy. But there should be a happy medium between these two extremes.

[Mr. Deputy Speaker.]

Then again I had the opportunity to visit the preliminary operations related to the Alberta tar sands. I understand this type of operation is more costly than well drilling, but when you sink a well you expect to get some oil out of it. I understand all this. Last week, during the debate on the budget, some hon. members are reported to have mentioned the government proposals on tax reductions, especially as regards the sale tax, and it has been said Alberta does not have much to say in that regard because it does not have any tax on retail sales. It makes me very happy. If in the last 35 or 40 years the government of Alberta has been wise enough to use its natural resources to finance its operations and contribute to the expenses of the province, whether under Social Credit government headed by Aberhart, or Manning or under the present premier, I am pleased that they use their natural resources for the benefit of taxpayers to finance the public sector of the province.

I wish all provinces endowed with plenty of natural resources would do the same, be it forestry or hydroelectric wealth like in my province, for instance. Those resources ought to be used for the benefit of the people to relieve them from their tax burden. I entirely agree with that. But, Mr. Speaker, this is not the issue. The object of Bill C-19 is to maintain our national price at the world price level. And we must take the necessary means for that. We should not fall into the trap. We see some far east countries relying entirely on this and succeeding in blackmailing many nations throughout the world just because they have tremendous reserves. Good for them, but if you want to maintain peace and avoid what I can foresee, an armed conflict, we must negotiate with them. We must conclude agreements with those countries but we should not produce every day millions of barrels of oil and send them to the other side of the border with the idea that we must share our resources with our neighbours. I have nothing against it but we should not share with our neighbours at the expense of our own children, at the expense of Canadians. In that respect I invite our government to be extremely careful as Canadians are more aware of the situation than they think. They are watching the production of Canadian oil more closely than we think and it is a matter that concers them a lot.

Although I am not an expert, I do not accept the fact that we frighten Canadians by telling them in four, five or six years we shall have an oil shortage. If those predictions are right they have been made by people who are much smarter than us we are and who have been able to explore the subsoil, and if they are so smart we should hire them immediately to try to implement a more intensive research program on solar energy. This is something I trust because nobody can harness solar energy at the expense of others. It is a matter of finding ways to use this energy, of being able to store it for the months when the intensity of the sun is not so high. We are not in Africa but in Canada. If those scholars were able to discover the possibility of exploring underground for oil resources, it would be all to

the good if we could use the same persons to channel solar energy.

Mr. Speaker, I would not like my words to be interpreted as those of a waster, far from it. I have been using oil, gas and kerosene for a long time. We used to buy it 30 or 40 years ago at 25 cents a gallon. I bought some about two weeks ago at $4.50 a gallon. It is far from being the same price. The container has changed, it has been coloured, some odour has been added to it so that it does not smell oil so much, and they find a way to sell it to us at $4.50 a gallon.

Furthermore, I would add that I favour the energy conservation program. Last weekend, Mr. Speaker, I made a personal experience when I left the House at five o'clock like many of my colleagues. I got my bags ready and then left by car for my riding which is some 300 miles away. While driving I paid attention to the traffic regulations and to my great surprise, when I reached the station where I usually fill up my tank, I noticed that my car had consumed two gallons of gasoline less than usual. That was a personal experience.

I favour such action and measures should be taken to try saving these resources while carrying out all our daily business and doing our work in a normal fashion. Yet between that and pushing the panic button, thereby allowing prices to be considerably increased by those who have the monopoly on the exploitation of these natural resources, there is a world of difference. I would like the government, through its ministers, to keep its eyes open on that situation so that the public can take us seriously. Canadians are urged to insulate their homes properly. I support this program because it is quite sensible. I have never believed that a father, even if he is a millionaire, should encourage his children to waste. I have never believed that myself. I think that a millionaire is most able to give wise advice to his children so that they can better manage their own affairs. Someone who does not own anything cannot ask his children to save anything, because they have nothing to save, nothing to safeguard. The affluent people are those who are in the best position to try to invite others to do something so that altogether in Canada we may make better use of our natural riches, even electricity. When we are 20 miles from Montreal, I look at the street lights on each side of the Trans-Canada highway and by God, they are all turned on even in bright daylight. We are told to save electricity, to be careful, to turn lights off when there is no need for them, yet the government does not even set the good example.

Mr. Speaker, how many buildings, even those occupied by the federal and provincial governments are lighted all day long, all night long, thereby wasting energy. Yet that good example should be given, Mr. Speaker, and it is—

Mr. Marceau: Sometimes it costs less that way.

Mr. Lambert (Bellechasse): My colleague, the member for Lapointe (Mr. Marceau), says that sometimes it costs less to leave the lights on! Perhaps it is cheaper, so let us leave our engines running.

An hon. Member: It depends.

Mr. Lambert (Bellechasse): Yes, it depends. So I think that consuming uselessly is spending. I am convinced that the hon. member for Lapointe made a very serious reflection. Quite possibly what he said could be true in certain cases but in any event one has to be able to distinguish. One must also distinguish in the use of our natural resources.

In any case I do not want to delay unduly the passage of Bill C-19. I merely wanted to make a few remarks at this stage to further urge the government to be careful vis-à-vis those who have the possibility of doing research work. They are given tax benefits. They are given benefits to allow them to be able to do more. But they should not laugh at people either. At the end of the year we should not hear about shocking profits and hidden profits on which no taxes are paid. It is important to keep our eyes open and really see how the wealth of the people is being administered because natural resources are a common good. We agree that this common good should be exploited, that it should be put at the service of the people as a whole and that funds should be voted to go further ahead, but only after it is found that they are not hiding the truth away from us so the people will be filled with hope and will co-operate in an intelligent and well-informed manner instead of being distrustful. That is the whole difference. And when you have people who co-operate with government because they are well enlighted I think that makes running things a lot easier and all people can finally benefit from it.

• (2012)

[*English*]

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, Bill C-19 is a bill we have to put through for a very simple and obvious reason: we need access to the oil sands of Alberta to guarantee that we will have sufficient of the so-called traditional types of oil to keep our industrial machine operating. I do not like this Petroleum Administration Act, as the debates of several years ago will testify, because it is a major infringement of the rights of the provinces to control their own resources. I will not speak on that subject tonight; we had a go at that several years ago.

Tonight I should like to refer to the practical problem which this particular bill brings to mind, and I want to put forward a positive suggestion on how to cope with that problem. Bill C-19 is using the powers of the Petroleum Administration Act to control prices. That is a movement toward restriction, under the powers of trade of the government, in the economic affairs of this nation. Not only is it an infringement of the principal rights of ownership over the resources as laid down in 1867 in the original British North America Act, but it was also made abundantly clear in the amendments to the British North America Act in 1930 and 1931.

● (2022)

One thing I should like to make very clear as a starting point is that the cost of producing oil in Canada has set the world price. We have the mistaken notion, as has been evidenced this afternoon, that the price is set in the world by OPEC nations. The OPEC nations base their economic philosophy and the price level at which they set their oil on two factors. The first factor is that they calculate the cost of producing oil from the oil sands in Canada as the major guide. They know the tremendous resources of this country's oil sands are greater than all their resources, and they know that if we cannot find a cheaper way of producing oil than the way we now use that should be assumed as the foundation of the oil price for the next fifty to one hundred years. The second factor they use, or are trying to use because they have not been successful as yet, is an indexing of oil prices based on the average cost on world markets of the goods they have to consume.

Let me emphasize the fact that when we debate this bill we should remember it is concerned primarily with getting Canadian oil costs up to world levels and the subsidization of the efforts of oil companies to produce oil from the oil sands. It is with that background that I make these remarks. I am very pleased to note that the minister is here tonight. Some two weeks ago I asked him whether he was aware of the proposal I made to Mr. Turner when he was in the House and was minister of finance in an effort to get across to the government the idea that the financing of these oil sands developments was of paramount importance. Tonight I am going to take advantage of the offer of the minister to accept a description of this proposal in some detail.

I have discussed this matter with the premiers of the provinces and with the heads of several of the large oil companies in the world, and I will send the proposal to him so that he may once again put it before his officials for their assessment. When he does I am certain he will find out, as did Mr. Turner, that it is a good idea; it is a good idea; it is sound, and one cannot shoot it down on the basis of economic impracticality.

The only answer the minister was able to give me several years ago when I put this proposal to him, at a time when we were first discussing oil sands financing, was that private companies did not use this method of financing. That remark by the minister was very true then, but that does not mean that we as a parliament should stand by and watch such poor financing being used in respect of a product so vital to the economic health of this and every other nation of the world.

I will start out on this explanation by using a simple analogy. It is based on the true fact that the biggest cost in any capital intensive entreprise is the interest cost. The cost of interest is hard to visualize when you look at cash flow based on discounted cash such as businesses use. However, put in terms of purchasing a home I think it is understandable to us all. These are round roughly worked out on a calculator, but they are accurate to within a decimal point. If a young person takes out a $50,000 mortgage on a home today for 30 years at a rate of interest of 12 per cent per annum, before the mortgage is paid off that home costs that young person, over the 30 year period, $202,000. This means that the total cost of the home, which takes the greater part of that young person's life to pay for, is over 75 per cent interest. We can all understand and visualize that, and the same situation applies to any capital intensive enterprise.

In the case of the oil sands the percentage is the same. Using the figures I used some years ago, which turned out to be very accurate, I calculate that under the present method of financing the Syncrude plant being built now in Alberta it will cost the company about $11 to produce one barrel of oil, and of that $11 over $8 is interest.

When you realize the immensity of the interest charged you can visualize the tremendous load on a company trying to finance such a development and refinery and get into production. When you realize the next step, Mr. Speaker, you will know it is also a load on the consumer in Canada. This represents a load on all people whether or not they use oil, because we are being asked to subsidize through the treasury in terms of this bill this very type of construction in the oil sands.

When I put this proposal forward now I want the House to understand it has been shown to every premier in this country and to the heads of nearly all the big oil companies interested in this type of development. It has also been mentioned and described before in this House. If it is as sound as I claim it to be, I hope it will be tried on for size by the various consortiums being developed or pulled together to develop our oil sands.

Fundamentally, this proposal is based on the principle of economics that when you are faced with high capital costs, in addition to which interest rates are high, the trick is to find some way to obtain a fast payout. This principle was accepted many years ago in Canada by this parliament in relation to the three year tax hold off in mining. If you go back over mining history in Canada, Mr. Speaker, you will note that as long as we had that three year tax free period for the company that invested its money in this very great risk enterprise—that is, a three year period in which they could pay off their capital before being subject to federal tax—the mining industry was healthy and growing. We took that three year period off some seven years ago and our mining industry in Canada is now just as unhealthy as it is in the United States, because the tax laws are competitive. Our tax laws now in respect of mines—and this could just as well be applied to oil and gas and other things—are ruinously heavy, with the result that we are not getting the mining development we should have at this time.

I know the fault lies with both provincial and federal governments. For years the federal government tried to get the provinces to tax their mining industries a little harder. All of a sudden, with rising mineral and metal prices in 1973, almost all the western provinces jumped in and increased their taxes three or four times. That is when the mining industry went into the slump in which it is still today.

The crime of the provinces being too greedy was compounded by the federal budget of 1974 under Mr. Turner. The government refused to accept provincial royalties and taxes,

now much greater, as deductible under federal legislation. So, in effect, we had double taxation of a mining industry and the tax liability jumped up to 60, 70, 80 and in some cases over 100 per cent. That is why many mines with ore left to be mined had to go out of business over the last number of years. In the House I have been trying by questions and by speeches to get the provinces and the federal government to sit down and get rid of this problem. I know the minister is aware of it, and I think he is trying to get a consensus among the provinces; but the fact is that we have had this double taxation on the mines for over four years now.

● (2032)

Now, what is the proposal? The answer, if you are up against this high interest charge, is to have some form of fast payout, and the trick is very simple and old fashioned. You simply agree under contractual arrangement that there will be no dividends to the shareholders, no royalties to the provincial government, and no taxes either to provincial or federal governments, as long as all the revenue from that particular project—in this case the oil sands plant—is devoted to paying off that debt.

In the calculations that I did some three or four years ago the cost of the oil sands plant was $2 billion. It is now 2½ billion. But using the figure of $2 billion, hypothetically how long would it take to pay off a debt of $2 billion? In an enterprise of this sort, backed up by the size of companies that will be in this type of operation, and backed up by governments who are interested in getting this development, one can safely assume an interest rate of 10 per cent. It can also be assumed that operating costs to produce a barrel of oil will not be much different from what they were three years ago. At that time the operating cost per barrel was about $1.50. Even if you assume it is $2 a barrel, if the oil brings in $12 a barrel—and that is a very conservative figure—your net per barrel after operating costs is $10. That is a net operating profit. Under the present system of financing it has to go through a long spread-out payout period, and that is how you get the cost up to $11 or $12 a barrel.

However, if that particular operation was broken down into a leverage factor of about one to three—say, $500 million in equity and $1,500 million in senior bonds—you would have a situation if you applied the old rule of a fast payout where you could pay off that debt in four years and four months. The timetable that I have here is reasonably close to the fact, assuming that the first three years the money is required for construction. That gives you a certain amount of debt that has been capitalized at the end of that three years. In the first year of the second stage of operation you have a big interest payment to make, and if you took the net at $10 a barrel, which is very close at the present time, and multiplied by the number of barrels per day for the number of days in the year, your net income on this assumed plan of 125,000 barrels a day would give you a net income per year of $456 million. If you applied the whole of that net $456 million to a debt which has been rising, it could be paid off completely in four years and four months.

This means that at the end of that time, instead of having a cost of $11 or $12 a barrel, you would only have an operating cost of, say, $2 a barrel. Replacement costs to build the new plants would be approximately 50 cents to a dollar, giving you $8 left over per barrel to distribute among those who had done without the taxes and the dividends.

When this matter was discussed in the standing committee on energy, mines and resources I asked the then minister, Mr. Macdonald, what he thought if we assumed a system like this one—a fair division based on the constitutional ownership of these resources belonging to the provinces, the traditional share that would go to the federal government out of profits and the amount that should go to equity to pay for the risk. I do not hold Mr. Macdonald to his statement, but it was his estimate of a fair equitable portion that I have used in these next figures. He assumed that it was fair to give 50 per cent of the net to the owner of the resources—I am speaking of profits—20 per cent of the net to the federal government, and 30 per cent to those who had taken the risk in the form of equity. In the group who took the risks would be included the private investor, the institutional investor and the governments that wanted to invest.

Working that out you find that if this proportion were followed for the 22 to 25 years that are left in the life of the field after you have paid off all the debt in the eight years—three years of construction and four and one third years of operation—you would have a very nice profit for each of the partners. The provinces with their 50 per cent would get $228 million out of each plant, the federal government's share would be $91 million per year, and the equity holder's share would be $137 million. As I said, the equity holders could be the federal government, the provincial governments, individuals and institutional investors.

If you put this down and relate it back to interest rates, and if you base it on the equity at the very beginning and compound it, it will give them roughly a 13 per cent return on their money. If you based it on the original amount they invested, it would come up to the normal amount needed in a risk enterprise of roughly 25 per cent. If the federal government was in the equity as well, they would get their share of 27 per cent return on equity investment plus their share of 20 per cent of the total. If you work this out based on a period of 30 years of life in one of these plants, you will recognize that everyone benefits.

Using this hypothetical example, the federal government would receive approximately $90 million a year. The provincial government would be the lucky one with $228 million, but they own the resources and they are being sold off. And, of course, the equity people would have enough return to balance the return that this type of money gets in other operations.

If one compares this proposal to the solution of the British government in handling the risk enterprise in the North Sea, one will see that it comes very close. In the North Sea, with little or no taxes in the first payout period and a high proportion to the government after the payout period, the government of the United Kingdom gets approximately 60 per cent of

the net value of every barrel ol oil. The private investor, government investor or equity share earns roughly 25 per cent of the total capital invested. That satisfies the risk takers that they are going to get a good return if they have a successful operation, and it also leaves a great share to the people who own it, the people of the United Kingdom. If a socialist government in Great Britain can adopt such terms and regulations, so can we in Canada.

Our own government used this philosophy last year when they announced the oil and gas regulations. If you look at the new oil and gas regulations announced in parliament, you will find that in all new discoveries of oil and/or gas in the far north under federal jurisdiction the costs are all accumulated under the parameters or boundaries, and when they are paid off a certain proportion goes to the risk taker and the balance, on a sliding scale, goes to the federal government on behalf of all of the people of Canada, who are the owners at the present time. This particular philosophy—paying off your capital debt quickly so there will be more money left over to divide among the people who have a right to it—is accepted in so far as our oil and gas regulations are concerned in the territories.

● (2042)

We put that through last year. I am suggesting here and now that it would be more statesmanlike and economically sound if the Minister of Energy, Mines and Resources, (Mr. Gillespie), with the support of the Minister of Finance (Mr. Chrétien), were to call in the companies interested in these consortiums and ask them how the proposals affect their interests and whether they would be willing to go along with them. When you are dealing with an oil sands plant you are not dealing with the risk of finding oil—you know it is there. The risk is in the tremendous cost and the difficulty of getting the oil into a form which can be used for refining. There is also the difficulty of having to go deeper and deeper for it over the years ahead.

I think the companies would respond positively. Two or three years ago I wrote letters to all of them. One replied that if the government would agree to that kind of contractual proposal they would not have any trouble getting the money. They also claimed they could bring it in at 7 per cent instead of 10 per cent because of the fast payout. These are mostly international oil companies and their primary interest is to gain access to oil for distribution purposes. They are content to give all the equity to Canadians. What is the matter with equity for Canadians, Mr. Speaker, if under contractual arrangements they are pretty well guaranteed a 25 per cent return? Certainly there will be a period of eight or nine years when there is no return, but as compensation for that delay the going rate is about 25 per cent.

I said the world price of oil was not set by OPEC but by the cost of producing oil from the oil sands of Canada. These are not my words, Mr. Speaker. These are the words of the men who drafted the OPEC agreement. Dr. Zuhayr Mikdie has been in Canada many times and knows more about the cost of developing these things in Canada than many Canadians do.

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

He is one of the men who brought the oil companies together first in APEC and then in OPEC and he has written two definitive books on OPEC. According to him, they are going to continue to watch the costs we incur in the development of oil from the oil sands. We must not let these costs get out of hand because of lack of research and new technology, or lack of nerve to use new technologies—because some do require some nerve—or through the old fashioned technique of financing that we have followed for the last 50 years on the North American continent. Naturally they know what that price will be. If we can get our costs down we will still sell oil to consumers at world price, but we will know the profit is going to the people of Canada. That is the point I am trying to finish off with.

This is not a kooky proposal, it is sound in every way. I have tried it out on the best minds I can find in the business world as well as in the more theoretical areas of finance, and there is agreement. The federal government is going to get nothing at all out of Syncrude because, as this bill indicates, there will be no profit. Through this proposal, however, the federal government has the possibility of about $90 million each year for the next 25 years. The province of Alberta will be the big winner because they own the resource. It is their capital that is being sold off, so why should they not be the winners? Those people who take the risk, whether private companies, provincial governments or big institutional investors, want access to the resource and they will get a return as good as they could get any place else in the world.

I remind hon. members again and again that, for the safety of this country and in order to secure our supply of oil, we must build one of these capital intensive enterprises every three years to keep up with the growing demand for oil. If we can shift home heating and much of the industrial heating into renewable resources, economically it will be of great benefit. This must be done by individuals, however, which makes things difficult because individuals must be persuaded to spend capital on the equipment necessary to get access to cheaper renewable resources. In effect, what they are doing is replacing with one capital payment now a lifetime supply of free solar energy through the technology we already have. I am not referring to direct heating from the sun but to the stuff that is in the economic ballpark now. We have the economic capacity, the research facilities and the technology to heat all our homes, businesses, and high rise buildings a lot cheaper than at present. This would relieve the pressure on oil. In spite of this, however, a new oil sands plant will be needed every three years to keep up with the market demand.

It is therefore a matter of national security, when this bill goes through, that we make sure the government know that if they want to be competitive and keep the world price from rising they must assume the responsibility. It will not be difficult to persuade business that this type of structure is a good idea. The difficulty would be to persuade someone to take the lead, and the obvious person to do that would be the Minister of Energy, Mines and Resources.

This whole petroleum administration bill is an evil bill, I think, in our type of federal structure. It gives all this power to the federal government. I simply suggest that the minister take the opportunity to use it for the good of Canada in keeping prices down.

I feel that what I have just said has made sense to most people in the House. I should like to see the same theory applied to every type of capital intensive enterprise that we undertake in Canada over the next few decades. The Minister of Finance and the government are held condemned and found guilty of letting our costs rise. We use the phrase "inflation" to describe it. One of the biggest factors in the cost rise of the last ten years has been the consistent rise in interest rates. If they follow a policy like the one I have proposed here—not just with one capital enterprise but with several and all new ones—it will mean that instead of paying out this money over a 20-year period, it will be paid out over a four or five-year period. In effect, the same amount of capital would be used four or five times over a 20-year period, which is the same as increasing the amount of capital stock four or five times.

Whether we deal with building an oil sands plant or building a home in Canada, the responsibility falls on the Minister of Finance. He can check inflation by calling for restraint. Price and wage controls are inflationary, but if he can make capital flow and use the velocity of repayment of capital, that would reduce interest rates which are one of the basic causes of inflation. Costs of government, land costs around cities, costs of labour-management computation techniques and the use of money supply are all cost factors and can be controlled. This government, however, has made no move to get at those five basic causes of inflation.

For ten years costs have been rising and for ten years the government has refused to take a single positive step—except for this silly business of rhyming off the Philips curve, which has been proved false by quantitative analysis. This proposal, Mr. Speaker, would not only get capital flowing faster but would bring more revenue to governments, which would reduce taxes and costs. It puts more people to work. You can have both unemployment and inflation at the same time, and a pox on all this drivel about the Philips curve.

● (2052)

The legislation and actions we need today are to fight inflation and unemployment at the same time, and they go the opposite way to this nonsense we have had to endure for the last 30 years from financial advisers, that if you help or fight inflation you are hurting employment, or vice versa. That nonsense is proved false by every test of quantitative analysis. Let's throw it out.

Here we have a glorious opportunity for the minister to take the lead. When he gets this bill through, he does not have to change the terms. He can still sit down with his particular consortium under Syncrude and put it before them. Make them explain to him why it is not a good idea. It is not too late because they are not yet into production.

When the new consortium comes forward with their proposal, it should be put before them as well. Put the arm on to Alberta and they will see that they will be the big gainers. With the province and the federal government talking to business face to face about how all of them are going to make more money, we cannot help but get a better deal, not only for the companies, the province and the federal government, but for every person in Canada. It will be the best brake the whole world has on keeping oil prices down over the next few decades.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I would like to say a few words about this bill because the energy policy of this government is certainly a tremendous monument to its incompetence. One would think one could look at some aspect of this government's record and feel that one might be able to give it a bit of praise. However, I have been in this House week after week and I have not come across one aspect of this government's record yet, except spending money, which I could give any praise. Their energy policy has been bankrupt both in thought and in action or rather inaction.

This Bill C-19 should be A-19, abysmal 19. Apparently it is a bill to permit the government to carry out their commitment to Syncrude so that Syncrude will receive the world price for its oil products, synthetic oil, when it comes on stream. Syncrude, as hon. members know, is a company owned by the government of Canada, the government of Ontario and the government of Alberta, now engaged in building our second tar sands oil plant in Alberta. This bill is to carry out a commitment that was made to Syncrude some years ago to assure them that they will get at least the world price for oil.

I probably would not have spoken on this bill except that the minister, as he is wont to do, made a number of fatuous and inaccurate statements in the House several days ago. I was going to bring this up in another speech in the House, but now I have the opportunity to bring it up while this bill is before the House. We look at the minister's statements, a repetition in the House of his disgraceful performance at the first ministers' conference, the first ministers' "con game" in so far as the contribution of the federal government is concerned. The minister stated in this House, as reported on page 4486 of *Hansard* of April 13, and I quote:

> I believe we have made a lot of progress on the second thrust of our energy strategy, which would use every indigenous source of energy to replace foreign oil imports.

Where is the progress? What progress has been made? This bill only makes it possible for the government to carry out its commitment to Syncrude, to start construction of their plant three years ago, in 1974 or 1975. He said:

> —we have made a lot of progress on the second thrust of our energy strategy, which would use every indigenous source of energy to replace foreign oil imports.

Where is this happening? Just this year, Mr. Speaker, net imports into Canada will be in excess of 400,000 barrels of oil a day. How do you like that for its effect on our balance of payments? Twenty-three per cent of our total oil consumption in Canada this year is going to be imported. Where is this fantastic progress under the second thrust of our energy

strategy? Where are all these indigenous sources of energy that are replacing the foreign oil imports? Where is the third tar sands plant we have been waiting for now for two years? Shell has been actively interested in it and trying to put it forward for at least a year or two years.

Mr. Paproski: Five years.

Mr. Crosbie: Some more knowledgeable member says five years. Where is that project? What has happened to that? This great policy of the government is a policy that now has us importing net 23 per cent of all the oil consumed in Canada this year. This is going to rise to about one third of all our oil consumption in Canada by 1985, and even higher beyond that, because it is now too late. It does not matter what actions are taken now. The lead time is so long for these projects that we will be in worse shape after 1985 than those figures indicate.

Major energy projects such as trunk pipelines, development of oil sands plants or heavy oil plants and the like require about ten years' lead time for their completion. Where is the minister's sense of urgency? All we hear from him in this House is a lot of gas about what the government has done and is going to do, but nothing of substance has been produced to show that anything has been accomplished.

The minister appeared before the committee last year. I asked him about the third tar sands proposal. He gave me his usual flip reply, that this matter was moving on, that it was all Alberta's fault that it was not going forward. In *Hansard* several days ago he got out the same nonsense again. Just to finish the quotation on page 4486 the minister said:

I believe we have been able to do it because we have been able to work out with the provinces a co-operative approach to the development of our massive energy resources.

What a sick joke. Where is the co-operative approach he has worked out with the provinces? All he has attempted to do is bully the provinces into falling into line with what he wants. There has been co-operative approach. All the minister has done is to go before the Canadian people in February at the first ministers' con game conference with his pointer and a blackboard with an alleged 40 great projects that he said would create one million jobs. The minister knew there were one million unemployed, so he got up with his pointer to pretend that he had 40 huge energy projects which would provide one million jobs to give the people of Canada watching the inference that the government was going to produce in the next few months a million jobs and 40 huge energy projects. He did not want to explain it would cost $80 million and it all had to be done over 25 years, if it was going to be done.

The patent dishonesty of this approach, the skullduggery of it, would make one throw up if one had not developed a hard constitution as a result of listening to this crew for the last 18 months. I sympathize with members who have had to listen to them for the last four years, put with any luck we won't have to listen to them after the next election. Anybody who wants to speak can get up and speak, including the "honourable Simma"—she should be honourable—from Vancouver-Kingsway (Mrs. Holt).

[Mr. Crosbie.]

The Acting Speaker (Mr. Turner): Would the hon. member please address the hon. member by her constituency and not by her name.

Mr. Crosbie: Yes, Mr. Speaker. I refer to the hon. member for Vancouver-Kingsway. I have in my hand the evidence of the minister's patent malarkey. He tabled it at the federal-provincial ministers' conference, February 13 to 15. I have a list of the projects the minister tried to pretend to the Canadian people were just about to go ahead. This marvelous minister, this super minister, would create one million jobs.

I look at No. 15, Kitimat oil port and pipeline. Do you know, Mr. Speaker, that the next week the minister announced that that was kiboshed, that it was cancelled? One week he is up telling the Canadian people over television that this is going to create a number of jobs. I can give the figures later about the number of jobs. A week later the Canadian government announced they had cancelled it. We do not need an oil port for importing oil on the west coast of Canada, yet here it is listed so that the Canadian people will think it is going ahead.

Project No. 19(a) was Oil Sands III. It just staggers the imagination. The minister had the audacity to get up in February and say to the Canadian people that Oil Sands III was going ahead and that it would create jobs. Let us look it up and see just how many jobs the minister created at Oil Sands III. By golly, he created 20,000 jobs. Well, I want to know where the 20,000 jobs are. And the Canadian people will want to know that if this bill passes through the House. The minister estimated it to be a $3 billion project—the annual number of jobs for operating the plant would be 3,200, the construction total of man-years would be 20,000. But what we want to know, Mr. Speaker, is when will Shell confirm it is going ahead? It was announced by the minister in February. Will the minister admit to the House that he tried to fool the Canadian people in this disgraceful manner? The one million people are still unemployed. They were unemployed in February and they are unemployed now, because not one of these 40 projects has gone ahead.

• (2102)

The minister then had the gall to announce the expansion of the Great Canadian Oil Sands Company. Following that he announced the expansion of Syncrude. He said it was another project. The voters of Canada are not going to permit the minister to get away with this; they are not going to reward him. He also had the gall to announce the James Bay hydro development. It was started by Quebec Hydro in 1974 with not one nickel of federal government money in it. Not a nickel; not a muckle. It was pushed ahead despite the federal government, not because of it. The minister even included in his figures jobs which had been created on that project for the last three years. He included them in the total of jobs he said would be created. And in those million jobs he promised would be created he included jobs which had been filled for the last three years at James Bay. I say the minister should resign here tonight. I have never seen, in ten years in politics in Newfoundland, anything to match this. I thought our politics were a bit raw.

Our politics were a model; it was a political heaven after the chicanery I have seen up here in Ottawa.

An hon. Member: How about Come-By-Chance?

Mr. Crosbie: The minister announced the Fundy tidal power project in February and just two or three weeks ago we heard another announcement by the minister. He said he was going ahead in Nova Scotia and New Brunswick with another study on the Fundy tidal power project. The government would spend $15 million on a study which would take two or three years to complete. How can they now claim to study something which they previously announced as part of a one million job project back in February at the great first ministers' conference?

I call the minister the "bionic windbreaker" after his attempt to put this kind of thing over on the Canadian people. Something which strikes closer to home and which cut me to the quick when I discovered what lay behind it was the minister's announcement about the Gull Island transmission program to develop Gull Island power at Gull Island, Labrador and the Lower Churchill; to develop 1800 megawatts of power and transmit it to Newfoundland by a transmission line and through a tunnel into Newfoundland. That was one of the 40 projects announced by the minister. All that he announced then was that they were going to form another corporation which was to do another series of studies on the Gull Island project.

How long are the people of Canada going to tolerate this pile of hypocrisy? I have to keep my language parliamentary, but it is a fantastic struggle. How in the name of heaven can I keep my language parliamentary when I consider things like this? I am almost tempted to let go and become unparliamentary for the first time in all my experience—

Some hon. Members: Oh!

Mr. Crosbie: —I am so upset. Let us add up the jobs on just these five or six projects. The minister promised 5,000 direct jobs and 15,000 indirect jobs on the Kitimat oil pipeline project. He cancelled the project the next week. That is 5,000 unemployed. Mark that figure down—5,000 Canadian unemployed who were deceived. The people who thought they were going to get jobs out of the Kitimat oil project are not going to get them.

Tar sands III is another project the minister said would give 20,000 direct jobs and 60,000 indirect. This man is a veritable superman in job creation. We'd have to hand it to him if there were any truth to it at all. So that was another 80,000 jobs.

Then there is the Great Canadian Oil Sands expansion with 250 direct jobs and 750 indirect; Syncrude expansion, 8,000 direct jobs and 24,000 indirect. Ye gods! We have a veritable hurricane of a Minister of Energy, Mines and Resources when it comes to creating jobs on paper! But he has not created one job yet, not one which was not paper.

With respect to James Bay the minister said there were 65,000 direct jobs and 195,000 indirect. This government had nothing to do with it—not financially, and with no assistance. In fact, they tried to block, attack and crack the Quebec government at every opportunity, trying to crush it and knock it in a great example of co-operative federalism. But they don't mind stealing jobs from the Quebec government. They don't mind trying to take credit for the 65,000 direct and the 195,000 indirect jobs. They don't mind stealing from the separatists. Imagine a minister of that great government over there having something to do with the separatists, stealing credit for jobs away from the separatists, that government led by the right hon. gentleman opposite who on Friday put on a disgraceful exhibition of the cheapest kind of guttersnipe politics. It is no good shaking one's head, Mr. Speaker. I witnessed the event myself. The Prime Minister (Mr. Trudeau) suggested that because someone did not agree with him and his policies toward the province of Quebec they were separatists. He will not do that again very soon, I trust.

The hon. minister went on to list the Gull Island project, Mr. Speaker, and said that project would create 11,000 direct jobs and 33,000 indirect jobs in Newfoundland. Now, we have 35,000 unemployed in Newfoundland. It would have meant that one third of our unemployed would be going to work if there had been one iota, one scintilla of truth in it. One third of our unemployed would have been working. But there was not one scintilla, jot or tittle of truth in the minister's tergiversation—I think that's the word.

Mrs. Holt: Oh!

Mr. Crosbie: Mr. Speaker, I am sorry that the hon. member for Vancouver-Kingsway (Mrs. Holt) will not be with us next year. She has added to this House, but I won't say what.

I could go over all 40 of these projects to show just what the minister attempted to do to what he thought was a gullible Canadian public back in February. He has here the Polar Gas project, the East-Can exploration program—and Eastcan is not even exploring off the Labrador coast this year. He has included the gas swaps—

Mr. Alexander: Has he got the wheel in there?

Mr. Crosbie: He hasn't got the wheel or the horse in here, Mr. Speaker, but he has everything else. There is the Delta Beaufort gas. That one's set to go. There is the Dempster pipeline, Westcoast Transmission and then there are the gas swaps. I wonder who could swap gas with the minister? That would be some swap! He has the Quebec and Maritimes Gas pipeline, the Panarctic exploration program, Petro-Canada, conventional areas—whatever that means—heavy oil development, oil storage. What a con game! What a shell game! And the minister was playing a shell game with Shell.

We should have had that third project under way long ago. Why is it not under way? Because we have a minister who is not going to get off his duff to do anything. He is not going to move off centre plate, and centre plate for the minister is where he sits. Why do I say that? Have I any proof for that statement? Members of the House might say this is a hard thing to say about the minister. It cannot be that we have a

minister in a Canadian government who has gone to sleep right in the centre place of his importance. That is the place where he sits. All right then. I will refer to *Hansard* as my authority. As reported at page 4488 of *Hansard* for April 13 the minister said:

As hon. members will agree, the government has taken several important and very necessary steps to encourage expansion of non-conventional oil production.

We do not agree, Mr. Speaker. The government has not. But the minister went on to say:

However, the government cannot do everything.

That is right. They cannot do anything. The minister should have gone a little further. He should have said "However, the federal government cannot do anything". And in that we would have agreed with him. It certainly cannot do everything. Then the minister went on to say:

Alberta has already acted to provide heavy oil producers with alternative royalty incentives.

He said "Alberta has acted". Then we see what the minister's policy is. The minister says:

It is my hope that Alberta and Saskatchewan will announce in the very near future measures they are prepared to take so that the total fiscal regime, including income tax and royalties, will lead without doubt to commercial development of these massive oil reserves in western Canada.

The minister is waiting for somebody else to act. No wonder we are in such slack shape in Canada in energy. No wonder we are importing 400,000 barrels a day. No wonder our prospects are dim and dubious for 1985, because the minister is waiting for Alberta to act. Who is the national government? Is it Alberta or is it this government here in Ottawa? I have the impression that it is the government here in Ottawa, the national government. Alberta has to look after Albertans. The Alberta government looks after Alberta. The national government looks after the nation. Who should make the move? Who should be getting this thing going? Who should be seeing that the tar sands are developed? Alberta does not need any oil from the tar sands. They do not need any "gas" from the minister. Alberta has got enough conventional oil and conventional gas. They do not need the tar sands. They do not need the expensive stuff. It is Canada that needs it. It is Canada that needs the tar sands oil. It is Canada that needs the gas.

● (2112)

It is Canada that should be giving the incentive. Why should Alberta and Saskatchewan have to give the incentive? It is us Canadians, all of us, who need it. It is the nation. It is the national government that is responsible for not getting that project under way. It is a national disgrace. The minister's salary should be dropped to $1. The minister's salary should be withdrawn for the last five years because of the ineffectiveness of what he has done.

The minister went on further at page 4488. The member for Edmonton, our whip, asked a question, and the minister said this. I am just quoting from *Hansard*; I do not want to offend the rules.

Yes, Mr. Speaker, but we are now waiting to hear from the provincial governments as to what royalty changes they are prepared to make.

[Mr. Crosbie.]

Now, Mr. Speaker, here is Canada, you know, with the old seat out of the pants as far as oil is concerned, no longer self-sufficient, no longer self-reliant, having to import 400,000 barrels a day, a huge deficit on current account and the balance of payments. Everywhere you look, grim disaster stares us in the face. As long as we have got this government, the only ray of hope is that the election is about to come if the Prime Minister can screw up his courage and call it this week. He was afraid last week. He would not call it for the 12th. Will he screw up his courage and call it for the 19th or the 26th or the 12th? We do not care when he calls it, but call it. Or is he going to leave it until next year, or is he not going to have an election because of the big national emergency, the emergency being the disastrous state he has got the country in so that we should not have an election at all?

Now, Mr. Speaker, the minister is waiting for Alberta and Saskatchewan. The tar sands are in Alberta. The nation needs the oil, and the minister should be sitting down with Shell Canada Limited and the Alberta government and solving this tomorrow. He should have solved it a year ago, and if Alberta will go no further and the private entrepreneurs need more incentive, the minister should give it to them. That he has not should be the topic. I wish I could introduce a motion of non-confidence here tonight. I did not think of it until I got to my feet here, but the more I am talking, the more convinced I am that we must get this minister gone, gone, gone before too long.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, for a third oil sands mining plant at Athabasca, for that to go ahead, they have got to have room. They know they have got to pay taxes and royalties, but what they want is an appropriate fiscal and royalty environment that will support the risk taker, as they say, in the early years. Now, the risk taker, for those opposite who do not understand that, is the one that puts the money in and takes the risk of losing it. The government is not going to be involved in this. There is no direct involvement of government. So what they want is a kind of fiscal regime which supports them in the early years when they are taking all the risks and generates revenue for the government later when the venture generates profits. That sounds reasonable.

Here we have the Great Canadian Oil Sands, who were unlucky. They started early. They were the pioneers, and the reward they got for that was to be ignored by the government. Now we have got Syncrude that had to stop and could not go any further unless governments lashed in the money. Now we have got Shell who are going to put the money up themselves with their partners, but they want some assurance that while they are taking all the risks on this huge investment, $3 billion, in the early years, they are not going to be taxed then but will be taxed later when they are generating profits.

It is not the government of Alberta that we are waiting for to do anything, Mr. Speaker. The government of Alberta has its own problems, it has its own priorities, it has its own oil and gas. It is lucky. Theirs is under the land. Newfoundland has

been ground into the ground by the minister and his compatriots because our oil and gas is under the water first and then it is under the land. There is no difference except the H_2O is in the way, and the government has seized on to the excuse of the H_2O to screw Newfoundland into the dust. But we are not taking it because the P.C. party, when it is elected this year, Mr. Chairman, is going to reverse the government's centralizing policy, the government's "greedy guts" federalism. We are going to change that, and we are going to confirm the provinces as being the owners of the oil and gas and minerals under the continental shelf off their shores—Nova Scotia, P.E.I., New Brunswick, Newfoundland, British Columbia and some of those other provinces that have got coasts too, such as Manitoba and a few of the other provinces in western Canada. We are going to confirm that they own and control the oil and gas. We are going to stop this heavy-handed, ham-fisted brutalization of the provinces by this government.

We are going to instil co-operative federalism. We are going to do what the Prime Minister said ten years ago he was going to do before he put the jackboots of federalism on and stamped all over the provinces for ten years. Brutality gone berserk. Mr. Speaker, all that is needed is for the federal government to stop playing this con game, pretending it is up to Alberta, and put forward to Shell a fiscal regime for the federal government that will induce Shell to go and start this tar sands plant immediately.

With the figures staring us in the face, with the effect on our balance of payments, this crowd has got us now quasi bankrupt. Dare I say it? That is where they have got us. I am only saying "quasi" to cover myself and be polite. What state are we going to be in in 1985 when a third of our oil imports will come from outside Canada? And what is the price going to be? The estimates are something like $20, $25, $30 a barrel that we will have to pay, and we have not even got the time now to get a tar sands plant on by 1985 because of the hesitation of this government, because of the kinds of games it tries to play in federal-provincial relations.

Now, there is a heavy oil situation. That we are hoping is going to get under way too, but the tar sands is a better prospect or a surer prospect than just the heavy oil. Frontier oil is the same kind of game being played by the hon. minister.

The legislation, Mr. Speaker, that is before this House now is not going to do great things for Canada. It only carries out promises that were made to Syncrude several years ago. It does nothing to get the third tar sands plant under way. It does nothing to get a heavy oil plant under way. It does nothing to get the frontier gas and oil developed. It is hogwash. It is not even oil, not even seal oil. And for the minister to try the other day to blame Alberta, well, it shows a bankrupt government, Mr. Speaker, when they are always looking for some other government to blame.

What else did the minister say the other day? He said:

> I am confident that in the spirit we have been able to work out these other arrangements we will also be able to work out the new fiscal regime . . .

What spirit? We saw the kind of spirit the government has, Mr. Speaker, last week when the government kicked the province of Quebec in the teeth when the province of Quebec wanted to deal in its own way with its own sales tax. The federal government kicked them in the teeth and said "No, although it is one-third of your own money you have got to put up and two thirds of ours, we are not going to listen to what you want to do with your own sales tax". That is the kind of spirit. That is the way they are offering matters to Quebec and Alberta and the rest of the provinces. The minister said:

> I hope we will be successful in being able to produce close to one million barrels a day from the tar sand and heavy oils of western Canada by 1990.

Now, how are we, Mr. Speaker, going to meet that objective with this kind of temporizing and indecision, with this kind of inaction, with the minister sitting back waiting for Alberta? It is like that play "Waiting for Godot", or whoever he was. He never did come. Godot never did come, Mr. Speaker, and Alberta may never come; but the tar sands are still going to be there, and the Canadian people are going to need them. We cannot afford to wait for Godot, or for Gillespie either. We have got to have a government that is going to act now.

Our assistant whip said the other night, and he is quite right, that it is useless to try to persuade hon. gentlemen opposite. Mr. Speaker, why should I waste my time trying to persuade the hon. members opposite? He said we are whistling in the dark. Well, this is a government that governs in the dark. The left hand does not know what the right hand is doing. The digit finger does not know what the other finger is doing, the "indiginet" finger. Whistling in the dark is quite right.

● (2122)

Did the minister say anything else? Yes, he did. Imagine, after making those silly statements, he went on to make more. He was asked a question by one of the hon. members from Calgary, I do not remember his riding, about when Canadians can expect the next agreement on the Alberta oil sands to be reached. The minister's answer, as reported at page 4489 of *Hansard*, was as follows:

> The first question had to do with when the next agreement with respect to the tar sands will be reached. I would be much better able to answer the hon. member if he could tell me when the Alberta government will decide upon the royalty system it is going to introduce with respect to the tar sands.

Well, Mr. Speaker, this kind of guff impresses no one. It did not impress the Canadian people when they saw it. They could not believe their eyes until they saw the Liberal policy-swiping convention a week or two later and realized it was true that these people were actually governing the country.

The minister says he can give the answer if the hon. member over here could tell him when Alberta could decide on something. Do we have a national government concerned about our energy situation or do we not? Have we a government that is doing nothing but playing politics with the hopes and aspirations of the people, as they did with the people in Newfoundland, the 11,000 unemployed who thought they would get work on Gull Island only to find out two weeks later that Gull Island will be studied again? Or the people in Kitimat, British Columbia, or the people in James Bay, the thousands who had

already done the work and were included in the one million man-years of work? What a policy!

There are all kinds of policies on strategy. Mr. Speaker, have you ever collected together all the strategies and booklets and pamphlets of the Department of Energy, Mines and Resources? They have a huge volume of paper that has been used in outlining their strategies. What is the good of a strategy if there is no action? They have a policy called "self-reliance for Canada". What is the good of the policy if nothing has been done to develop the tar sands? There is nothing but talk, bluff, deception, that is all it is, but no action. There is a policy, but nothing is done to carry it out.

What happened at the first minister's meeting, that dim farce of a meeting which we saw on the television screen which was to come up with some resolutions? This was all done by the federal government. I have been at these things. They arrange the whole thing; they are the master of ceremonies, they decide everything, they plan it. They have 500 public relations staff to smother every newsman. The four provinces cannot afford one apiece, but the federal government has them outweighed 50 to 1 in PR flack.

Here is what they said about energy: that the first ministers' strongly affirm the importance of reducing dependence on foreign sources of energy. Gee whiz, that is progress for you! Imagine, the first ministers agreed we should reduce our dependence on foreign sources of energy! Who was arguing that we should increase our dependence? Was there a mighty debate in Canada about what should be done, and these ministers got together and said: "By golly, despite all the arguments we think it is important to reduce our dependence on foreign sources of energy"? In all my time in politics I have never heard anyone say that Canada should become more dependent on foreign sources of energy. That conclusion was a fantastic, gigantic leap forward!

Then they went on to say that they thought that intensive programs of conservation were necessary. Yes, they sure are—conservation in the statements the minister is making. They also said that, in addition, they agreed to collaborate in accelerating major energy developments wherever appropriate. I should like to know what major energy developments have been accelerated and agreed upon since February 15, 1978. All that has happened since then is that the Prime Minister has engaged in this fantastic fracas with the four western premiers, who have pointed out that the recent goings on in the budget with respect to the sales tax have been an infringement of provincial rights and have badly affected the federal-provincial relationship. How will the minister now get Alberta to soften up? The premier of Alberta was driven to say that it was a lousy deal and a lousy way of doing things. Does that sound like the words of a premier who is in love with the Minister of Energy, Mines and Resources and the Prime Minister? Not on your life. These are the words of a premier who is disgusted by the brutal way the federal system is being treated by the jack-booted government.

So what major energy developments have been accelerated? Not one that I know of, and I hope the minister can think of at least one. If he had thought of one, presumably he would have said so the other day.

They say they will expand grain storage facilities at Prince Rupert—that is good. They will open mines in Cape Breton—they have announced that. They will encourage the application for a natural gas pipeline to eastern Canada, the Fundy Tidal power, the Dempster pipeline—we will see about that—the Polar gas project, the Tenneco-Lorneterm project, the Arctic pilot project. If we had as many pilots as they have projects, we would be filled with aviators in Canada. They said that the Ontario government will continue to support Ontario Hydro, Bruce, Pickering, Darlington, Wesleyville, Atikokan. These are all Ontario Hydro projects. What do they have to do with the federal government?

I cannot say that we should pity the government more than be angry with them. I cannot pity them. I am so angry at them that I cannot wait for the election to come.

Some hon. Members: Hear, hear!

Mr. Crosbie: I want to see the minister travel across this country, go to the Canadian people and put forward his program of one million jobs, this flimflam man. Mr. Shaheen is an expert flimflammer. The minister should take lessons from Mr. Shaheen if he wants to get into the real flim-flam. He would not sell much snake oil in that way. He is not a natural snake oil salesman, trickster, charlatan.

Time is passing and we want to pass the bill so I will wind up, Mr. Speaker. I would not have spoken except that sitting here this afternoon I thought to myself: why should I suffer in silence?

Some hon. Members: Oh, oh!

Mr. Crosbie: Actually, I was called over because we thought another bill was going to come forward. The bill not having come forward, I decided to speak tonight about petroleum administration. But if the government wants to call the bill on the Export Development Corporation, I am ready to speak on that piece of legislation this evening.

In concluding—I will not use up all my time because I do not want to waste the time of the House—I will say that here we have a bill to assist the tar sands project which was started three years ago. There is not another project under way in sight, and when the minister is asked a question about the next tar sands project, he tells us that we must ask Alberta about it. Did we elect a national government to sit on its backside and when we ask questions about national policy to tell us that we should ask Alberta? We did not. We elected a government to govern Canada, and let Alberta look after itself.

If we had been asked to vote tonight on the government's performance in the field of energy, I would vote against the bill. But since we are only asked to make it possible to get Syncrude under way, and perhaps, if the government ever acts, another tar sands plant, I will vote for the bill. But it is with a great deal of reluctance that I vote for any bill brought

forward by this government. It turns my stomach to vote with the government on anything.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, it always grieves me to sit in the House and see a minister treat the truth with the frivolity with which it has been treated tonight. The minister cannot be accused of anything more serious than frivolity as he sat and listened to the remarks of the two previous speakers. I wish to join them in one regard, and that is in believing that this is evil legislation. It is typical of a government which cannot make up its mind about what it wants, which wants to be given free rein to regulate and to do as its sees fit at any given moment, without respect for legislation which might control its action in a resource as important to Canada as energy.

● (2132)

This is a measure of incompetence in draftsmanship, ideology, planning and capability. It is a mockery of government, and the minister is the instrument of the mockery. His lighthearted treatment, and that of other members of the government, does not indicate any sense of responsibility in a subject matter which has the seriousness of this bill. If the government had not imposed and superimposed frivolous taxes, which were demeaning to the resource industries of this country including the oil industry, we would not have to reach into the public coffers of provincial or federal treasuries to finance private enterprise in a field which could be an opportunity for them and Canada. Because of delay in decisions, regulations and procrastination, now we have to give the government the capability of dealing as it sees fit according to its ideologies.

Regardless of the needs of Canada, the government will unquestionably take the years in time, as they have done in the past. In the six years it has been my privilege to be here, we have not had progressive and developmental legislation. Also we have not had progressive research in energy, nor a national conscience. We have had an element of subsidy collected from Canadians to equalize energy costs. Beyond that, the government has nothing constructive to go into the hustings with at this moment in time. Whether it be the Newfoundland picture, the British Columbia picture or the New Brunswick picture, they are equally deplorable in results and inflationary in their tendencies. Delay has meant inflation and extra costs to Canadians.

One must remember that representatives went to New Brunswick in an attempt to deal in Washington on behalf of the LNG project which was approved by the National Energy Board. They went to Washington to negotiate and were advised by people in high places, I have been informed by reliable sources, that they could not look with much favour on an LNG project in New Brunswick because Canada is now classified as one of those unreliable foreign sources of energy. The minister must take that upon his shoulders as Minister of Energy, Mines and Resources. He has all the gas which has been piped in by the Liberal government and all the shenanigans surrounding TransCanada. That is already in Toronto. Now, we have to speak from eastern Canada, because no one on the government side will speak for them. The government has proven itself to be a bunch of political Liberal hyenas. Those were the words of the Prime Minister (Mr. Trudeau). Government members are well trained and obedient.

The eastern coast of Canada has refining capabilities which were built in the days when international relations between Canada and the United States were amicable and reliable. Not one of those is presently operating at capacity, because of the term which was used in high places in Washington—that Canada is one of those foreign and unreliable sources of energy, and on the long-term basis Canada cannot be dealt with confidently.

Not so long ago, in a blind move of stupidity, the former minister of energy, mines and resources shut off the shipments of oil and refined products from east coast refineries to the state of Maine and to points south. Those contracts have not been renewed. The refinery which was supplying Maine was built in good faith that there would be a long-term, reliable, friendly structure between Canada and the United States. That has not developed. We are subject to duty. We do not get the same privileges, as other countries, to move refined products from Canada to the United States. We are one of the few who cannot do that because we are an unfriendly and unreliable source of energy.

I attempted to resolve this by commencing negotiations in a quiet, non-political manner. I approached the ministers of the cabinet in the maritime provinces. I asked for some immediate and meaningful negotiation along these lines. I have received no reply from them. I have seen no sign of interest, except that they would be happy to meet, when I suggested that they should initiate a meeting and get in touch with me.

The government of Canada should take a look at the eastern coast. The Minister of Energy, Mines and Resources (Mr. Gillespie) should express some concern for the energy sources presently existing there, which could put products in Canadian hands on a cheaper basis if plants were operating at capacity to supply the east coast of North America. Whether it be Newfoundland, whether it be in the Canso Strait, or whether it be on the Bay of Fundy, these plants deserve strong, hard selling by the government of Canada, and a strong conviction that it will be a long term, friendly and reliable contract.

I appeal to the minister: in the name of all that is good for Canada, we must get these shipments moving again. We must get these refineries working at capacity again. We must make a deal for LNG which Americans can trust. Proper consideration must be given to fisheries and the environment, as was suggested by the National Energy Board. We must provide some of the people in eastern Canada, who are presently unemployed, with a chance at just a few jobs in the field of energy. It will be contributory to a better long-term supply for us and a lower cost when these plants are operating at capacity. There is an increment of income available to the government of Canada if these plants continue to operate. It would be beneficial to all of Canada. I appeal to the government on behalf of Atlantic Canada. It is strange that $1 billion

or so can be spent to build Mirabel, and that $1 billion can be written off the deficit of the CNR.

An hon. Member: Oh, oh!

Mr. McCain: Newfoundland should be given the change. That province requires assistance. Hon. members opposite should speak for their provinces rather than for their leader. They would receive more votes if they stood up in the House and spoke on behalf of their provinces, instead of ridiculing hon. members who go out of their way to speak on behalf of their provinces. What I have said applies to Newfoundland, just as much as it applies to New Brunswick. Hon. members opposite should return to their constituencies with that message.

In all fairness, Atlantic Canada deserves the negotiations which could be brought about by the Secretary of State for External Affairs (Mr. Jamieson), the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) and the Minister of Energy, Mines and Resources, if they were seriously interested in Canada and could look beyond the two central provinces which hold the vast majority of their seats, with a scattering of loyal support in Newfoundland and New Brunswick. The Atlantic provinces require that help, as well as development. I plead with the minister not to down-play any other region, but to up-play the Atlantic requirements along with all other requirements in Canada.

Mr. Deputy Speaker: The hon. Minister of Energy, Mines and Resources (Mr. Gillespie) is seeking the floor. The Standing Orders do not allow the right of reply at third reading. The only way the minister could speak at this time would be with unanimous consent. Second reading is considered as a substantive motion, as indicated in citation 166 of Beauchesne. The mere fact of moving the motion, or having the motion moved in the name of the hon. minister, is interpreted as his having contributed to the debate. Is there unanimous consent to allow the minister to close the debate at this time?

Some hon. Members: Agreed.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I thank hon. members for their indulgence in according me this privilege. I intend to speak for only a very few minutes, five minutes more or less. It is my understanding that all parties have agreed with the Minister of Labour (Mr. Munro) to proceed very quickly, after my closing remarks, with one particular bill before the House.

● (2142)

There have been all kinds of allegations during the course of this third reading debate. Quite clearly I am not in a position, in view of the time available and the subject of the debate, to answer all of them. Many, of course, were irresponsible, and one got the impression at times that the weaker the argument the louder the noise. Hon. members will be able to identify the particular hon. member from Newfoundland who best qualifies for that particular cachet.

[Mr. McCain.]

Members on this side recognize that the official opposition was agonizing over this bill. They demonstrated to all of us and to those watching this debate on television that they are prepared to debase their own credibility when they have to vote for a government bill. They seem to find every opportunity to discuss everything but the bill, and that was very clear in their remarks this evening.

One hon. member, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), for example, said that they will vote for it; that it is a very important bill; it is a bill which is very important to national security. Then obviously he recognized he had gone too far and said: "But it is an evil bill."

The noisy failure from St. John's East went on and on and, as I have indicated, the weaker his argument the louder he shouted. I think the Conservatives in particular showed a great deal of ingenuity in avoiding the main issues of this bill and in trying to divert attention from its provisions.

I think the NDP did a pretty good job too. I was impressed by the ability of two NDP spokesmen who addressed themselves to the question of gasoline prices, the difference in the retail price of gasoline as between one community and another, or in some cases, differences within one city. Indeed, one of the members asked why it could not be like beer. It was pretty obvious where the mind of that particular party was in this debate. It required a member of the Creditiste party to bring them back to order by pointing out, quite rightly of course, that the whole area of retail pricing for gasoline is not a federal responsibility at all but rather a provincial responsibility. It is surprising to those of us on this side that members of the NDP have taken so long to recognize what is fundamental to the Canadian constitution.

We on this side have always listened to the hon. member for Peace River (Mr. Baldwin) whenever he has talked about freedom of information. He has developed quite a reputation over the years as a man who has espoused the case of freedom of information. He used this debate to raise the issue of freedom of information, suggesting that this bill in some way concealed information. What he did not do was to make the point, and what he did not do, of course, was face up to the issue which has been raised by his own colleague, the hon. member for Calgary Centre (Mr. Andre), that there is another bill, Bill C-12, the Petroleum Corporation Monitoring Act, which attempts to provide greater disclosure of how the funds from an oil price increase are used. Those members who have followed that particular debate in committee will realize that the Tories are not the slightest bit interested in the freedom of information. Indeed, they have done everything they can to prevent that bill from coming before this House so the Canadian people could receive that information on how those funds are being spent.

This bill is an important bill. It should be seen as a part, but only a part, of an integrated series of measures by the government to increase the development of Canadian oil resources. I refer particularly to the fact that this bill has been brought in to provide the international price for Syncrude, a very high priced resource, and a price which was promised at the time

the federal government joined with the provinces to salvage this massive project. This bill provides the government with authority to provide international prices in respect to other major projects such as the expansion of GCOS, tar sands number three, such as the Cold Lake heavy oil project, a Saskatchewan heavy oil project and another Alberta heavy oil project. That is an important part of a series of measures. The other two measures are well known to those who have followed government policy in the area. I refer to the package of incentives which was tabled before the House on budget night, barely a week ago, and the other intention of the government to increase the throughput of the Sarnia-Montreal pipeline by 100,000 barrels a day.

That surely is a clear signal to producers out west and governments there that this government wants to move western oil into eastern markets, along with other measures we have taken, to reduce our dependence on foreign oil.

I said I would take five minutes, Mr. Speaker, and I thank you for the time.

Mr. Deputy Speaker: The hon. member for Medicine Hat.

Mr. Bert Hargrave (Medicine Hat): Thank you, Mr. Speaker.

Mr. Gillespie: I rise on a point of order, Mr. Speaker.

Mr. Deputy Speaker: Order, please. Actually, when I did intervene to request unanimous consent I mentioned that the minister on third reading did not have the right of reply, which would automatically close the debate, but in requesting unanimous consent I used the words "allow the minister to close the debate". I do not think I was right. I was more or less allowing the minister to intervene a second time. I know the hon. member for Medicine Hat has just come in by plane and wants to say a few words. I think he should be allowed to do so. The rule does not provide for any minister to close the debate on third reading.

Mr. Gillespie: On the same point of order, Mr. Speaker, I do not want to make life difficult for anybody and I would, of course, be interested in the remarks of the hon. member, but I did enter the debate on the understanding I would be closing the debate, and on the further understanding that agreement had been reached by the Minister of Labour (Mr. Munro) and his colleagues opposite in respect of another bill that is to be concluded this evening. If it is possible to hear the hon. member and still make good on those understandings, I think it would be in order and I would be prepared to withdraw any concern I have already expressed.

Mr. Deputy Speaker: Order, please. It is my feeling that the minister is just using up time that could be very useful in achieving that purpose.

Mr. Hargrave: Mr. Speaker, I can assure you and the minister that I will require only a very few minutes. As Mr. Speaker indicated, I have only just returned to the House. I have specific comments to make regarding recent production of some heavy crude in the Suffield area, which is totally within my federal constituency of Medicine Hat.

The minister may recall that when he opened the third reading debate he commented on the application of this bill to the products of Syncrude, as they come on stream, as well as to other heavy crude products. The specific remark I was interested in had reference to other sources of heavy crude, mainly in Alberta, such as additional production by Great Canadian Oil Sands, the Shell consortium, the Cold Lake project, Pacific Petroleum and other heavy oil projects. I want to draw the minister's attention to the fact that quite recently there have been a number of wells brought into production in the northwest corner of the Suffield military reserve. They are producing a heavy crude somewhat similar to the Lloydminster crude.

● (2152)

After the minister was through speaking at the beginning of this third reading debate, I asked him whether or not these heavy crudes that are being produced in the southwest corner of Suffield might come under the terms of this bill. The minister indicated that they were not included but that perhaps they could be by negotiation, if I recall the minister's remarks correctly. This is the whole point and purpose of my remarks now, that provision for that new producing heavy crude field—it may be rather small right now but indications are that it will grow—be included in this bill.

I would also point out that in the recent energy update manual that his department put out it was indicated that the costs of drilling and producing wells in that part of Alberta are only a fraction of what the costs are in some of the other areas. Surely this should be an added incentive for bringing this kind of oil producing well into production.

That is all that I wish to say at this time. My hope is that that heavy crude that is now being produced in the Suffield area northwest of Medicine Hat comes under the terms of this bill.

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

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CANADIAN CENTRE FOR OCCUPATIONAL HEALTH AND SAFETY ACT

MEASURE TO ESTABLISH MEDICAL INSTITUTE

Hon. John C. Munro (Minister of Labour) moved that Bill C-35, to establish the Canadian Centre for Occupational Health and Safety, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, I understand that—

Mr. Peters: Mr. Speaker, I understand that this bill is to be referred to the committee of the whole House.

Mr. Deputy Speaker: Order, please. I did not hear what the hon. member was saying.

Mr. Munro (Hamilton East): I did, Mr. Speaker. I think what the hon. member is referring to is the fact that, as a result of consultations with the House leader, the hon. member for Vancouver South (Mr. Fraser), the New Democratic Party and the Social Credit party, this bill will pass all stages today. Because of the time-frame and the fact that some members had not anticipated speaking on the previous bill, I take it that there is unanimous consent to extend the sitting for an extra half hour. That is what I understood.

Mr. Baker (Grenville-Carleton): As I understand the situation, the minister is anxious to get this bill through, and we are not anxious to cause the ministry any difficulty with respect to the matter. Therefore, I think it would be appropriate to extend the time in order that the minister may get that bill through.

Mr. Deputy Speaker: Order, please. Hon. members have two alternatives, either to operate by unanimous consent or by Standing Orders. The minister may wish to request unanimous consent to extend the hour of sitting, but I think the most appropriate procedure would be to use Standing Order 6(5)(a) in moving a motion to extend the hours of sitting for the purpose of completing the bill or reaching a point in the consideration of the legislation, and at the same time seeking consent to allow a change to the motion so we may go into committee of the whole if the minister wishes to achieve his purpose.

Mr. Munro (Hamilton East): Mr. Speaker, I move, seconded by the Minister of Supply and Services (Mr. Goyer):

That this sitting be continued until all stages of Bill C-35, an act to establish the Canadian Centre for Occupational Health and Safety, are completed, with the debate on third reading to be concluded no later than 10.30 p.m. this evening.

Mr. Deputy Speaker: Pursuant to Standing Order 6(5) (a) it is my duty to inform members that on putting this motion, if ten hon. members stand up to indicate that they do not agree with the motion, the motion is deemed to be withdrawn. Otherwise it is deemed to have been adopted. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Deputy Speaker: I consider the motion carried. At the same time, as I indicated, the passing of this bill on second reading shall be modified to the extent that the bill be referred to committee of the whole instead of to the Standing Committee on Labour, Manpower and Immigration. Is that agreed?

Some hon. Members: Agreed.

Mr. Munro (Hamilton East): Mr. Speaker, in the interest of brevity, and I do appreciate the co-operation of all hon. members, I will just highlight the essential items of the bill. In essence, it is a bill to establish the centre which is seen as an organization that would promote the concept of a safe and healthy work environment and the attainment of physical and mental health by all working people. It would encourage federal, provincial and territorial jurisdictions to use appropriate suasions and sanctions for the establishment and maintenance of high standards of occupational safety and hygiene appropriate to the Canadian situation and compatible with recognized international standards. Although primarily concerned with in-plant working conditions, the centre would act in collaboration with environmental authorities.

Secondly, to effectively serve the interests of Canadians at work—and that includes all of us who have jobs or professions of any kind—I believe the proposed centre should have certain basic characteristics. There should be an automony permitting it to report directly to parliament through a minister of the Crown. It should include a governing body representative of federal and provincial government agencies, labour, management, scientific and professional organizations, universities and the public.

The structure should consist of a board, an executive, scientific and technical advisory committees and staff. The autonomy, multilateral and multidisciplinary participation should be such that it assures a high profile and ease of access for interested parties, and the capability to take a firm stand of its own on any specific issue. Although, Mr. Speaker, the centre will be financed by the federal government, there should be a provision for provincial, institutional or industrial underwriting in whole or in part of particular research projects, surveys or services of special interest to them.

Those are the main characteristics of the bill, and I would appreciate hearing what hon. members have to say with respect to this particular bill, which will be of great assistance to the promotion of safety and occupational health for all working people in Canada.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I have had an opportunity to discuss this bill extensively not only with the hon. minister but with some of the officials who have been doing the preparatory work necessary before the centre can be established. This party endorses the principle of this centre, and we wish also to say that it is because we endorse the principle that we are prepared at this late stage tonight to give the necessary consent that it become law. I know that the minister would not expect me to sit down, however, without reminding all hon. members that perhaps the government could have managed things so that this bill might have been brought in earlier.

● (2202)

I am not going to take up the time of the House, Mr. Speaker, by saying anything further at this point. I want to say through you to the minister, however, that I expect that when we go to committee I will have the privilege of asking specific questions, notice of which I have already given to the minister.

This party supports the bill because we believe that health and safety in the work place are of vital importance. We believe there is need for better co-ordination. This is the kind

of thing that can only assist working people and in the long run assist labour-management relations.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

Clause 2 agreed to.

On clause 3—Definitions.

Mr. Fraser: Mr. Chairman, I wonder if this would be the appropriate time for some questions to the minister. I understand he is prepared to accept them. Could he elaborate a little on the expected cost of this organization during the first year? From the press release I understand it will be about $1 million and that he is expecting it to rise eventually to $8 million. Could the minister tell the House what development he expects over the first year, at what stage will the additional money have to be raised, and what will the source be?

Mr. Munro (Hamilton East): In the first year or so the cost will run about $1 million. This will permit the centre to get its organization under way and will enable some funding to be given to high priority research work. It may also be expected that there will be a substantial one-time outlay for equipment and facilities to establish a first-rate, modern information system for the technical and scientific data that the centre will assemble, evaluate and distribute to interested parties. Such a system will not duplicate what other existing data sources do, but will be supplementary to them and perform a co-ordinating service.

Regarding the capital expenditure that the hon. member inquires about, for the purpose of the information distribution system it will be $2 million to $3 million. Cost will gradually increase as the centre's functions are established and more research is assisted or initiated. Ongoing expenditures will be $8 to $10 million yearly when the centre is fully operational. This, it may be noted, amounts to about $1 per worker per year.

Mr. Fraser: Can the minister tell us what provincial contributions are expected toward the cost of this centre, and can he tell us whether there is any commitment by any province to make financial contributions? At the moment, as I understand it, and I would like the minister to confirm this, the only funds going into the centre come from the federal government and that will only change if there is agreement from the provinces. At the moment I understand there is no such agreement.

Mr. Munro (Hamilton East): That is correct, Mr. Chairman. Nine of the ten provinces have agreed to participate on the executive board and have done so in writing. Some have already named people to the board but have not agreed at this stage to financial resources. There is provision in the bill to permit that. We hope that in future the worth of the centre will be well recognized, and the fact that the provinces actually have more votes than the federal government on the executive board, will show them that it is in their interests to make it financially possible for it to carry out its aims and objectives.

Mr. Fraser: May I ask the minister what reporting mechanism will be established. How will members of parliament know what is being spent on an annual basis and what the public, especially the working people, are getting for their expenditures?

Mr. Munro (Hamilton East): It is entirely autonomous. It is not responsible to the government in any way but reports directly to parliament. It is analogous to a Crown corporation in that sense.

Mr. Fraser: Can the minister tell us whether in general there is agreement from labour for this centre and what expressions of support he has received from management with regard to the centre?

Mr. Munro (Hamilton East): Mr. Chairman, the hon. member might be pleased to know that I cannot think of a bill that in the last year and one-half has had so much discussion. Various officials of my department, in particular, Mr. Howard Curry, head of the planning secretariat, and I have gone to 250 or 300 associations of all kinds in the management field, as well as to the unions and the provinces, to talk about the bill. I have gone to British Columbia twice and have endeavoured to answer questions about it. That type of activity has been going on for a year and a half. I believe that labour is quite enthusiastic and will participate as envisaged in the bill, and I also believe that management will participate.

Clause agreed to.

On clause 4—Centre established.

Mr. Munro (Hamilton East): Mr. Speaker, I have an amendment of which I have given notice to the hon. member for Vancouver South and the New Democratic Party. It does not involve a substantial change from the real intent of clause 4, but it makes the equal role of management and labour more specific and provides some assurance that they will have a significant input on the board. The suggestion emanated from the hon. member for Nickel Belt. I move, seconded by the hon. member for Cardigan:

That Bill C-35, to establish the Canadian Centre for Occupational Health and Safety, be amended in clause 4 by striking out lines 30 to 40 on page 2 and substituting the following:

'health and safety:

(d) eleven other governors, to be appointed after consultation with such organizations representative of works as the Governor in Council deems appropriate;

(e) eleven other governors, to be appointed after consultation with such organizations representative of employers as the Governor in Council deems appropriate; and

(f) not more than four other governors, to be appointed after consultation with such professional, scientific or other organizations or interests as the Governor in Council deems appropriate.'

● (2212)

The Chairman: I would ask the hon. member for Welland to wait for a minute; I want to consider the amendment for a moment. Might I ask the minister the implication of the amendment. My interpretation is that he is suggesting a specific selection or division of two groups of 11 governors selected by different associations. He also seems to add four governors. I am asking whether this represents a spending of public funds. That is my preoccupation. If it does, it might be difficult to move at this time an amendment that would increase the spending.

Mr. Munro (Hamilton East): It does not necessarily imply that, Mr. Chairman. As you will see from the bill, it will be up to the executive to determine whether these governors are voluntary, these other organizations putting them up. Whether the other organizations pay their expenses to attend meetings or whether the corporation, being autonomous, may decide to do so, there is no commitment in the bill to pay the governors at this stage. That is not clearly provided for. Therefore, I do not think that causes a problem.

I might also indicate that even if it were the case, further on down the road there is provision for private support from organizations which would more than cover any governors' expenses. Therefore, the implication that this necessarily involves public outlays is not justified.

The Chairman: I accept the comment of the minister. I am sure the minister will understand the preoccupation of the Chair at having such an amendment at the last moment without knowing all the implications of the bill. I accept the word of the minister to the effect there is nothing in the bill to provide for a specific allocation of money for the contributions or work of these members. Therefore, I am ready to accept the amendment.

Mr. Baker (Grenville-Carleton): Mr. Chairman, there is nothing specific about payment. I just want to make it clear that the minister is saying with respect to that group of people we are talking about that there will be no payment. Otherwise, if at a later time payment was arranged through the public purse, this matter would contravene the powers that concern you, Mr. Chairman, and caused you to raise the first item.

I just raise this question because I presumed the minister is saying there will be no burden upon the public purse as a result of this amendment. He is not saying that the bill does not provide for it and therefore it is quite proper that the government can come along and do it later. What he is undertaking to the House of Commons, and I am sure you understand it, sir, is that there is no provision at all for payment as a result of this amendment. I think we have to make that clear. Although the minister says this, we have to be satisfied it does not go beyond the matters that have been raised by the hon. member for Edmonton West and others with regard to the royal recommendation. That does concern me.

[Mr. Munro (Hamilton East).]

I really rise because in accepting the minister's word I want to reserve the position that this does not establish some kind of new precedent merely because the intention may not be so clear in the bill, although it is apparently clear in the minister's mind. I just want to make sure we understand one another, because it does have some ramification for other matters.

Mr. Munro (Hamilton East): To make clear why I do not think it is offended, the ruling with respect to the commitment of the official public expenditures at this stage of the proceedings was that it does not by itself imply that it would be the case with this amendment. Nor does the bill call for that. The corporation being autonomous, reporting annually to parliament, it has that innate power to do so. All its funds of necessity do not necessarily come from this government. They come from the private sector. It might be very easy to establish that, if at any time it did pay governors, it could allocate the private resources they would have. In that sense, I do not see how it can be considered a charge against the public purse. Is that a satisfactory explanation?

Mr. Baker (Grenville-Carleton): Yes.

Mr. Railton: On a point of order, Mr. Chairman, I thought you were going to get back to me. I understand that this is an organization which would be doing research on health and safety. We have had no explanation as to what it would be researching. Those are very general terms. Maybe there should be a statement from the minister as to whether he has discussed this with the National Research Council, the Medical Research Council and the Department of National Health and Welfare.

The Chairman: The hon. member for Welland is asking a question about the responsibility of these people. Is the minister anxious to reply to that question?

Mr. Munro (Hamilton East): Mr. Chairman, it is quite a different thing from many council's jobs the hon. member is referring to. The Medical Research Council, as the hon. member knows, funds medical colleges and various researches that are done from time to time in that area. The National Research Council is into the scientific community and the universities. This is primarily related to health and safety in the workplace, bringing that fund of knowledge together, disseminating it to the health and safety committees at the plant level that are to be established as a result of the passage of Bill C-8 last week, servicing the health and safety committees with up to date information of this kind. These committees are set up under provincial statutes. That type of activity is not undertaken in any of the other agencies the hon. member is talking about.

The Chairman: While hon. members were having a very constructive discussion, I referred to clause 14 which states that the chairman and other governors shall serve without remuneration. It also adds that they may be paid such allowance for each day spent in connection with the work of the

centre and such allowance for their performance of their duties. The question which arises in my mind concerns the money implications, the burden of such an amendment upon the Crown.

• (2222)

I have no difficulty about paragraphs (d) and (e). No question arises with regard to the provision that these people will serve on the board without remuneration. But where will the money come from to pay their expenditures? This is not clear and I hesitate to accept the part of the amendment to be found in paragraph (f). If there is a disposition to make progress rapidly, and if there is unanimous consent to allow this amendment, taking into account the fact that the service will be performed without remuneration, I might stretch the rule and accept the amendment.

Mr. Munro (Hamilton East): I think there is such a disposition.

The Chairman: Is there a disposition to agree unanimously to accept the amendment with those reservations I have mentioned? If there is, I will put it to the committee.

Mr. Baker (Grenville-Carleton): I do not want to hinder the minister, Mr. Chairman, but if we are to authorize the expenditure of public monies even for a generous purpose we ought to do it properly. I do not think it would make the bill invalid if we were to observe the proprieties.

I share the reservations expressed by the Chair. I have no difficulty in accepting the principle of the establishment of the board of directors and everything else, but I believe it is important we should observe the proper procedures and I say this solely because we are spending the taxpayer's money. The bill is open for amendment later. The board will be able to function and its worth-while objectives can be carried out.

Mr. Munro (Hamilton East): Fine.

The Chairman: Not having studied the bill, I do not know whether I am in a good position to make any suggestion, but perhaps the minister might feel there is a possibility of adjusting the numbers of governors in such a way as to achieve the purposes intended while at the same time keeping the total number of governors the same. However, after hearing the objection raised by the hon. member for Grenville-Carleton I would be disposed to accepting only the first part of the amendment, leaving out paragraph (f).

Mr. Munro (Hamilton East): If it would overcome the difficulty I would be agreeable, by unanimous consent, to dropping paragraph (f). The main objective of the hon. member for Nickel Belt was to secure equal representation, and we have been able to do that.

The Chairman: Is it the pleasure of the committee to adopt the amendment with the exclusion of paragraph (f)?

Some hon. Members: Agreed.

Amendment (Mr. Munro, Hamilton-East) agreed to.

Clause as amended agreed to.

Clauses 5 to 9 inclusive agreed to.

On clause 10—Executive board.

Mr. Munro (Hamilton East): Mr. Chairman, since we have dropped paragraph (d) in clause 4 it may not be necessary to proceed with clause 10. The amendment, which ensures equal participation by labour and management, would, I think, automatically ensure that a similar result is obtained on the executive board. If labour and management have an equal number of votes on the council, surely they can themselves ensure they will have the same equal representation on the executive committee without our making an amendment. I am looking toward the New Democratic Party. If it is agreeable, we could pass clause 10 as it is now worded, bearing in mind that the balance the hon. member for Nickel Belt wanted has already been achieved by the amendment to clause 4.

Mr. Peters: But they are two different things. I do not see how the amendment to clause 4 relates to this situation. Indeed, I cannot understand why there was any objection to the amendment to clause 4 in its entirety. The recommendation imposes no limit as to money or numbers or anything else. I think the Chair was picayune in deciding that the amendment was not drafted in accordance with the recommendation. I do not understand why there should be any objection to amending clause 10 so as to specify the number of members on the executive committee from both management and labour.

Mr. Munro (Hamilton East): I just wanted to see whether the NDP really felt it was still necessary to make this amendment. I tried to save time but I see that my remarks have caused us to take more time than ever. I move:

That Bill C-35, to establish the Canadian Centre for Occupational Health and Safety, be amended in Clause 10 by striking out line 14 on page 6 and substituting the following:

"the Council by the governors so that, at any time,

(a) the number of members of the executive board who were appointed to the Council under paragraph 4(d) is equal to the number of members of the executive board who were appointed to the Council under paragraph 4(e); and

(b) the aggregate of

(i) the number of members of the executive board who were appointed to the Council under paragraph 4(d), and

(ii) the number of members of the executive board who were appointed to the Council under paragraph 4(e)

is not less than fifty per cent of the total number of members of the executive board."

• (2232)

The Chairman: After consideration, I find the amendment acceptable. Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Amendment (Mr. Munro, Hamilton East) agreed to.

Clause 10, as amended, agreed to.

Clauses 11 to 16 inclusive agreed to.

On clause 17—By-laws.

Mr. Munro (Hamilton East): Mr. Chairman, I have a very short motion just to correct a drafting error. I move:

That Bill C-35, to establish the Canadian Centre for Occupational Health and Safety, be amended in clause 17 by striking out lines 5 and 6 on page 8 and substituting the following:

"board;"

The Chairman: For the purpose of doing things right, the amendment should be moved by someone other than the minister, so shall we assume that all amendments have been moved by the Minister of Veterans Affairs, the bill being in the name of the Minister of Labour?

Some hon. Members: Agreed.

The Chairman: Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Amendment (Mr. Munro, Hamilton East) agreed to.

Clause 17, as amended, agreed to.

Clauses 18 to 24 inclusive agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

Mr. Munro (Hamilton East) moved that the bill be read the third time and do pass.

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

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I have been informed that after consultation there is unanimous consent to dispose very quickly of all stages of Bill C-46, and that instead of being referred to a standing committee of the House it be considered in committee of the whole and passed very quickly on third reading.

[*English*]

Mr. Deputy Speaker: Is there unanimous consent that we not see the clock, that we proceed to the consideration of Bill C-46 through all stages and that the motion be changed so that the bill can be referred to committee of the whole?

Some hon. Members: Agreed.

* * *

TAX REBATE DISCOUNTING ACT

MEASURE TO CONTROL TAX DISCOUNTERS

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs) moved that Bill C-46, relating to the discounting of overpayments of tax under the Income Tax Act and related payments, be read the second time and referred to the committee of the whole.

He said: Mr. Speaker, since all parties have agreed to pass this bill quickly this evening, I will not give the usual speech to introduce the bill. I will merely say that the purpose of the bill is to correct the flagrant abuses carried on by certain tax refund discounters, some of whom have taken over 50 per cent of taxpayers' refunds in return for quick cash payments. This distasteful practice has been directed particularly against the poor, the uninformed and the unemployed. The bill required that the discounter pay the taxpayer at least 85 per cent of his refund and that the 15 per cent that would go to the discounter should include all charges and interest.

The bill also obliges the discounter to give the taxpayer a full statement of his tax refund and the amount charged. It also provides for a fine of up to $25,000 for any discounter who breaks this law. We decided to allow discounting with this limit rather than banning it all together because we feel there is a legitimate place for certain discounting under the limits described and, furthermore, that to ban it all together would only lead to a black market operation.

The purpose of this bill was strongly supported by all provinces at a recent federal-provincial conference, and I understand that it has the support of all parties in the House.

Mr. James A. McGrath (St. John's East): Mr. Speaker, in accordance with the undertaking we made today—and we are anxious to get on with all stages of this bill—we are prepared to proceed. We agree with the minister. We agree with the provinces. We agree with the National Anti-Poverty Organization, the Consumers Association of Canada and all those who have expressed concern about the way these social vultures prey on the poor, the unemployed and those who can least look after themselves in the circumstances in which they find themselves. This practice has no place in contemporary Canadian society, and I believe it is a measure of the concern of this House that we should be dealing with this bill in all its stages at this hour.

I commend this bill to the House. The minister has stated that there is a place for legitimate tax discounting within the regulations prescribed by the bill. What the bill will do, of course, is eliminate the loan sharking and the usury which has been perpetrated against people who have been taken advantage of, especially at this time of year when income tax refunds are pending.

● (2242)

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to ask a question. I assume that some sort of registry of these discounters will be kept because, as my colleague points out, the guy who gives discounts at 50 per cent will not be the same guy who gives discounts at 15 per cent. It will be the person who is in regular business rather than the one who is loan sharking. Obviously some sort of record will have to be kept, and will a licence be given to them? The people who get taken are the guys at the very bottom whose educational

abilities and money are limited. They would need some kind of a slip saying the discounter was qualified to do it, or else one con will be conning another con.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have agreed to make a very short intervention, but there are a few things that have to be said. This is not a new subject that members of the House are considering. It has been discussed in committee, not in the form of Bill C-46 but in another bill piloted by another minister. The minister does not say who will give the money to those taxpayers who are in need. The minister admits that the poor taxpayers, the unemployed taxpayers, are the ones who will be going to these businesses to get their loans, but the government has in its power to give those taxpayers their money.

When this bill passes, as I hear it will tonight, nobody will tell those poor people who need this money how to get hold of it. We know who seeks the services of the tax discounter. It is the person who is unemployed and who cannot get any kind of credit any place else. He cannot get it from the bank. The government has his money but will not give it to him, so he has to go somewhere else. What this bill will do is cut off that source of funds for those poor taxpayers who are most in need.

There should be some method for these poor taxpayers, who probably have only one asset, their tax refund, to get some kind of credit on their single asset. I say that we will cut off these people and thus encourage a black market to develop in some form if we pass this bill.

I do not quarrel with the control on rates from the point of view of inequitable interest, but there are certain factors that are unknown when a transaction is made, and allowances have to be built into the gross revenues in order to cover the unfortunate experiences. Taxpayers can make mistakes. When they come to the tax discounter to make the loan, they might not have received their T-4 slips and, because of the kind of taxpayers they are, they might not know exactly what their refund is. They might find they owe more tax than they knew. So when the tax discounter gets the refund, he may not even recover his advance.

Under the former minister, consideration was given to Bill C-16 in the other session. The minister indicated at that time that a legal rate of interest would probably be recommended by the government in the range of 70 per cent to 80 per cent per annum. I am not sure just how much the tax discounters are getting. I have heard of figures of 1000 per cent. Of course, that would be excessive. But the point is that we are cutting off these people.

Let us look at the government's part in this bill. Every month the government causes the employer to deduct the income tax which the government collects and then sits on it. I recommended in committee that if the government would free this money there would be no need for this kind of business to go on. The government could give back in advance the taxpayers' money that is owed to them. Government officials said that could not be done because by November when the taxpayer might need his loan they did not know how much was attributable to the taxpayer, they only knew how much was attributable to the employer. I agree with the complaint. By February 28 the taxpayer will have his T-4 slip and the government will know how much has been contributed by the employer on the taxpayer's account. There is no reason why the government itself could not set up an office to expedite either loans or quick refunds to that kind of taxpayer.

I say this is just another example of the poor legislative timetable of the government and of the poor thinking that goes on over there. I will not prolong the debate any longer.

Mr. Deputy Speaker: I wish to inform the House that if the minister takes the floor at this time he will be closing the debate.

Mr. Allmand: Mr. Speaker, I should like to answer quickly the questions raised by the two hon. members. The bill provides that a discounter must fill out a form for every refund, advising the taxpayer of his refund and the amount deducted as a discount, and that one form must go to the taxpayer and another be filed with the government. So there is a registry kept of these people.

So far as licensing is concerned, that would have to be done by the provinces. By the way, four provinces have laws on this question already, but their laws do not cover the complete field so they have asked us to act just the same.

With respect to the questions put by the hon. member for Vancouver Quadra (Mr. Clarke), let me say that in addition to putting forward this bill I also make strong recommendations to the former minister of national revenue, Mr. Gray, to speed up refunds to taxpayers. He agreed to try to do this so there will be less need for tax discounting.

Second, we did not ban tax discounting because we did not want to create a black market in discounting. We merely limited the discounting to 15 per cent. We do not think this will drive discounters out of business. It will restrict them to what is probably a reasonable profit rather than an unconscionable profit.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

On clause 2—Interpretation.

Mr. Gilbert: Mr. Chairman, I would like to ask the minister a very simple question with regard to discounters. Who will be the discounters that the minister anticipates? Are they banks, trust companies, finance companies, co-ops, credit unions or caisses populaires? Surely they are the group who should be doing the discounting, not these operators who open shop a month or two before tax time.

I do not anticipate that the present operators will continue when they can only get 15 per cent. At the moment they are up to 50 per cent. It seems to me that the minister should tell

us who the discounters will be in the future and what publicity he intends so that people who do get tax refunds will be able to go to these people.

Mr. Allmand: Under the law any company or individual could go into the discounting business. Of course, it is likely that the fast operators will drop out of the business and the field will be left to banks, credit unions, caisses populaires, trust companies, and so on. It is also likely that some of the people who are in the discount business now will continue their operation, because 15 per cent on many refunds still provides a pretty good rate of interest and a pretty good income. There is nothing in the bill to restrict legitimate operators from going into this field. While I expect the more fly by night types to drop off, perhaps some discounters will be in the business with the other lending institutions.

● (2252)

Clause agreed to.

Clauses 3 to 6 inclusive agreed to.

On clause 7—Punishment.

Mr. McGrath: Will the minister briefly explain to the House what the mechanism is for enforcing the provisions of this bill in order to get into the marketplace and into the dealings of the shady, pseudo-storefront operators who prey on the victims of this kind of operation? How does the government intend to make this bill operative and to get into the marketplace with it?

Mr. Allmand: Mr. Chairman, as I explained very briefly at the beginning, this bill has strong support from the provincial governments. As a matter of fact, it was the item which they were most concerned about at the recent federal-provincial conference and on which they were unanimous that we must act. These were governments of many political stripes. Of course in the different provinces we will publicize the act through debt counselling services and through all means possible, to show that this is a legitimate rate of interest from now on for this type of tax discounting. It will be made known, if a person breaks any provision of the act, that they are liable to a fine, as set out in clause 7 of up to $25,000. In enforcing the law, we expect to have the full co-operation of the provinces. That has been promised. Also we will publicize the provisions of the bill so that the people are aware of them. We will do it through available means.

Mr. McGrath: Will the minister give consideration to taking up with the Acting Minister of National Revenue the possibility of notice being printed on the tax returns concerning the provisions of this bill and the penalties involved? That might be one way of getting the message across.

Mr. Allmand: Mr. Chairman, that sounds like a very good suggestion. I will take it up with the minister.

Clause agreed to.

Schedule I agreed to.

Schedule II agreed to.

[Mr. Gilbert.]

Clause 1 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time? By leave, now?

Some hon. Members: Agreed.

Mr. Allmand moved that the bill be read the third time and do pass.

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

Some hon. Members: Agreed.

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

Mr. Allmand: Mr. Speaker, I thank hon. members for their great co-operation.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

STATUS OF WOMEN—EQUAL OPPORTUNITY PROGRAMS FOR WOMEN IN PUBLIC SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, hon. members will recall that over the last two months hon. members on this side of the House have raised questions about the situation with respect to equal opportunities for women in the public service. Much of this was precipitated by the release of a report on behalf of a concerned group of women in the public service almost two months ago. It would be useful to remind hon. members of the context in which these women in the public service released this report on an anonymous basis. In part, the report reads as follows:

> The attached is from a group of concerned women who are witnessing every day signs of increasing discrimination against women workers. Press reports have indicated that there is growing opposition to women workers. Few have reported on the fallacy of the argument that women are a cause of the high unemployment rate. Worse, senior federal public service employees lacking the creativity and initiative to develop policies to help Canada, are content to jump on the bandwagon and proclaim that there is no unemployment problem in Canada, it is just a case of too many women competing for jobs.
>
> Women in the federal public service are particularly vulnerable. As public service employees, their right to speak out and to be involved in political activities is practically non-existent. In most departments where female SX's are found they are isolated and afraid to jeopardize their careers in speaking out.

The report goes on to detail chapter and verse some of the more blatant examples of discrimination and the deteriorating

situation with respect to the employment of women in the public service.

Since that time there has been opportunity in the House, and to some degree outside the House, to deal with this issue. To date there has been no adequate explanation or justification for the type of press release which was issued by the Minister of Employment and Immigration (Mr. Cullen) on March 2. In response to this report, he said that in fact substantial progress had been made by the Canada Employment and Immigration Commission in improving representations of women at all levels within the commission.

Subsequently on March 8, when I questioned the minister on this release, he indicated that in particular this press release was put forward to justify the situation with respect to the employment of women at the SX level. I cannot understand why the Minister of Employment and Immigration would want to take credit for the present situation concerning the employment of women, either at the SX level or at other levels, with respect to that particular commission. It is useful to remind ourselves that in terms of the over-all ratio of employees in the Department of Employment and Immigration at the present time, it is something like 54.7 women to 45.3 men. In other words, the breakdown would be 12,735 women and 10,531 men. On a total basis, that means that more than half of the employees which make up this particular department are women.

When one looks at the SX level, we find the figures from the latest report of the Public Service Commission. In table 19 at page 75, it is indicated that there are 89 employees at the SX level. Of that number, realizing that more than one half of the department is staffed by women, how many women are occupying positions at the SX level? I suggest there are three. I understand, and I have not had a chance to check this, that perhaps a few years ago there were only one or two, so there has been an increase over the past few years of perhaps one or two women at the SX level. Somehow or other the minister interprets this, by way of a press release, to indicate that substantial progress has taken place. The minister must be living in some kind of dream world to believe that represents in anybody's books substantial progress.

● (2302)

In the press release, which I do not have time to review in detail here, he makes other interesting statements or affirmations which I hope will be cleared up this evening, a couple of which I put on the record at the time I questioned the minister on March 8.

For instance, he said in terms of acting appointments that 44 of these acting appointments were female administrative support employees acting in officer positions. On March 8 I asked the minister just how many of those were subsequently confirmed, and he indicated, I think, in his answer that he would give me greater detail. I also asked him, in view of the fact that he put on the record the improvement that had taken place in the CR-5 group, what had been the experience with CR-6 and CR-7. When it came to the categories of administrative and foreign service, the PM and AS levels, here we see a situation in respect of the PM classification in the department where, although progress has taken place over the last three to five years, the progress has been so slow it would take well over one quarter, if not a half a century to achieve some kind of acceptable level of equilibrium within that particular classification. In the case of administrative support we see a situation where there has actually been a decline in three separate categories.

I think it is high time that the minister of this particular department, as well as ministers of every other department in the public service who claim to have some plan of action, some program of equal opportunity or affirmative action, give a clear accounting to this House and the people of Canada of what has been happening to women in the public service.

If we look at the most recent report of the Public Service Commission, we see there are a number of areas in the report that really are quite disturbing. I just want to point to one which is perhaps as disturbing as any in this report, to be found at page 135, which indicates that in the scientific and professional group, in terms of the separation that has taken place by category and sex, that of the numbers that have been laid off some 81 per cent have been women. There has been, of course, a noticeable decline in the employment of women in that particular classification.

There is little to cheer about in the latest report of the Public Service Commission in terms of improvement or hope for improvement in the employment of women. I hope the parliamentary secretary tonight will shed a bit of light on what effective action has been taken by the Department of Employment and Immigration to give a little leadership to a government that really seems to have lost any sense of responsibility in respect of redressing the imbalance injustice that exists for women in the public service.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I should like to commend the hon. member opposite for raising this question, but I think that perhaps he is being a little harsh. I say this as someone who has been associated with the status of women for a long time. Progress is slow, sometimes irritatingly slow, but I think the government of Canada has given quite reasonable leadership in the field.

If I understood the hon. member correctly, some of his criticism was directed to the presence or absence of full time equal opportunity for women co-ordinators in the public service. I can understand his laying emphasis on this because, as one looks at the progress in different departments, there does seem to be a correlation of departments that had an EOW co-ordinator with more solid progress than those that have not. I am not sure that anyone could have anticipated this, but now that it is happening I think it is an important finding.

The figures are somewhat better for the EOW co-ordinators in place than it appears, if one only looks at the full time positions. The 1972 cabinet directive which established equal opportunity policies in departments of the government did not

establish an EOW directorate as such. What the directive stated was that department heads were to take steps to encourage more women to move into middle and upper echelon positions within the federal government, and the methods were left to the discretion of the departments. Departments with full time EOW co-ordinators now number 16—40 per cent—but there are other departments that have EOW co-ordinators who spend the greater amount of their time on EOW related duties while also having other duties, such as the Department of the Environment, for instance.

● (2307)

The employment and immigration department has a co-ordinator who spends 80 per cent of her time on those duties. There is a similar situation in the Department of Public Works and the Public Archives. There are two other departments which do not have a designated person, but more than half of the departmental co-ordinators have relatively senior staff who supplement the EOW activities.

The Public Service Commission has decided to assign five permanent staff positions to its regional operations, and these five will supplement the existing Public Service Commission resources, be more closely in touch with regional considerations and give each of the six regions in Canada a full-time co-ordinator. In terms of the most recent public service promotions of women into the senior levels, the progress continues to be slow, but the scientific and professional groups which the hon. member has singled out are the worst of the lot.

There is a change in the proportion of women in the administrative support category. This has dropped from 67.1 per cent in 1974 to 63 per cent in 1976, which does demonstrate a slow but steady reduction in the proportion of women in the more traditional female occupations. At the other end, while the total appointments to the public service have also been dropping steadily since 1974, women's share of these appointments has remained virtually constant. There is an interesting and positive shift, particularly in the foreign service category. Some women are now reaching intermediate and more senior levels, although women are still not fully participating at the higher levels.

I notice that Mr. Speaker is at the edge of his chair, so the other figures will have to rest.

TRADE—DISCREPANCIES IN RETAIL PRICE OF GASOLINE—REQUEST FOR INVESTIGATION

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my remarks tonight result from what I considered to be an unsatisfactory answer to a question that I asked of the Minister of Industry, Trade and Commerce (Mr. Horner) in this House on February 14 of this year. It does not, however, mark the beginning of my interest in this matter. A quick check of my records indicates that I have been asking questions of various ministers concerning gas and oil pricing policies since about the middle of 1973.

[Miss Nicholson.]

On February 14 I asked the Minister of Industry, Trade and Commerce if his department would look into the possibility of collusion between the major oil companies to squeeze out independent gasoline dealers and establish monopolies throughout the country in retail sales outlets. The minister replied that my representation would be noted. Surely, Mr. Speaker, something more than that is needed now that we have firm evidence that all is not well in the area of gasoline retail sales in most parts of the country. Surely a minister who has any real interest in his area of responsibility would make some kind of an investigation into charges that are as serious as those that I have made.

● (2312)

My concerns lie in three distinct areas, all of which are related and are designed to work a hardship on the Canadian motorist. Although the minister replied that gas marketing falls within provincial jurisdiction, it will be seen that there is an element of federal responsibility and federal jurisdiction involved in my charges.

First of all, Mr. Speaker, there is clear evidence, supported by sworn statements by oil company executives to the Isbister royal commission hearings, that some if not all major oil companies transfer refined products to their own outlets at prices lower than their net prices to independent dealers. It was shown that the purpose behind this practice is to allow their outlets to undersell the independents and force them out of business. Wherever independents are forced out of a neighbourhood, the price of gasoline is pushed back up by the surviving gas stations, owned of course by major oil companies.

This practice is called loss-leadering, which in the business community is considered a legitimate business tool but which, when used as a continuing practice to discourage competition, can only be considered an unfair trade practice. It is, in fact, a violation of anti-combines laws.

My second concern is that this practice has already forced many independent gasoline dealers out of business, and more will follow if nothing is done to correct the situation. This results in loss of jobs in an industry where thousands of people are employed directly and many more indirectly. Independent dealers have enormous sums of money invested in equipment and facilities, and employ thousands of people all across the country. Yet, Mr. Speaker, the competitiveness in the field of independent oil and gas retailing holds down the cost of gasoline to motorists and transportation firms, tourist operators and others. It has already been established, for instance, that part of the reason for the decline in tourism in Ontario, and I would suspect in other provinces, is the cost of operating a motor vehicle in our country. This is not only the fault of the oil companies but the federal government. I will get to that in a moment as my third area of concern.

The oil companies complain that they must engage in price-cutting from time to time to compensate for excess refining capacity. This, of course, is the major cause of the frequent price wars that work an even greater hardship on independent dealers, and ultimately on gasoline customers.

The plain fact is that the oil companies are using upstream profits to offset downstream losses. This in turn puts the squeeze on the independent dealers. Something must be done to average out refining to avoid periods of excess refining capacity, and something must be done to prevent the major oil companies from waging aggressive war against independent gasoline retailers.

My third bone of contention is the ten cents per gallon federal tax on gasoline, imposed in July of 1974, and the uneven pricing policies that see motorists paying as much as 20 cents differential for a gallon of gasoline between filling stations 50 miles apart. When there is that much difference in the price of a gallon of the same gasoline, I cannot help thinking that there is a violation of anti-combines laws.

The additional ten cents per gallon federal tax on gasoline is unjust. It is inflationary, it works a hardship on all those people who use motor vehicles in their businesses, and on the tourist industry. I ask the minister if he will consider that I have a legitimate complaint and if he will now undertake an investigation that will lead to corrective action.

● (2317)

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, differences of up to 16 cents a gallon in the retail price of gasoline within the same area occur as a result of market forces and the profit margin that the local retailer and the oil company are prepared to accept to keep their share of the market.

The competition in the retail gas business is quite brisk in any large urban area. It can cause prices at the pump to be lower than posted wholesale gas prices, that is the amount the wholesaler gets from the local service station operator. The difference in those prices is absorbed by the oil companies on behalf of their retail branches. Independent branches may not be able to enjoy that advantage. In addition, up to 10 per cent of the difference in the wholesale gas price between two cities can be due to transportation costs.

Refining operations must also be taken into consideration. During the winter the demand for gasoline decreases whereas the demand for home heating oil increases. However, the nature of the refining process is such that a certain amount of gasoline is derived from a barrel of crude oil whether there is a demand for gas or not. In other words, the refiner who produces enough home heating oil to meet the demand in winter must necessarily also derive gas therefrom in such quantity as to exceed demand. In the final analysis, this factor has a repressive effect on gas prices for both wholesale and retail outlets. If a major refinery ends up with an amount of gas in excess of what it can store it will get rid of it on the market through its network of retailers in those places where they are most likely to sell this product. The other retailers must then lower their prices and engage in gas price war. Obviously, if it is a very local and busy area of a city, prices there can get very low, whereas prices can be relatively high in other areas.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 11.13 p.m.

END OF VOLUME IV